

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,200/per candy (70.28 cents/lbs). The prices across India reported be seen mixed trend today. 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 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 to heavy rain with one or two heavy showers are likely over Tamil Nadu, Andhra Pradesh, Karnataka. Scattered light to moderate rain with one or two heavy spells is likely over Kerala, Madhya Maharashtra and parts of Marathwada. Scattered light to moderate rain is expected over Konkan and Goa, Vidarbha, Telangana, Chhattisgarh, Odisha, Jharkhand, and Gangetic West Bengal.

International Fundamentals:

Cotton futures are 3 to 21 points higher this Wednesday. The Cotlook A Index was 25 points higher on Oct 21, to 75.70 cents/lb. The AWP is 55.26.

The October 15 USDA Crop Progress report for the week ending 20th 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 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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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	30	19430	19520	19420	19460	260	-76	696	-176
19-Nov	-40	19160	19290	19160	19260	290	-474	1756	106
19-Dec	0	19330	19330	19210	19300	44	-123	833	28

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	230	-	-	-	-
19-Nov	-	-	-40	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 23rd Oct @ 5.30 pm

* Updated at as on 23-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Oct-19	22-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5625	5625	Unch
	Gondal	Shankar-6	5555	5605	-50
	Rajkot	B.T. Cotton	5875	5575	300
	Patan	B.T. Cotton	NA	5605	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	4625	4400	225
	Dhrol	B.T. Cotton	NA	5115	-
Haryana	Bhiwani	B.T. Cotton	5300	5300	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5100	5080	20
	Fatehabad	B.T. Cotton	5125	5100	25
	Jind	B.T. Cotton	5700	5640	60
	Uchana	B.T. Cotton	5110	5295	-185
	Dabwali	B.T. Cotton	NR	5025	-
Rajasthan	Hanumangarh	B.T. Cotton	5020	5000	20
	Rawatsar	B.T. Cotton	5025	4990	35
Madhya Pradesh	Khandwa	Mech-1	5400	5650	-250
	Khargaon	Mech-1	5600	5700	-100
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5700	5700	Unch
	Hathras	Desi	4800	5000	-200
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5771	5740	31
	Hubli	D.C.H.	NA	5700	-
	Hubli	B.T. Cotton	NA	6650	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Oct-19	22-Oct-19	
Punjab	Bhatinda	J-34	3855	3830	25
	Abohar	J-34	3860	3830	30
	Mansa	J-34	3830	3800	30
Haryana	Sirsa	J-34	3840	3830	10
Rajasthan	Sri-Ganganagar	J-34	3638	3638	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Oct-19	22-Oct-19	
Gujarat	Ahmedabad	Shankar-6	25500	28900	-3400
	Gondal	Shankar-6	745	895	-150
	Rajkot	B.T. Cotton	4400	4000	400
	Patan	B.T. Cotton	NA	23021	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	5	5	Unch
	Dhrol	B.T. Cotton	NA	18	-
Haryana	Bhiwani	B.T. Cotton	10000	12000	-2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2550	2040	510
	Fatehabad	B.T. Cotton	1200	700	500
	Jind	B.T. Cotton	1726	1550	176
	Uchana	B.T. Cotton	4000	3100	900
	Dabwali	B.T. Cotton	NR	1850	-
Rajasthan	Hanumangarh	B.T. Cotton	4000	3500	500
	Rawatsar	B.T. Cotton	6000	10000	-4000
Madhya Pradesh	Khandwa	Mech-1	245	135	110
	Khargaon	Mech-1	3330	1765	1565
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	130	70
	Hathras	Desi	100	130	-30
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	1475	1542	-67
	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	23-Oct-19	22-Oct-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	2040	-340
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	5000	6000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	23-Oct-19	22-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	800	810	-10
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	23-Oct-19	22-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2952	3222	-270
Maharashtra	Akola	Rs./Qtl	3358	3355	3

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Oct-19	21-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	23-Oct-19	22-Oct-19	Change
CCIndex(328)	RMB/Ton	12783	12777	6
CCIndex(527)	RMB/Ton	11767	11757	10
CCIndex(229)	RMB/Ton	13135	13133	2

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

China Foreign Cotton (FCE) Index :

Index	Unit	23-Oct-19	22-Oct-19	Change
FC Index (S)	Cents/lb	80.64	80.75	-0.11
FC Index (M)	Cents/lb	75.93	76.05	-0.12
FC Index (L)	Cents/lb	75	75	Unch



Cotlook Index:

Cotlook Indices	Unit	22-Oct-19	21-Oct-19	Change
A-Index	Cents/Pound	75.2	75.7	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Oct-19	22-Oct-19	Bales
Southeast	cents/lb.	65.17	67.42	420
North Delta	cents/lb.	64.17	66.42	0
South Delta	cents/lb.	64.17	66.42	0
East TX-OK	cents/lb.	61.17	63.67	2292
West Texas	cents/lb.	60.67	63.42	1110
Desert SW	cents/lb.	58.42	62.42	0
SJ Valley	cents/lb.	58.92	67.82	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 22-Oct-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9100	160	9260
Equivalent	40 Kgs	9752	171	9923

Daily Futures Price Listing Tue October 22, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191022	64.44	65.2	63.96	64.67	0.11	16,479	124,604	-4,147
20-Mar	191022	65.34	66	64.81	65.42	0.08	6,712	71,917	-559
20-May	191022	65.9	66.59	65.53	66.13	0.11	1,589	10,448	237
20-Jul	191022	66.39	67	66.39	66.65	0.13	1,222	10,866	383
20-Oct	191022	66.55	66.55	66.55	66.55	-0.02			
20-Dec	191022	66.62	67.15	66.5	66.72	0.04	1,122	18,291	245
Total Volume and Open Interest							27,193	237,835	-3,779

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