

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.39,300/per candy (70.79 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: International Cotton Advisory Board projected the world production at 26.7 MMT 4% higher against 25.69 MMT in 2018-19.** Due to the lower demand by the mills and US- China trade war affected the overall economy at the global level which has reduced the consumption in 2018-19 marketing year and likely to remain flat in 2019-20. India is expected to lead in the cotton production among the other countries at 6 million tonnes (35.29 Indian Lakh Bales). Similarly, China is projected imports at 8.05 million tonnes (47.5 Indian Lakh Bales) 2% down compared to the previous year. Both Mexico and Pakistan are expected to increase their imports by 48% (to 141,000 tonnes) and 8% (to 711,000 tonnes), respectively.

**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 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.

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

During the next 24 hours, scattered light to moderate rain is likely over Maharashtra, Coastal Andhra Pradesh, Tamil Nadu. Scattered light rains with one or two moderate spells are possible over Karnataka, Telangana. Scattered light rain is likely over Kerala, parts of Gujarat, South Madhya Pradesh, Jammu and Kashmir, West Rajasthan. Isolated shower is a possibility over Northeast India. Sea conditions will be rough over Karnataka, Maharashtra, Gujarat coast with strong winds of 40-50 kmph gusting to 60 kmph are possible over North Karnataka, Maharashtra and Gujarat coast.

### **International Fundamentals:**

**Cotton contracts for December fell 0.20 cent, or 0.31%, at 64.24 cents per lb.** ICE cotton fell on Friday, extending losses from the previous session, pressured by lower demand for the natural fiber and uncertainty over the US-China trade negotiations. 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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Nov-19	1-Nov-19	
Gujarat	Ahmedabad	Shankar-6	5375	5450	-75
	Gondal	Shankar-6	5655	5555	100
	Rajkot	B.T. Cotton	5555	5850	-295
	Patan	B.T. Cotton	5595	5500	95
	Kadi	B.T. Cotton	5600	5500	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5195	-
Haryana	Bhiwani	B.T. Cotton	5425	5425	Unch
	Bhiwani	Desi	6200	6200	Unch
	Adampur	B.T. Cotton	5250	5250	Unch
	Fatehabad	B.T. Cotton	5200	5215	-15
	Jind	B.T. Cotton	5560	5560	Unch
	Uchana	B.T. Cotton	5353	5410	-57
	Dabwali	B.T. Cotton	5190	5150	40
Rajasthan	Hanumangarh	B.T. Cotton	5250	5200	50
	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	5900	Unch
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	0	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	2-Nov-19	1-Nov-19	
Punjab	Bhatinda	J-34	3900	3900	Unch
	Abohar	J-34	3920	3920	Unch
	Mansa	J-34	3910	3900	10
Haryana	Sirsa	J-34	3890	3900	-10
Rajasthan	Sri-Ganganagar	J-34	3572	3680	-108

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Nov-19	1-Nov-19	
Gujarat	Ahmedabad	Shankar-6	42500	22100	20400
	Gondal	Shankar-6	1752	2328	-576
	Rajkot	B.T. Cotton	2800	2400	400
	Patan	B.T. Cotton	6666	10290	-3624
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	104	-
Haryana	Bhiwani	B.T. Cotton	8000	4000	4000
	Bhiwani	Desi	30	50	-20
	Adampur	B.T. Cotton	1700	2040	-340
	Fatehabad	B.T. Cotton	1100	125	975
	Jind	B.T. Cotton	1530	1666	-136
	Uchana	B.T. Cotton	3865	3300	565
	Dabwali	B.T. Cotton	1450	2100	-650
Rajasthan	Hanumangarh	B.T. Cotton	4000	5000	-1000
	Rawatsar	B.T. Cotton	6000	7000	-1000
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	1720	1720	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	200	Unch
	Hathras	Desi	60	60	Unch
Telangana	Adilabad	Un-Ginned	0	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	2-Nov-19	1-Nov-19	
Punjab	Bhatinda	J-34	7650	6800	850
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	510	850	-340
Haryana	Sirsa	J-34	1530	1360	170
Rajasthan	Sri-Ganganagar	J-34	4000	5000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	2-Nov-19	1-Nov-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	790	-10
Delhi	New Delhi	Rs. /10 Kg.	752	735	17
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	805	820	-15

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	2-Nov-19	1-Nov-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2757	2765	-8
Maharashtra	Akola	Rs./Qtl	3185	3200	-15

**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	2-Nov-19	1-Nov-19	Change
CCIndex(328)	RMB/Ton	12999	12999	-
CCIndex(527)	RMB/Ton	11960	11960	-
CCIndex(229)	RMB/Ton	13298	13298	-

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

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

Index	Unit	2-Nov-19	1-Nov-19	Change
FC Index (S)	Cents/lb	80.46	80.46	-
FC Index (M)	Cents/lb	76.08	76.08	-
FC Index (L)	Cents/lb	75.02	75.02	-



**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 01-Nov-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9450	160	9610
Equivalent	40 Kgs	10128	171	10299

**Daily Futures Price Listing Fri November 01, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Dec</a>	191101	64.46	64.91	63.81	64.23	-0.21	22,714	117,387	-1,383
<a href="#">20-Mar</a>	191101	65.84	66.25	65.35	65.64	-0.24	20,473	79,463	3,008
<a href="#">20-May</a>	191101	67.01	67.15	66.43	66.69	-0.18	2,135	12,477	282
<a href="#">20-Jul</a>	191101	67.7	67.8	67.25	67.49	-0.15	1,480	12,162	49
<a href="#">20-Oct</a>	191101	67.39	67.39	67.39	67.39	-0.05			
<a href="#">20-Dec</a>	191101	67.53	67.79	67.44	67.52	-0.01	996	20,791	435
Total Volume and Open Interest							47,910	243,999	2,420

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