

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.39,300/per candy (70.72 cents/lbs). The markets across India reported to be closed today on the occasion Diwali and Bhai dooj. Cotton prices reported to be weaker this week compared to last week due to incessant rains in the main cotton producing regions which has increased the moisture content in the cotton.*

**News: Many spinning mills are on the verge of closure as since April as the exports of cotton yarn declined by 38.8%.**

*Cotton yarn is the only product that hasn't been granted export benefits such as Merchandized Export Incentive Scheme (MEIS) and 3% Interest Equalization Scheme. Additionally, exporters of cotton yarn are facing differential import duties between 3.5 and 5 per cent in leading export markets. Also the consumer demand has declined and in contrast the demand for polyester yarn has been growing strongly as compared to natural fiber as polyester is much cheaper (by around 40-50%) than cotton fiber. Therefore, the government should include cotton yarn under the MEIS, 3% Interest Equalization Scheme and the ROSCTL (Rebate of State Levies & Taxes) Scheme so that exports of cotton yarn increase to China, Bangladesh, Vietnam, South Korea, Colombia and Turkey.*

***CCI is prepared to start procurement of cotton in Andhra Pradesh in the second week of November*** to ensure minimum support price to the farmers. Joint collector of Pithapuram of Kakinada district said that cotton farmers should register themselves in e-crop about the details of the cotton produced. Cotton will not be purchased if the moisture content exceeds 12% as per the government instructions.

***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 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.

### **Weather Forecast for tomorrow:**

During the next 24 hours, light to moderate rain with one or two very heavy spells are likely over Coastal Karnataka, Konkan, and Goa, parts of Kerala, Gangetic West Bengal, Odisha, Assam, Meghalaya. Scattered light to moderate rains is likely over rest Northeast India, parts of Marathwada, Telangana, South Chhattisgarh, parts of Coastal Andhra Pradesh. Scattered light rain is likely over Vidarbha, Maharashtra, Interior Karnataka, Rayalaseema, Jharkhand.

### **International Fundamentals:**

**Cotton futures were mixed on Monday, with July contracts gaining 7 points and Dec losing 8.** The Cotlook A Index was down 25 points on Oct 25, to 75.25 cents/lb. The AWP was increased 2.85 points last week.

**The October 15 USDA Crop Progress report for the week ending 27<sup>th</sup> Oct'19 shows that 95% of the U.S. crop has open bolls** up 2% from previous week, 4% from a year ago. 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 46% of the U.S. crop now out of the field. Crop condition is 5% very poor, 15% poor, 40% fair, 33% good and 7% excellent.

**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.

**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	130	19400	19500	19350	19320	49	-201	155	-158
19-Nov	70	19330	19450	19280	19330	330	-122	2073	198
19-Dec	50	19360	19450	19340	19340	38	-17	961	111

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	50	-	-	-	-
19-Nov	-	-	0	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 29th Oct @ 5.30 pm

\* Updated at as on 29-Oct- 2019 @ 5:00 PM

#### DOMESTIC PRICES AND ARRIVAL

##### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Oct-19	26-Oct-19	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	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	Closed	5380	-

	Bhiwani	Desi	Closed	NA	-
	Adampur	B.T. Cotton	5170	5160	10
	Fatehabad	B.T. Cotton	5200	5200	Unch
	Jind	B.T. Cotton	5550	5550	Unch
	Uchana	B.T. Cotton	5296	5254	42
	Dabwali	B.T. Cotton	5075	5075	Unch
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	NA	-
	Hathras	Desi	Closed	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	NA	-
	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	29-Oct-19	26-Oct-19	
Punjab	Bhatinda	J-34	3900	3880	20
	Abohar	J-34	3900	3900	Unch
	Mansa	J-34	3870	Closed	-
Haryana	Sirsa	J-34	3870	3870	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Oct-19	26-Oct-19	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	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	Closed	15000	-
	Bhiwani	Desi	Closed	NA	-

	Adampur	B.T. Cotton	2040	1360	680
	Fatehabad	B.T. Cotton	700	700	Unch
	Jind	B.T. Cotton	1530	1700	-170
	Uchana	B.T. Cotton	2470	3800	-1330
	Dabwali	B.T. Cotton	300	300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	NA	-
	Hathras	Desi	Closed	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	NA	-
	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	29-Oct-19	26-Oct-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1020	1190	-170
	Mansa	J-34	425	Closed	-
Haryana	Sirsa	J-34	1020	340	680
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	29-Oct-19	26-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	780	Unch
Delhi	New Delhi	Rs. /10 Kg.	760	760	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	820	825	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-Oct-19	26-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2914	2914	Unch
Maharashtra	Akola	Rs./Qtl	3343	3343	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				26-Oct-19	25-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	36700	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	29-Oct-19	26-Oct-19	Change
CCIndex(328)	RMB/Ton	12828	12791	37
CCIndex(527)	RMB/Ton	11796	11777	19
CCIndex(229)	RMB/Ton	13173	13141	32

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

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

Index	Unit	29-Oct-19	26-Oct-19	Change
FC Index (S)	Cents/lb	80.63	80.63	Unch
FC Index (M)	Cents/lb	75.91	75.91	Unch
FC Index (L)	Cents/lb	75.05	75.05	Unch

**Cotlook Index:**

Cotlook Indices	Unit	28-Oct-19	25-Oct-19	Change
A-Index	Cents/Pound	75.5	75.5	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-Oct-19	28-Oct-19	Bales
Southeast	cents/lb.	65.29	67.54	0
North Delta	cents/lb.	64.29	66.54	0
South Delta	cents/lb.	64.29	66.54	0



East TX-OK	cents/lb.	61.29	63.79	<b>4322</b>
West Texas	cents/lb.	60.79	63.54	<b>166</b>
Desert SW	cents/lb.	58.54	62.54	<b>0</b>
SJ Valley	cents/lb.	59.04	67.94	<b>0</b>

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 28-Oct-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9300	160	9460
Equivalent	40 Kgs	9967	171	10138

Daily Futures Price Listing Mon October 28, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Dec</a>	191028	65.11	65.3	64.48	64.79	-0.11	12,270	120,809	-423
<a href="#">20-Mar</a>	191028	65.9	66.2	65.55	65.78	-0.05	6,733	74,490	938
<a href="#">20-May</a>	191028	66.75	66.94	66.1	66.54	-0.01	1,063	11,527	166
<a href="#">20-Jul</a>	191028	67.28	67.46	66.62	67.19	0.13	571	12,017	43
<a href="#">20-Oct</a>	191028	66.96	66.96	66.96	66.96	0.1			
<a href="#">20-Dec</a>	191028	67.46	67.46	66.62	67.18	0.06	296	19,591	176
Total Volume and Open Interest							20,965	240,091	890

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