

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,200/per candy (70.41 cents/lbs). The markets across India reported to be closed today on the occasion of Dhanteras. 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 in Telangana 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.

Weather Forecast for tomorrow:

During the next 24 hours, moderate to heavy rain with one or two very heavy spells are likely over Coastal Karnataka, Konkan and Goa, Odisha, Gangetic West Bengal and parts of Jharkhand. Light to moderate rains are likely over Kerala, Interior Tamil Nadu, parts of Bihar and Chhattisgarh. Light to moderate rain with one or two heavy spells are likely over Assam, Meghalaya, Arunachal Pradesh, and Nagaland.

International Fundamentals:

Cotton futures ended the day with gains from 19 to 30 points. The Cotlook A Index had given back 50 points on Oct 22, at 75.20 cents/lb.

The textile exports from the country increased by 2.95% during the first quarter of the current fiscal year compared to the corresponding period of the last fiscal year. The textile exports during July-September (2019-20) were recorded at \$3371.974 million against the exports of \$3275.303 million during July-September (2018-19), a growth of 9.95%. EU and Pakistan has joined hands to improve the textile exports in Pakistan. Buyers in Pakistan are active in buying quality cotton which has risen the prices to Rs.9500/maund, a rise of Rs.200 of premium quality cotton.

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).

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	-10	19450	19510	19450	19470	250	-85	313	-189
19-Nov	10	19260	19290	19170	19250	452	196	1875	63
19-Dec	20	19280	19320	19230	19300	55	7	850	3

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	220	-	-	-	-
19-Nov	-	-	-30	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 25th Oct @ 5.30 pm

* Updated at as on 25-Oct- 2019 @ 5:00 PM



DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Oct-19	24-Oct-19	
Gujarat	Ahmedabad	Shankar-6	Closed	5625	-
	Gondal	Shankar-6	5605	5605	Unch
	Rajkot	B.T. Cotton	5560	5555	5
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5400	Closed	-
	Bhiwani	Desi	NA	Closed	-
	Adampur	B.T. Cotton	5170	5150	20
	Fatehabad	B.T. Cotton	5200	5200	Unch
	Jind	B.T. Cotton	5550	5520	30
	Uchana	B.T. Cotton	5270	5170	100
	Dabwali	B.T. Cotton	5175	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5150	-
	Rawatsar	B.T. Cotton	5050	5020	30
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	5500	5750	-250
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5800	Unch
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5704	5639	65
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Oct-19	24-Oct-19	
Punjab	Bhatinda	J-34	3880	3880	Unch
	Abohar	J-34	3900	3900	Unch
	Mansa	J-34	3870	3860	10
Haryana	Sirsa	J-34	3870	Closed	-
Rajasthan	Sri-Ganganagar	J-34	Closed	3666	-

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Oct-19	24-Oct-19		
Gujarat	Ahmedabad	Shankar-6	Closed	25500	-	
	Gondal	Shankar-6	670	828	-158	
	Rajkot	B.T. Cotton	3000	4600	-1600	
	Patan	B.T. Cotton	Closed	Closed	-	
	Kadi	B.T. Cotton	NA	NA	-	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	NA	NA	-	
Haryana	Bhiwani	B.T. Cotton	15000	Closed	-	
	Bhiwani	Desi	NA	Closed	-	
	Adampur	B.T. Cotton	1700	2210	-510	
	Fatehabad	B.T. Cotton	1200	700	500	
	Jind	B.T. Cotton	1360	1445	-85	
	Uchana	B.T. Cotton	4500	4100	400	
	Dabwali	B.T. Cotton	950	NR	-	
Rajasthan	Hanumangarh	B.T. Cotton	Closed	4000	-	
	Rawatsar	B.T. Cotton	3000	6000	-3000	
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-	
	Khargaon	Mech-1	500	3000	-2500	
Maharashtra	Amravati	Mech-1	NA	NA	-	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	100	100	Unch	
	Hathras	Desi	50	50	Unch	
Telangana	Adilabad	Un-Ginned	NR	NR	-	
Karnataka	Bijapur	Bunny	930	1437	-507	
	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	25-Oct-19	24-Oct-19		
Punjab	Bhatinda	J-34	6800	8500	-1700	
	Abohar	J-34	1190	1190	Unch	
	Mansa	J-34	680	595	85	
Haryana	Sirsa	J-34	1360	Closed	-	
Rajasthan	Sri-Ganganagar	J-34	Closed	4000	-	

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-Oct-19	24-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	800	-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	25-Oct-19	24-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2917	2921	-4
Maharashtra	Akola	Rs./Qtl	3373	3345	28

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Oct-19	23-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	36700	36500	200
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	25-Oct-19	24-Oct-19	Change
CCIndex(328)	RMB/Ton	12791	12791	Unch
CCIndex(527)	RMB/Ton	11777	11776	1
CCIndex(229)	RMB/Ton	13141	13142	-1

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

China Foreign Cotton (FCE) Index :

Index	Unit	25-Oct-19	24-Oct-19	Change
FC Index (S)	Cents/lb	80.63	80.88	-0.25
FC Index (M)	Cents/lb	75.91	76.17	-0.26
FC Index (L)	Cents/lb	75.05	75.3	-0.25

Cotlook Index:

Cotlook Indices	Unit	24-Oct-19	23-Oct-19	Change
A-Index	Cents/Pound	75.5	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		24-Oct-19	24-Oct-19	Bales
Southeast	cents/lb.	65.15	67.4	1205
North Delta	cents/lb.	64.15	66.4	0
South Delta	cents/lb.	64.15	66.4	0
East TX-OK	cents/lb.	61.15	63.65	1997
West Texas	cents/lb.	60.65	63.4	3597
Desert SW	cents/lb.	58.4	62.4	0
SJ Valley	cents/lb.	58.9	67.8	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 24-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 Thu October 24, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191024	65	65.55	64.6	64.65	-0.3	17,911	122,404	-808
20-Mar	191024	65.83	66.34	65.47	65.5	-0.29	8,848	72,437	67
20-May	191024	66.45	66.91	66.2	66.23	-0.21	1,333	10,877	275
20-Jul	191024	66.87	67.3	66.74	66.78	-0.13	1,252	11,740	511
20-Oct	191024	66.58	66.58	66.58	66.58	-0.21			
20-Dec	191024	66.89	67.32	66.79	66.83	-0.16	779	18,759	265
Total Volume and Open Interest							30,155	237,912	303

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.