

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,500/per candy (71.09 cents/lb). Cotton prices reported to be weaker today by Rs.50-200/ quintal compared to the previous day 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: Farmers in Adilabad, Telangana are distressed as they are not getting fair price of at least the MSP for cotton that has started trading from today (6th November'19). Government agencies and private traders said that the moisture content is very high due to the continuous rains and farmers are ready to charge a low price. To ensure that farmers get a better price for cotton, the administration has implemented to ensure the arrival of cotton in phases in the mandis on the basis of mandals so that the entire quantity of cotton produced in the entire district does not reach the Adilabad market at the same time. Also the farmers would get enough time to reduce down the moisture to (8-12%) which are the permissible limit for CCI to procure cotton.

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 famers by draining out the stagnant water and followed by applying magnesium sulphate.

Weather Forecast for tomorrow:

Scattered light to moderate rain will be seen over Andaman and Nicobar Island, Madhya Maharashtra, parts of South Konkan and Goa, parts of Gujarat, Jammu, and Kashmir, with isolated snowfall over the same. Isolated rain can be seen over Southeast Rajasthan, Kerala, and Tamil Nadu.

International Fundamentals:

Cotton futures nearby Dec and Mar futures saw gains of 8 to 16 points, while May and Jul futures lost 5 to 7. The 11/04 Cotlook A Index decreased by 20 points, and is 75.05 cents/lb. The 10/31 AWP was 57.33 cents/lb.

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.

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 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	-90	19400	19420	19250	19410	480	-1	2163	-15
19-Dec	-130	19350	19380	19020	19380	367	205	1283	135
19-Jan	-120	20700	20730	20520	20680	808	0	1540	0

Spread	19-Oct	19-Nov	19-Dec	19-Jan	--	--
Spot	-				-	-
19-Oct	-	40	-	-	-	-
19-Nov	-	-	-135	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 6th Nov @ 5.30 pm

* Updated at as on 06-Nov- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Nov-19	5-Nov-19	
Gujarat	Ahmedabad	Shankar-6	5250	5450	-200
	Gondal	Shankar-6	5405	5455	-50
	Rajkot	B.T. Cotton	NA	NA	-
	Patan	B.T. Cotton	5595	5610	-15
	Kadi	B.T. Cotton	5600	5500	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5210	5300	-90
Haryana	Bhiwani	B.T. Cotton	5350	5425	-75
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5225	5300	-75
	Fatehabad	B.T. Cotton	5200	5230	-30
	Jind	B.T. Cotton	5500	5650	-150
	Uchana	B.T. Cotton	5355	5410	-55

	Dabwali	B.T. Cotton	5175	5260	-85
Rajasthan	Hanumangarh	B.T. Cotton	5250	5290	-40
	Rawatsar	B.T. Cotton	5050	5160	-110
Madhya Pradesh	Khandwa	Mech-1	5500	5400	100
	Khargaon	Mech-1	5675	5605	70
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5700	NR	-
	Hathras	Desi	5200	NR	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	5453	-
	Hubli	D.C.H.	5850	NA	-
	Hubli	B.T. Cotton	6750	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Nov-19	5-Nov-19	
Punjab	Bhatinda	J-34	3840	3900	-60
	Abohar	J-34	3850	3920	-70
	Mansa	J-34	3850	3900	-50
Haryana	Sirsa	J-34	3820	3890	-70
Rajasthan	Sri-Ganganagar	J-34	3619	3619	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Nov-19	5-Nov-19	
Gujarat	Ahmedabad	Shankar-6	25500	59500	-34000
	Gondal	Shankar-6	614	4507	-3893
	Rajkot	B.T. Cotton	NA	NA	-
	Patan	B.T. Cotton	15531	14705	826
	Kadi	B.T. Cotton	10000	20000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	372	223	149
Haryana	Bhiwani	B.T. Cotton	8000	8000	Unch
	Bhiwani	Desi	50	20	30
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	800	1000	-200
	Jind	B.T. Cotton	1428	1785	-357
	Uchana	B.T. Cotton	2234	2930	-696
	Dabwali	B.T. Cotton	1600	1600	Unch

Rajasthan	Hanumangarh	B.T. Cotton	4000	5000	-1000
	Rawatsar	B.T. Cotton	6000	6000	Unch
Madhya Pradesh	Khandwa	Mech-1	300	200	100
	Khargaon	Mech-1	7125	4150	2975
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	60	NR	-
	Hathras	Desi	15	NR	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	2411	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity		Lint		Arrivals (Quintal)	
State	Centre	Variety	6-Nov-19	5-Nov-19	Change
Punjab	Bhatinda	J-34	10200	9350	850
	Abohar	J-34	2550	2040	510
	Mansa	J-34	850	340	510
Haryana	Sirsa	J-34	2550	1700	850
Rajasthan	Sri-Ganganagar	J-34	5000	5000	Unch

Cotton Seed Oil Prices:

Commodity		Cotton Seed Oil		Price	
State	Centre	Unit	6-Nov-19	5-Nov-19	Change
Gujarat	Rajkot	Rs. /10 Kg.	800	790	10
Delhi	New Delhi	Rs. /10 Kg.	757	762	-5
Telangana	Hyderabad	Rs. /10 Kg.	775	790	-15
Maharashtra	Mumbai	Rs. /10 Kg.	805	825	-20

Cotton Seed Oil Seed Cake Prices:

Commodity		Cotton Seed Oil Seed Cake		Price	
State	Centre	Unit	6-Nov-19	5-Nov-19	Change
Gujarat	Mahesana (Kadi)	Rs./Qtl	2733	2852	-119
Maharashtra	Akola	Rs./Qtl	3128	3191	-63

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	6-Nov-19	5-Nov-19	Change
CCIndex(328)	RMB/Ton	13048	13013	35
CCIndex(527)	RMB/Ton	12002	11970	32
CCIndex(229)	RMB/Ton	13345	13327	18
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	6-Nov-19	5-Nov-19	Change
FC Index (S)	Cents/lb	79.69	79.75	-0.06
FC Index (M)	Cents/lb	75.39	75.39	Unch
FC Index (L)	Cents/lb	74.4	74.4	Unch

Cotlook Index:

Cotlook Indices	Unit	5-Nov-19	4-Nov-19	Change
A-Index	Cents/Pound	0	75.05	-75.05

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		5-Nov-19	5-Nov-19	Bales
Southeast	cents/lb.	64.31	66.56	0
North Delta	cents/lb.	63.31	65.56	0
South Delta	cents/lb.	63.31	65.56	0
East TX-OK	cents/lb.	60.31	62.81	3740
West Texas	cents/lb.	59.81	62.56	2473
Desert SW	cents/lb.	57.56	61.56	0
SJ Valley	cents/lb.	58.06	66.96	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 05, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191105	63.67	64.21	63.55	63.81	0.15	24,411	113,548	-1,373
20-Mar	191105	65.28	65.72	65.25	65.47	0.2	17,924	86,472	2,862
20-May	191105	66.45	66.85	66.3	66.49	-0.03	3,607	14,096	1,106
20-Jul	191105	67.65	67.89	67.23	67.45	-0.04	1,460	12,512	259
20-Oct	191105	67.38	67.38	67.38	67.38	-0.01			
20-Dec	191105	67.65	67.81	67.41	67.58	0.01	1,176	21,470	492
Total Volume and Open Interest							48,645	249,817	3,336

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