

**Domestic Fundamentals:****Market Outlook:**

*The Rajkot mandi price for variety Shankar 6 stood Rs.39,200/per candy (70.28 cents/lbs). The prices dropped down further from last week by Rs.80-120/q across India. 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.*

**News:** *Yavatmal region one the major cotton-producing districts covering around 4 lakh ha in the state usually grows dry cotton due to lack of rainfall in the region, therefore, most of the times the productivity is uncertain. This year the area has received the untimely rainfall and prolonged monsoon is likely to affect the cotton yield. Every year, the first picking is taken before Diwali but this time due to incessant rainfall have delayed the picking of cotton.*

*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 famers 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 11<sup>th</sup> 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 16<sup>th</sup> 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 11<sup>th</sup> 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 15<sup>th</sup> 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 14<sup>th</sup> 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 14<sup>th</sup> 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'11<sup>th</sup>, 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, 9<sup>th</sup> 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 to heavy rain with one or two heavy showers are likely over Kerala and Coastal Karnataka. Light to moderate rain with one or two heavy spells is likely over Interior Karnataka, Rayalaseema, Madhya Maharashtra, parts of Tamil Nadu, Coastal Andhra Pradesh. Scattered light to moderate rain is expected over Konkan and Goa, parts of Vidarbha, Marathwada.

### **International Fundamentals:**

**Cotton futures were down by 27 to 72 points at the close on Monday.** The Cotlook A Index was 45 points higher on Oct 18, to 75.45 cents/lb. The updated Adjusted World Price of cotton is now 55.26, up 1.36 from last Thursday's AWP.

**The October 15 USDA Crop Progress report for the week ending 20<sup>th</sup> Oct'19 shows that 93% of the U.S. crop has open bolls,** with three states dealing with a late crop in Kansas, Oklahoma and Texas and now over 90% 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 40% of the U.S. crop now out of the field. That's a 8% climb in the past week. The report showed that 38% of the U.S. crop is rated good to excellent.

**Trading activity in Pakistan 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 10<sup>th</sup> 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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	-50	19470	19520	19350	19470	336	199	872	-7
19-Nov	-40	19260	19280	19070	19260	764	598	1650	24
19-Dec	-20	19250	19310	19140	19300	167	102	805	-59

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	240	-	-	-	-
19-Nov	-	-	-30	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 22nd Oct @ 5.30 pm

\* Updated at as on 22-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Oct-19	21-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5625	5625	Unch
	Gondal	Shankar-6	5605	5605	Unch
	Rajkot	B.T. Cotton	5575	5655	-80
	Patan	B.T. Cotton	NR	5625	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5115	4765	350
Haryana	Bhiwani	B.T. Cotton	5300	closed	-
	Bhiwani	Desi	NA	closed	-
	Adampur	B.T. Cotton	5080	closed	-
	Fatehabad	B.T. Cotton	5100	closed	-
	Jind	B.T. Cotton	5640	closed	-
	Uchana	B.T. Cotton	5295	closed	-
	Dabwali	B.T. Cotton	5025	closed	-
Rajasthan	Hanumangarh	B.T. Cotton	5000	5100	-100
	Rawatsar	B.T. Cotton	4990	5020	-30
Madhya Pradesh	Khandwa	Mech-1	0	0	Unch
	Khargaon	Mech-1	5700	5705	-5
Maharashtra	Amravati	Mech-1	#N/A	#N/A	-
	Jamner	Medium Staple	#N/A	#N/A	-
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	#N/A	#N/A	-
Karnataka	Bijapur	Bunny	5740	5769	-29
	Hubli	D.C.H.	5700	5700	Unch
	Hubli	B.T. Cotton	6650	6650	Unch
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Oct-19	21-Oct-19	
Punjab	Bhatinda	J-34	3830	3840	-10
	Abohar	J-34	3830	3850	-20
	Mansa	J-34	3800	3830	-30
Haryana	Sirsa	J-34	3830	closed	-
Rajasthan	Sri-Ganganagar	J-34	3638	3666	-28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Oct-19	21-Oct-19	
Gujarat	Ahmedabad	Shankar-6	28900	25500	3400
	Gondal	Shankar-6	895	1028	-133
	Rajkot	B.T. Cotton	4000	4400	-400
	Patan	B.T. Cotton	NR	21665	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	18	36	-18
Haryana	Bhiwani	B.T. Cotton	12000	closed	-
	Bhiwani	Desi	NA	closed	-
	Adampur	B.T. Cotton	2040	closed	-
	Fatehabad	B.T. Cotton	700	closed	-
	Jind	B.T. Cotton	1550	closed	-
	Uchana	B.T. Cotton	3100	closed	-
	Dabwali	B.T. Cotton	1850	closed	-
Rajasthan	Hanumangarh	B.T. Cotton	3500	5000	-1500
	Rawatsar	B.T. Cotton	10000	10000	Unch
Madhya Pradesh	Khandwa	Mech-1	0	0	Unch
	Khargaon	Mech-1	1765	4920	-3155
Maharashtra	Amravati	Mech-1	#N/A	#N/A	-
	Jamner	Medium Staple	#N/A	#N/A	-
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	#N/A	#N/A	-
Karnataka	Bijapur	Bunny	1542	2369	-827
	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	22-Oct-19	21-Oct-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	2040	2550	-510
	Mansa	J-34	850	680	170
Haryana	Sirsa	J-34	1700	closed	-
Rajasthan	Sri-Ganganagar	J-34	6000	5000	1000

Cotton Seed Oil Prices:

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

State	Centre	Unit	22-Oct-19	21-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	810	815	-5
Delhi	New Delhi	Rs. /10 Kg.	760	760	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	820	820	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Oct-19	21-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3222	closed	-
Maharashtra	Akola	Rs./Qtl	3355	closed	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Oct-19	19-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	36600	37000	-400
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	22-Oct-19	21-Oct-19	Change
CCIndex(328)	RMB/Ton	12777	12777	Unch
CCIndex(527)	RMB/Ton	11757	11755	2
CCIndex(229)	RMB/Ton	13133	13136	-3

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	22-Oct-19	21-Oct-19	Change
FC Index (S)	Cents/lb	80.75	80.79	-0.04
FC Index (M)	Cents/lb	76.05	76.05	Unch
FC Index (L)	Cents/lb	75	75	Unch



#### Cotlook Index:

Cotlook Indices	Unit	21-Oct-19	18-Oct-19	Change
A-Index	Cents/Pound	75.7	75.45	0.25

#### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Oct-19	21-Oct-19	Bales
Southeast	cents/lb.	65.06	67.31	0
North Delta	cents/lb.	64.06	66.31	0
South Delta	cents/lb.	64.06	66.31	0
East TX-OK	cents/lb.	61.06	63.56	1765
West Texas	cents/lb.	60.56	63.31	924
Desert SW	cents/lb.	58.31	62.31	0
SJ Valley	cents/lb.	58.81	67.71	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 21-Oct-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9000	160	9110
Equivalent	40 Kgs	9645	171	9763

#### Daily Futures Price Listing Mon October 21, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Dec</a>	191021	65.19	65.48	64.44	64.56	-0.6	17,549	128,751	534
<a href="#">20-Mar</a>	191021	65.81	66.08	65.23	65.34	-0.47	8,829	72,476	627
<a href="#">20-May</a>	191021	66.33	66.53	65.9	66.02	-0.33	2,218	10,211	353
<a href="#">20-Jul</a>	191021	66.75	66.89	66.41	66.52	-0.24	1,537	10,483	512
<a href="#">20-Oct</a>	191021	66.57	66.57	66.57	66.57	-0.24			
<a href="#">20-Dec</a>	191021	66.83	66.99	66.6	66.68	-0.2	1,014	18,046	371
Total Volume and Open Interest							31,155	241,614	2,392



### **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.