

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,557/per candy (71.61 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. Also, the rains likely to hit Maharashtra and Gujarat this week affecting the cotton yields.

News: According to the trade sources, the Indian cotton exports for the Sep'19 were reported at 71,403 bales against 94,000 bales in the previous month. The total exports of India from the starting of the marketing year in Oct'18 till Sep'19 expected to have reached to a total of 46.47 lakh bales around 23% lower compared to 60.12 lakh bales during the corresponding period in 2017-18. In Sep'19, Bangladesh was the largest importer, importing 63,226 Indian bales with an average FOB of 1.82 \$/Kg followed by Iran (3551 bales at FOB 1.84 \$/Kg) and Vietnam importing 2061 bales at 1.73 \$/Kg.

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 28th 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 10th 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.

Weather Forecast for tomorrow:

Moderate to heavy rain with one or two very heavy spells are likely in Andaman and Nicobar Islands. Scattered light to moderate rain with isolated heavy spells will be seen over Marathwada, Madhya Maharashtra, and Karnataka. Scattered light rain with one or two moderate spells can be seen over Kerala, Interior Tamil Nadu, Konkan, and Goa. Isolated light rain will be seen over Gujarat, Northeast India, Jammu and Kashmir.

International Fundamentals:

Cotton futures close after Monday's round of trading with 47 point losses in nearby DEC. The Cotlook A Index dropped 120 points to 75.25 cents/lb. The weekly AWP from 10/31 is 57.33 cents/lb and will be valid through next Thursday.

The USDA's weekly crop progress report showed cotton harvest crest above 53% complete in the week ending 3rd November. The 7 day forecast is moderate to heavy precipitation for North East Texas and most of Oklahoma in US. The South is forecasted to receive about an inch of accumulated precipitation. The average pace is 51%, and compared to last year we are 5 percentage points ahead of schedule. Texas was 42% complete, normally 38%, and GA has harvested 67% of their crop 11 percentage points ahead of average.

The US Export Sales report from USDA showed 108,100 RB of 2019-20 upland cotton sold in the week ending 24th 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 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.

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As the quality of locally produced cotton in Pakistan had deteriorated in comparison to other cotton-producing countries. The mills have 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	150	19440	19580	19430	19390	689	208	2103	-75
19-Dec	220	19420	19570	19410	19320	323	161	1224	76
19-Jan	-120	20700	20730	20520	20680	808	0	1540	0

Spread	19-Oct	19-Nov	19-Dec	19-Jan	--	--
Spot	-				-	-
19-Oct	-	10	-	-	-	-
19-Nov	-	-	-1160	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 4th Nov @ 5.30 pm

* Updated at as on 04-Nov- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Nov-19	4-Nov-19	
Gujarat	Ahmedabad	Shankar-6	5450	5400	50
	Gondal	Shankar-6	5455	5655	-200
	Rajkot	B.T. Cotton	NA	5450	-
	Patan	B.T. Cotton	5610	5755	-145
	Kadi	B.T. Cotton	5500	5600	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5300	5240	60
Haryana	Bhiwani	B.T. Cotton	5425	5500	-75
	Bhiwani	Desi	6000	6200	-200

	Adampur	B.T. Cotton	5300	5300	Unch
	Fatehabad	B.T. Cotton	5230	5240	-10
	Jind	B.T. Cotton	5650	5580	70
	Uchana	B.T. Cotton	5410	5370	40
	Dabwali	B.T. Cotton	5260	5270	-10
Rajasthan	Hanumangarh	B.T. Cotton	5290	5300	-10
	Rawatsar	B.T. Cotton	5160	5250	-90
Madhya Pradesh	Khandwa	Mech-1	5400	5500	-100
	Khargaon	Mech-1	5605	5510	95
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	5800	-
	Hathras	Desi	NR	5000	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	5961	-
	Hubli	D.C.H.	NA	4209	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Nov-19	4-Nov-19	
Punjab	Bhatinda	J-34	3900	3900	Unch
	Abohar	J-34	3920	3910	10
	Mansa	J-34	3900	3880	20
Haryana	Sirsa	J-34	3890	3890	Unch
Rajasthan	Sri-Ganganagar	J-34	3619	3610	9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Nov-19	4-Nov-19	
Gujarat	Ahmedabad	Shankar-6	59500	42500	17000
	Gondal	Shankar-6	4507	3962	545
	Rajkot	B.T. Cotton	NA	1600	-
	Patan	B.T. Cotton	14705	11205	3500
	Kadi	B.T. Cotton	20000	7500	12500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	223	215	8
Haryana	Bhiwani	B.T. Cotton	8000	13000	-5000
	Bhiwani	Desi	20	40	-20
	Adampur	B.T. Cotton	1700	1190	510

	Fatehabad	B.T. Cotton	1000	800	200
	Jind	B.T. Cotton	1785	1615	170
	Uchana	B.T. Cotton	2930	2265	665
	Dabwali	B.T. Cotton	1600	3550	-1950
Rajasthan	Hanumangarh	B.T. Cotton	5000	5000	Unch
	Rawatsar	B.T. Cotton	6000	6000	Unch
Madhya Pradesh	Khandwa	Mech-1	200	150	50
	Khargaon	Mech-1	4150	3375	775
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	100	-
	Hathras	Desi	NR	60	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	3615	-
	Hubli	D.C.H.	NA	6	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Nov-19	4-Nov-19	
Punjab	Bhatinda	J-34	9350	10200	-850
	Abohar	J-34	2040	1700	340
	Mansa	J-34	340	850	-510
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	5000	4000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	5-Nov-19	4-Nov-19	
Gujarat	Rajkot	Rs. /10 Kg.	790	780	10
Delhi	New Delhi	Rs. /10 Kg.	762	754	8
Telangana	Hyderabad	Rs. /10 Kg.	790	780	10
Maharashtra	Mumbai	Rs. /10 Kg.	825	805	20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Nov-19	4-Nov-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2852	2908	-56
Maharashtra	Akola	Rs./Qtl	3191	3229	-38

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	5-Nov-19	4-Nov-19	Change
CCIndex(328)	RMB/Ton	13013	13002	11
CCIndex(527)	RMB/Ton	11970	11962	8
CCIndex(229)	RMB/Ton	13327	13309	18

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

China Foreign Cotton (FCE) Index :

Index	Unit	5-Nov-19	4-Nov-19	Change
FC Index (S)	Cents/lb	79.75	80.32	-0.57
FC Index (M)	Cents/lb	75.39	75.99	-0.60
FC Index (L)	Cents/lb	74.4	74.91	-0.51

Cotlook Index:

Cotlook Indices	Unit	4-Nov-19	3-Nov-19	Change
A-Index	Cents/Pound	75.05	75.25	-0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Nov-19	4-Nov-19	Bales
Southeast	cents/lb.	64.16	66.41	0
North Delta	cents/lb.	63.16	65.41	0
South Delta	cents/lb.	63.16	65.41	0
East TX-OK	cents/lb.	60.16	62.66	365

West Texas	cents/lb.	59.66	62.41	1549
Desert SW	cents/lb.	57.41	61.41	0
SJ Valley	cents/lb.	57.91	66.81	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 04-Nov-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9400	160	9560
Equivalent	40 Kgs	10074	171	10245

Daily Futures Price Listing Fri November 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191104	64.73	64.98	63.54	63.66	-0.57	35,383	114,921	-2,466
20-Mar	191104	66.09	66.38	65.18	65.27	-0.37	23,745	83,610	4,147
20-May	191104	67.06	67.48	66.41	66.52	-0.17	2,702	12,990	513
20-Jul	191104	67.78	68.17	67.38	67.49	unch	1,589	12,253	91
20-Oct	191104	67.39	67.39	67.39	67.39	unch			
20-Dec	191104	67.9	67.99	67.52	67.57	0.05	809	20,978	187
Total Volume and Open Interest							64,239	246,481	2,482

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