

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.39,300/per candy (70.72 cents/lb). 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:** *According to the Cotton Corporation of India, the total arrivals till 28<sup>th</sup> Oct'19 stood at 12.33 lakh bales. Out of which Rajasthan is leading with 3.77 lakh bales followed by Haryana with arrivals of 3.75 lakh bales, Gujarat with 1.38 lakh bales and 1.28 lakh bales as on date. The arrivals from Maharashtra (35,000 bales), Telangana (29,000 bales) and AP (31,000 bales) declined compared to the previous year at the same time due to disruptions caused by rainfall from last week in the cotton belts.*

**Rain in Maharashtra, Telangana and AP excess by 45% since last 10 days and more showers likely to continue this week.**

*The southern parts of Madhya Pradesh also recorded heavy rainfall at one or two places with moderate rainfall. In Telangana, the fiber output was expected to be around 45-50 lakh bales as against 36-40 lakh bales in a normal year. But incessant rains in the last five-six weeks have shattered their hopes. CCI has announced to start kapas buying from 10<sup>th</sup> Nov onward in AP. Farmers have hold back kapas in anticipation of getting better realisation. As a result of this arrivals have dropped to 50% and is still likely to drop further. This may result in unhealthy competition and increase the price of kapas across all the variety.*

**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 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.

### Weather Forecast for tomorrow:

During the next 24 hours, heavy to very heavy rains will continue to lash Lakshadweep. Sea conditions are likely to remain rough to very rough in Kerala, Karnataka as well as Lakshadweep area. Moderate to heavy rains are likely in Interior Tamil Nadu, Kerala, Coastal Karnataka, South Konkan, and Goa. Scattered light to moderate rain is likely in Telangana, North Interior Karnataka, parts of Vidarbha, Marathwada, Madhya Maharashtra, South Chhattisgarh as well as Andaman and Nicobar Islands. Light rains with one or two moderate spells are possible over West Rajasthan, Gujarat, and South Madhya Pradesh.

### International Fundamentals:

**Cotton contracts for December rose 0.9 cent, or 1.4%, to 65.62 cents per lb.** The Cotlook A Index for 10/29 has stayed at 75.50 cents/lb. The AWP from 10/24 is 57.11 cents/lb. The crop's condition in is poor due to bad weather in the major crop producing regions, while investors awaited details about the signing of the US-China trade deal after Chile withdrew as host of the APEC summit.

**The US Export Sales report from USDA showed 108,100 RB of 2019-20 upland cotton sold in the week ending 24<sup>th</sup> Oct'19 were down by 23% compared to previous week.** With major buyers including Turkey (60,500 RB), followed by Pakistan (60,500 RB), & Vietnam (31,400 RB) and reductions were from Indonesia (60,000RB), Philippines (4,400RB). For 2019-20, net upland shipments exports of 149,000 RB were same from previous week and were primarily to Vietnam (46,200 RB), Indonesia (16,700RB) and Mexico (15,800RB).

**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 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-Nov	110	19350	19460	19310	19320	481	337	2178	2174
19-Dec	100	19340	19420	19320	19310	162	-439	1148	-1047
19-Jan	-120	20700	20730	20520	20680	808	697	1540	469

Spread	19-Oct	19-Nov	19-Dec	19-Jan	--	--
Spot	-				-	-
19-Oct	-	40	-	-	-	-
19-Nov	-	-	0	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 1st Nov @ 5.30 pm

\* Updated at as on 01-Nov- 2019 @ 5:00 PM

**DOMESTIC PRICES AND ARRIVAL**

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Nov-19	31-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5450	Closed	-
	Gondal	Shankar-6	5555	Closed	-
	Rajkot	B.T. Cotton	5850	Closed	-
	Patan	B.T. Cotton	5500	Closed	-
	Kadi	B.T. Cotton	5500	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5425	5380	45
	Bhiwani	Desi	6200	6200	Unch
	Adampur	B.T. Cotton	5250	5260	-10
	Fatehabad	B.T. Cotton	5215	5300	-85
	Jind	B.T. Cotton	5560	5500	60
	Uchana	B.T. Cotton	5410	5290	120
	Dabwali	B.T. Cotton	5150	5235	-85
Rajasthan	Hanumangarh	B.T. Cotton	5200	5225	-25
	Rawatsar	B.T. Cotton	5150	5150	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	5510	5510	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	5800	100
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	5370	-
	Hubli	D.C.H.	NA	5500	-
	Hubli	B.T. Cotton	NA	6500	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Nov-19	31-Oct-19	
Punjab	Bhatinda	J-34	3900	3930	-30
	Abohar	J-34	3920	3940	-20
	Mansa	J-34	3900	3920	-20
Haryana	Sirsa	J-34	3900	3920	-20
Rajasthan	Sri-Ganganagar	J-34	3680	3638	42

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	1-Nov-19	31-Oct-19	
Gujarat	Ahmedabad	Shankar-6	22100	Closed	-
	Gondal	Shankar-6	2328	Closed	-
	Rajkot	B.T. Cotton	2400	Closed	-
	Patan	B.T. Cotton	10290	Closed	-
	Kadi	B.T. Cotton	5000	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4000	8000	-4000
	Bhiwani	Desi	50	100	-50
	Adampur	B.T. Cotton	2040	2210	-170
	Fatehabad	B.T. Cotton	125	800	-675
	Jind	B.T. Cotton	1666	1445	221
	Uchana	B.T. Cotton	3300	3370	-70
	Dabwali	B.T. Cotton	2100	1600	500
Rajasthan	Hanumangarh	B.T. Cotton	5000	2500	2500
	Rawatsar	B.T. Cotton	7000	6000	1000
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	1720	1630	90
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	100	100
	Hathras	Desi	60	25	35
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	1508	-
	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	1-Nov-19	31-Oct-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1700	1360	340
	Mansa	J-34	850	340	510
Haryana	Sirsa	J-34	1360	1360	Unch
Rajasthan	Sri-Ganganagar	J-34	5000	5000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	1-Nov-19	31-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	785	5

Delhi	New Delhi	Rs. /10 Kg.	735	735	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	1-Nov-19	31-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2765	NR	-
Maharashtra	Akola	Rs./Qtl	3200	3225	-25

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-Oct-19	30-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	37100	36800	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40300	41000	-700
Shankar-6(105)	29mm	3.5 - 4.9	28	41000	41200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42600	43100	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44000	44300	-300
DCH-32(107)	34mm	3.0 - 3.8	33	52500	52500	Unch

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

Index	Unit	1-Nov-19	31-Oct-19	Change
CCIndex(328)	RMB/Ton	12999	12971	28
CCIndex(527)	RMB/Ton	11960	11943	17
CCIndex(229)	RMB/Ton	13298	13268	30

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

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

Index	Unit	1-Nov-19	31-Oct-19	Change
FC Index (S)	Cents/lb	80.46	81.71	-1.25
FC Index (M)	Cents/lb	76.08	77	-0.92
FC Index (L)	Cents/lb	75.02	76.3	-1.28

**Cotlook Index:**

Cotlook Indices	Unit	31-Oct-19	30-Oct-19	Change
A-Index	Cents/Pound	76.45	#N/A	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-Oct-19	31-Oct-19	Bales
Southeast	cents/lb.	64.94	67.19	67
North Delta	cents/lb.	63.94	66.19	0
South Delta	cents/lb.	63.94	66.19	0
East TX-OK	cents/lb.	60.94	63.44	2762
West Texas	cents/lb.	60.44	63.19	1140
Desert SW	cents/lb.	58.19	62.19	0
SJ Valley	cents/lb.	58.69	67.59	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 31-Oct-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9450	160	9510
Equivalent	40 Kgs	10128	171	10299

**Daily Futures Price Listing Thu October 31, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Dec</a>	191031	65.6	65.96	64.02	64.44	-1.26	13,548	118,770	174
<a href="#">20-Mar</a>	191031	66.88	67.08	65.61	65.88	-1.01	9,522	76,455	1,051
<a href="#">20-May</a>	191031	67.58	67.8	66.64	66.87	-0.82	1,789	12,195	306
<a href="#">20-Jul</a>	191031	68.21	68.4	67.43	67.64	-0.66	1,241	12,113	-229
<a href="#">20-Oct</a>	191031	67.44	67.44	67.44	67.44	-0.46			
<a href="#">20-Dec</a>	191031	67.81	67.96	67.38	67.53	-0.35	637	20,356	386
Total Volume and Open Interest							26,753	241,579	1,691



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