

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,300/per candy (70.46 cents/lbs). CCI is not purchasing cotton at MSP in bulk quantities because of the interruption of arhatiyas and higher moisture content in the cotton in Punjab and Rajasthan.

News: *According to USDA's latest report, India is going to top in the cotton cultivation globally. USDA has estimated India's cotton crop at 293 lakh US bales for the marketing year 2019-20 which is 376 lakh Indian bales (each of 170Kg). Significant rains in the past month has led to moderate to good crop condition in growing regions, likely to improve yield prospects mostly in Southern States. According to the Ministry of Commerce, Cotton yarn shipments remain at historic lows with China and Bangladesh while Egypt and Peru remain the top markets. Trade sources indicate that shipments in August are also very slow.*

The March contract rose as much as 3.5% to 64.99 cents, it's the highest since last month in the hope that trade war would progress after China's initial acceptance of a partial trade deal and confirmed that the two countries are likely to sign a 'phase one agreement' soon to end their trade war and will soon speed up the purchases. Beijing also confirmed that it may purchase American agricultural produce in large quantities.

The cotton markets at Sirsa in Haryana and Hanumangarh in Rajasthan are closed due to the strike by the farmers as CCI is not procuring cotton after the commencement on 11th Oct'19. CCI is avoiding purchasing cotton making an excuse of higher moisture percentage above 12% in the three states as always CCI enters the market when the prices moves below MSP. Till 16th Oct'19, CCI purchased only 6,520 quintals of cotton so far from Punjab, Haryana and Rajasthan whereas 7 lakh bales have arrived in the mandis.

Around 26,570 quintals of cotton have arrived in Fazilka, one of the biggest quality cotton producing belts of the region in Punjab. CCI just procured 12 quintals from the area since they started procurement on 11th Oct'19. Therefore, the farmers are selling their cotton below MSP for Rs 5,450 per quintal (with 8% moisture content) and Rs 5,232 per quintal (with 12% moisture) under pressure. Whereas, some private traders are purchasing cotton at a maximum rate of Rs 4,990 per quintal. Farmers are facing loss of around Rs.400-500/q, therefore, CCI must enter the market so as to stabilize the market.

On Friday the March contract rose as much as 3.1% to 64.45 cents, it's the highest since last month in the hope that trade war would progress after China's initial acceptance of a partial trade deal on Friday. But the prices fell over 1% on Monday US expected the deal to go through but an additional round of tariffs on Chinese imports will likely be imposed if a trade deal with China has not been reached by 15th Dec. China wants all the tariffs to be delayed and want to meet again for another series of face-to-face meetings in late October.

All India total arrivals on 14th Oct'19 stood around 67,700 bales. Largest arrivals area reported from North India (Punjab, Haryana and Rajasthan) with 37,000 bales followed by Maharashtra (4,000 bales), Madhya Pradesh (9,000 bales) and Gujarat (13,000 bales) in the central zone. Arrivals in South India has been delayed due to late sowing and only 4,700 bales have been reported as on 14th Oct'19.

CCI has started procuring cotton but still not making bulk purchases. The cotton presently is fetching a price between Rs 4,700 and Rs.5200/q depending on the moisture content. Till Oct'11th, only 2200 quintals has been purchased by CCI so far. These sluggish purchases is due to the higher moisture content and also the CCI is also facing the rage of the arhatiyas (commission agents) who are trying to stop the corporation from making purchases.

CCI has commenced the procurement initially from Punjab and Rajasthan as the prices are falling by around 10% below MSP. CCI is purchasing in small quantities as recent rains has increased the moisture content in the cotton. Yesterday CCI purchased raw cotton in Hanumangarh at Rs.5280/q as per the moisture content (11%) whereas in Punjab, today CCI has made some token purchases from Punjab at Abohar also. Farmers are being advised to let their cotton dry before they

bring it to the market as CCI can only purchase fair average quality (FAQ) cotton with moisture content in the permissible limit between 8 % to 12 %.

Currently, daily market arrivals are at around 40,000 bales in North India, while in Telangana they are at around 2000-3000 bales. In Maharashtra, the daily arrivals are at around 3,000-4,000 bales and in Karnataka around 1,000 bales, according to the trade sources. Arrivals are set to pick up by the end of October or early November. As on, 9th Oct'19, arrivals from MP stood higher around 7,760 bales, and in Gujarat 6,650 bales. Better quality of cotton is expected to arrive from November which delayed by 30-40 days.

As per the moisture content, the cotton prices (Kapas) moved lower to around Rs. 5000 to 5200 in Haryana, Punjab and Rajasthan. The recent rains has led to increase the moisture content upto 18-20% and CCI is yet to enter in the market to procure from farmers in 1-2 days only. CCI would buy Kapas from farmers directly at MSP (Rs.5550/q) so as to prevent them from loss but arthiyas are not allowing the farmers to sell their produce directly to CCI. The crop must generally have less than 8% moisture content for it to sell at MSP. Every 1% increase in moisture translates into lower price for farmers; the upper ceiling on moisture content is 12%.

According to the trade sources, the Indian cotton exports for the Aug'19 were reported at 61,991 bales against 68,509 bales in the previous month. The total exports of India from the starting of the marketing year in Oct'18 till July'19 reached to a total of 43.65 lakh bales around 21.34% lower compared to 64.99 lakh bales during the corresponding period in 2017-18. In Aug'19, Bangladesh was the largest importer, importing 45,187 indian bales with an average FOB of 2049.2 \$/Tonne followed by Iran (9,625bales at FOB 2013\$/Tonne) and Vietnam importing 4081 bales at 1238 \$/tonne.

The Indian market remained firm at 74.63 (cents/lbs) compared to the international prices in US (62.79 cents/lbs) and Brazil stood at 60.22 cents/lbs in the month end. The prices were firm in Domestic as well as in the international market in September after the largest cotton producer reported damage in Madhya Pradesh and Maharashtra from stagnated water in the cotton fields. The quality of cotton might be affected in these area which would decline the yield and production than expected.

Monthly cotton yarn exports still are low by 35.7% compared to previous year during April- Aug. The data released by the textile industry in August also showed a decline of 38.8%. India cotton industry is already struggling from slumped exports due to lean demand. The Indian export yarn exports fallen to 355 million kg in 2019 as against an average of 552 million kg in 2018 during April-Aug.

Weather Forecast for tomorrow:

Moderate to heavy rains are likely over Konkan and Goa, parts of Madhya Maharashtra. Scattered light to moderate rains with one or two heavy spells is likely over Coastal Karnataka, North Interior Karnataka. Light to moderate rains is expected over Tamil Nadu, Kerala, Andhra Pradesh, Lakshadweep, parts of Marathwada, Vidarbha, Telangana, Jammu, and Kashmir. Scattered light showers with one or two moderate spells over Chhattisgarh, Madhya Pradesh, and Jharkhand.

International Fundamentals:

Dec cotton futures gained 2.02% for a 129 point increases wk/wk, futures closed Friday up 18 to 53 points. The Cotlook A Index bounced up another 100 points on Oct to 75.00 cents/lb. The updated Adjusted World Price of cotton is now 55.26, up 1.36 from last Thursday's AWP.

The US Export Sales report from USDA showed 206,500 RB of 2019-20 upland cotton sold in the week ending 10th Oct'19 were up by 9% compared to previous week. With major buyers including Vietnam (108,800 RB) followed by Pakistan (64,800 RB), Bangladesh (13,900 RB) & Thailand (10,600 RB) and reductions were from Japan (2,600 RB), & Taiwan (200RB). For 2019-20, net upland shipments exports of 151,600 RB were up 2% from previous week and were primarily to Vietnam (35,700 RB), Mexico (15,800RB) and Pakistan (14,800RB).

The March contract rose as much as 3.5% to 64.99 cents, it's the highest since last month in the hope that trade war would progress after China's initial acceptance of a partial trade deal and confirmed that the two countries are likely to sign a 'phase one agreement' soon to end their trade war and will soon speed up the purchases. Beijing also confirmed that it may purchase American agricultural produce in large quantities.

The October 15 USDA Crop Progress report for the week ending 13th Oct'19 shows that 87% of the U.S. crop has open bolls, with three states dealing with a late crop in Kansas, Oklahoma and Texas and now over 80% boll set and catching up quickly. All cotton producing states are now ahead of their respective 5-year averages for the date. As expected, the biggest percentage jumps came in cotton harvested, with 32% of the U.S. crop now out of the field. That's a 7% climb in the past week. The report showed that 38% of the U.S. crop is rated good to excellent (down 1%), 41% rated fair (down 1%) and 21% rated poor and very poor (up 2%).

As the quality of locally produced cotton in Pakistan had deteriorated in comparison to other cotton-producing countries. The mills has urged the government to remove import duty from cotton as the industry has spent \$1.5 billion on the import of 5.5 million bales due to 35% crop shortfall in the country this year. The export opportunity for India is increased so Pakistan might import cotton from India in this season.

China's consumption in 2019-20 is expected lower 8.6 million tons similarly as in 2018-19, due to decline in global demand and imposition of US trade tariffs on China's textile exports. Although China is largest importer of cotton from US, but the country has found its alternate Brazil, Australia and Pakistan other than US.

Brazil's 2019/20 production and exports will top current records, at 12.5 million bales and 8.5 million bales, respectively. Importing countries like Bangladesh and Vietnam is getting parity from Brazil (around 60cents/lbs) by thus increasing the export estimates this year.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	50	19560	19650	19560	19540	137	-126	879	-23
19-Nov	80	19310	19390	19300	19260	166	-135	1626	69
19-Dec	90	19350	19390	19310	19280	65	23	864	15

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	260	-	-	-	-
19-Nov	-	-	0	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 18th Oct @ 5.30 pm

* Updated at as on 18-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Oct-19	18-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5750	5625	125
	Gondal	Shankar-6	6005	5605	400
	Rajkot	B.T. Cotton	5675	5605	70
	Patan	B.T. Cotton	5980	5590	390
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5425	5425	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5200	5200	Unch
	Fatehabad	B.T. Cotton	5200	5200	Unch
	Jind	B.T. Cotton	5500	5500	Unch
	Uchana	B.T. Cotton	5320	5340	-20
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	5150	5130	20
Madhya Pradesh	Khandwa	Mech-1	5450	0	5450
	Khargaon	Mech-1	5650	5735	-85
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5700	5700	Unch
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	5755	-
	Hubli	D.C.H.	5800	NA	-
	Hubli	B.T. Cotton	6800	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Oct-19	18-Oct-19	
Punjab	Bhatinda	J-34	3890	3895	-5
	Abohar	J-34	3910	3890	20
	Mansa	J-34	3890	3860	30
Haryana	Sirsa	J-34	3900	3900	Unch
Rajasthan	Sri-Ganganagar	J-34	3713	3647	66

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Oct-19	18-Oct-19	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	631	599	32
	Rajkot	B.T. Cotton	4000	2600	1400
	Patan	B.T. Cotton	12856	12463	393
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	12000	25000	-13000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	2040	Unch
	Fatehabad	B.T. Cotton	1200	1200	Unch
	Jind	B.T. Cotton	1000	500	500
	Uchana	B.T. Cotton	2775	3500	-725
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	5000	10000	-5000
Madhya Pradesh	Khandwa	Mech-1	330	0	330
	Khargaon	Mech-1	4580	5540	-960
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	125	-25
	Hathras	Desi	50	30	20
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	492	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Oct-19	18-Oct-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	1700	850	850
Rajasthan	Sri-Ganganagar	J-34	5000	5000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
-----------	-----------------	-------	--------

State	Centre	Unit	19-Oct-19	18-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	810	810	Unch
Delhi	New Delhi	Rs. /10 Kg.	760	755	5
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	815	815	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-Oct-19	18-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3377	3386	-9
Maharashtra	Akola	Rs./Qtl	3374	3359	15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Oct-19	17-Oct-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38400	38400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38800	38800	Unch
J-34(202)	26mm	3.5 - 4.9	23	37000	36800	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	40900	100
Shankar-6(105)	29mm	3.5 - 4.9	28	41200	41100	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43100	43000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44200	100
DCH-32(107)	34mm	3.0 - 3.8	33	53000	53000	Unch

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	19-Oct-19	18-Oct-19	Change
CCIndex(328)	RMB/Ton	Closed	12766	-
CCIndex(527)	RMB/Ton	Closed	11749	-
CCIndex(229)	RMB/Ton	Closed	13131	-

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	19-Oct-19	18-Oct-19	Change
FC Index (S)	Cents/lb	Closed	80.7	-
FC Index (M)	Cents/lb	Closed	75.96	-
FC Index (L)	Cents/lb	Closed	74.88	-

Cotlook Index:

Cotlook Indices	Unit	17-Oct-19	16-Oct-19	Change
A-Index	Cents/Pound	75	74	1.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Oct-19	17-Oct-19	Bales
Southeast	cents/lb.	65.49	67.74	0
North Delta	cents/lb.	64.49	66.74	0
South Delta	cents/lb.	64.49	66.74	0
East TX-OK	cents/lb.	61.49	63.99	4024
West Texas	cents/lb.	60.99	63.74	961
Desert SW	cents/lb.	58.74	62.74	0
SJ Valley	cents/lb.	59.24	68.14	0

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

Pakistan Cotton Spot rates: As on 18-Oct-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8950	160	9110
Equivalent	40 Kgs	9592	171	9763

Daily Futures Price Listing Fri October 18, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191018	65.2	65.39	65	65.16	0.17	21,137	128,217	770
20-Mar	191018	65.67	65.93	65.44	65.81	0.3	7,942	71,849	139
20-May	191018	66	66.35	65.73	66.35	0.46	2,600	9,858	525
20-Jul	191018	66.36	66.76	66.15	66.76	0.63	1,356	9,971	307
20-Oct	191018	66.81	66.81	66.81	66.81	0.81			
20-Dec	191018	66.7	66.89	66.5	66.88	0.52	1,147	17,675	130
Total Volume and Open Interest							34,312	239,222	1,836

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.