

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,400/per candy (70.64 cents/lbs). Bhatinda, Mansa, Fazilka the major mandis are protesting against CCI as it 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. Also the markets at Haryana were closed on Monday due to the Vidhan Sabha elections.

News: *The stagnant water from incessant rains in past few days in the cotton fields across Nagarkurnool district would affect the overall production of the state if the rains still continue. The deficiency of magnesium one of the essential micronutrient for the boll formation is observed in the district. The nutrient can be revived if the local KVKs transfer the necessary curative measures to the farmers by draining out the stagnant water and followed by applying magnesium sulphate.*

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 arhtiyas (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.

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.

Weather Forecast for tomorrow:

Moderate spells of rain and thundershowers with isolated heavy showers are likely in parts of Maharashtra, Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Lakshadweep and Andaman and Nicobar Islands and at one or two places of Chhattisgarh, Odisha, Gangetic West Bengal and the northeastern states. Light rain is likely over South Madhya Pradesh, North Chhattisgarh, Sub Himalayan West Bengal, Sikkim and lower Assam. Dry weather would prevail over the rest parts of the country.

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.

Trading activity gave momentum to the prices to surge. Textile industries have booked the cotton in bulk as expecting the shorter crop this year. The revised production estimate would be 15 percent down from 12 million bales produced last year. Nearly 40-45 percent crop has already arrived in ginning factories till September 30, which was 26 percent down compared to the corresponding period last year and short of 1.6 lakh bales.

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).

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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	21-Oct-19	19-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5625	5750	-125
	Gondal	Shankar-6	5605	6005	-400
	Rajkot	B.T. Cotton	5655	5675	-20
	Patan	B.T. Cotton	NR	5980	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4765	NA	-
Haryana	Bhiwani	B.T. Cotton	closed	5425	-
	Bhiwani	Desi	closed	NA	-
	Adampur	B.T. Cotton	closed	5200	-
	Fatehabad	B.T. Cotton	closed	5200	-
	Jind	B.T. Cotton	closed	5500	-
	Uchana	B.T. Cotton	closed	5320	-
	Dabwali	B.T. Cotton	closed	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	5100	NR	-
	Rawatsar	B.T. Cotton	5020	5150	-130
Madhya Pradesh	Khandwa	Mech-1	0	5450	-5450
	Khargaon	Mech-1	5705	5650	55
Maharashtra	Amravati	Mech-1	#N/A	NA	-
	Jamner	Medium Staple	#N/A	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	0	5700	-5700
	Hathras	Desi	0	5000	-5000
Telangana	Adilabad	Un-Ginned	#N/A	NR	-
Karnataka	Bijapur	Bunny	NA	5755	-
	Hubli	D.C.H.	5700	5800	-100
	Hubli	B.T. Cotton	6650	6800	-150
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Oct-19	19-Oct-19	
Punjab	Bhatinda	J-34	3840	3890	-50
	Abohar	J-34	3850	3910	-60
	Mansa	J-34	3830	3890	-60
Haryana	Sirsa	J-34	closed	3900	-
Rajasthan	Sri-Ganganagar	J-34	3666	3713	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Oct-19	19-Oct-19	
Gujarat	Ahmedabad	Shankar-6	25500	20400	5100
	Gondal	Shankar-6	1028	631	397
	Rajkot	B.T. Cotton	4400	4000	400
	Patan	B.T. Cotton	NR	12856	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	36	NA	-
Haryana	Bhiwani	B.T. Cotton	closed	12000	-
	Bhiwani	Desi	closed	NA	-
	Adampur	B.T. Cotton	closed	2040	-
	Fatehabad	B.T. Cotton	closed	1200	-
	Jind	B.T. Cotton	closed	1000	-
	Uchana	B.T. Cotton	closed	2775	-
	Dabwali	B.T. Cotton	closed	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	5000	NR	-
	Rawatsar	B.T. Cotton	10000	5000	5000
Madhya Pradesh	Khandwa	Mech-1	0	330	-330
	Khargaon	Mech-1	4920	4580	340
Maharashtra	Amravati	Mech-1	#N/A	NA	-
	Jamner	Medium Staple	#N/A	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	0	100	-100
	Hathras	Desi	0	50	-50
Telangana	Adilabad	Un-Ginned	#N/A	NR	-
Karnataka	Bijapur	Bunny	NA	489	-
	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	21-Oct-19	19-Oct-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	2550	1700	850
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	closed	1700	-
Rajasthan	Sri-Ganganagar	J-34	5000	5000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	21-Oct-19	19-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	815	810	5
Delhi	New Delhi	Rs. /10 Kg.	760	760	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	820	815	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Oct-19	19-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	closed	3377	-
Maharashtra	Akola	Rs./Qtl	closed	3374	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Oct-19	18-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	37000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	41000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41200	41200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43100	43100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	53000	53000	Unch

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

Index	Unit	21-Oct-19	18-Oct-19	Change
CCIndex(328)	RMB/Ton	12777	12766	11
CCIndex(527)	RMB/Ton	11755	11749	6
CCIndex(229)	RMB/Ton	13136	13131	5

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Oct-19	18-Oct-19	Change
FC Index (S)	Cents/lb	80.79	80.7	0.09
FC Index (M)	Cents/lb	76.05	75.96	0.09
FC Index (L)	Cents/lb	75	74.88	0.12

Cotlook Index:

Cotlook Indices	Unit	18-Oct-19	17-Oct-19	Change
A-Index	Cents/Pound	75.45	75	0.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Oct-19	18-Oct-19	Bales
Southeast	cents/lb.	65.66	67.91	100
North Delta	cents/lb.	64.66	66.91	0
South Delta	cents/lb.	64.66	66.91	0
East TX-OK	cents/lb.	61.66	64.16	6073
West Texas	cents/lb.	61.16	63.91	531
Desert SW	cents/lb.	58.91	62.91	0
SJ Valley	cents/lb.	59.41	68.31	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 19-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

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