

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,150/per candy (70.05 cents/lb). Cotton prices reported to show mixed trend in prices today compared to the previous day due to incessant rains in the main cotton producing regions which has increased the moisture content in the cotton.

News: *According to the latest data released by the textile industry, the Indian cotton yarn exports declined drastically by 33% till Sep'19 from the starting of the financial year in April'19. India exported 101 million kg in 2018 while only 67 million kg in 2019 during April to September. The top importers of cotton yarn (including raw cotton) were China (-55%), Bangladesh (-42%) and Egypt so far in 2019 although the exports to these countries were lesser compared to the previous year (2018) because of disparity between domestic and international cotton prices. Decline in raw cotton exports from Bangladesh (-45%), Vietnam (-83%), China (-88%), Pakistan (-42%) and Vietnam (-33%) also witnessed decline probably due to the higher Indian cotton prices. The countries preferred buying cotton from Brazil and USA where the prices prevailed between 60-65 cents/lbs.*

CCI has not started procurement yet in bulk quantities in Punjab and Haryana. *Still the kapas prices in both the states are prevailing around Rs.5200-5400/q with the moisture content ranging between 13-15%. Whereas procurement in Adilabad market has started procurement primarily Primary Agricultural Cooperative Societies (PACS) and then would be lifted by CCI. Farmers are advised to dry the cotton, which got drenched in rain.*

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.

Weather Forecast for tomorrow:

Scattered light to moderate rain is likely over Punjab, Haryana, Delhi, East Rajasthan, parts of West Uttar Pradesh, West Madhya Pradesh, Maharashtra, Karnataka, Kerala, and Interior Tamil Nadu. Gujarat region may receive scattered light to moderate rain with one or two heavy spells. Sea conditions are likely to remain rough in Gujarat and North Maharashtra Coast for another 24 hours.

International Fundamentals:

Cotton futures posted gains of 48 to 83 points DEC 19 Cotton closed at 64.17, up 48 points. The Cotlook A Index for 11/6 was back up by 25 points, to 74.95 cents/lb. The AWP at 56.63 cents/lb, lower by 70 points.

The US Export Sales report from USDA showed 164,500 RB of 2019-20 upland cotton sold in the week ending 31st Oct'19 were up by 52% compared to previous week. With major buyers including Pakistan (95,100 RB), followed by Vietnam (45,100 RB) & Turkey (33,200 RB) and reductions were from Indonesia (65,900RB), Hong Kong (2,400RB). For 2020-21, net upland shipments exports of 129,700 RB were down 13% and were primarily to Pakistan (21,600RB), Vietnam (17,900 RB), China (14,400RB) and Indonesia (12,800RB).

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 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	19360	19400	19310	19410	220	-260	1957	-206
19-Dec	-130	19260	19330	19200	19330	142	-225	1298	15
19-Jan	-120	20700	20730	20520	20680	808	0	1540	0

Spread	19-Oct	19-Nov	19-Dec	19-Jan	--	--
Spot	-				-	-
19-Oct	-	70	-	-	-	-
19-Nov	-	-	-1400	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 8th Nov @ 5.30 pm

* Updated at as on 08-Nov- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Nov-19	8-Nov-19	
Gujarat	Ahmedabad	Shankar-6	5400	5350	50
	Gondal	Shankar-6	5205	5205	Unch
	Rajkot	B.T. Cotton	5195	5255	-60
	Patan	B.T. Cotton	5450	5475	-25
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5075	5200	-125
Haryana	Bhiwani	B.T. Cotton	5450	5425	25
	Bhiwani	Desi	6000	6200	-200
	Adampur	B.T. Cotton	5150	5225	-75

	Fatehabad	B.T. Cotton	5200	5240	-40
	Jind	B.T. Cotton	5560	5500	60
	Uchana	B.T. Cotton	5360	5350	10
	Dabwali	B.T. Cotton	5155	5190	-35
Rajasthan	Hanumangarh	B.T. Cotton	5315	5250	65
	Rawatsar	B.T. Cotton	5125	5100	25
Madhya Pradesh	Khandwa	Mech-1	Closed	5500	-
	Khargaon	Mech-1	5530	5530	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	5900	-
	Hathras	Desi	Closed	5400	-
Telangana	Adilabad	Un-Ginned	5000	5000	Unch
Karnataka	Bijapur	Bunny	NA	5456	-
	Hubli	D.C.H.	NA	5750	-
	Hubli	B.T. Cotton	NA	6800	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Nov-19	8-Nov-19	
Punjab	Bhatinda	J-34	3850	3870	-20
	Abohar	J-34	3870	3890	-20
	Mansa	J-34	3840	3870	-30
Haryana	Sirsa	J-34	3830	3860	-30
Rajasthan	Sri-Ganganagar	J-34	3647	3596	52

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Nov-19	8-Nov-19	
Gujarat	Ahmedabad	Shankar-6	51000	20400	30600
	Gondal	Shankar-6	6427	4068	2359
	Rajkot	B.T. Cotton	6200	6100	100
	Patan	B.T. Cotton	20034	19431	603
	Kadi	B.T. Cotton	30000	15000	15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	629	340	289
Haryana	Bhiwani	B.T. Cotton	12000	10000	2000
	Bhiwani	Desi	25	20	5
	Adampur	B.T. Cotton	1360	1700	-340
	Fatehabad	B.T. Cotton	800	600	200

	Jind	B.T. Cotton	1581	1615	-34
	Uchana	B.T. Cotton	3200	2550	650
	Dabwali	B.T. Cotton	2700	1950	750
Rajasthan	Hanumangarh	B.T. Cotton	2200	2500	-300
	Rawatsar	B.T. Cotton	4000	4000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	400	-
	Khargaon	Mech-1	6315	6315	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	50	-
	Hathras	Desi	Closed	12	-
Telangana	Adilabad	Un-Ginned	101450	90170	11280
Karnataka	Bijapur	Bunny	NA	4123	-
	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	9-Nov-19	8-Nov-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	2210	850	1360
	Mansa	J-34	850	595	255
Haryana	Sirsa	J-34	1700	2550	-850
Rajasthan	Sri-Ganganagar	J-34	6000	6000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	9-Nov-19	8-Nov-19	
Gujarat	Rajkot	Rs. /10 Kg.	810	810	Unch
Delhi	New Delhi	Rs. /10 Kg.	755	755	Unch
Telangana	Hyderabad	Rs. /10 Kg.	785	785	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	820	815	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	9-Nov-19	8-Nov-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2640	2676	-36
Maharashtra	Akola	Rs./Qtl	3035	3042	-7

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Nov-19	7-Nov-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	36600	36700	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39700	39900	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40700	40900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40600	40800	-200
DCH-32(107)	34mm	3.0 - 3.8	33	41400	41600	-200

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

Index	Unit	8-Nov-19	7-Nov-19	Change
CCIndex(328)	RMB/Ton	13046	13048	-2
CCIndex(527)	RMB/Ton	13351	12003	1348
CCIndex(229)	RMB/Ton	12003	13350	-1347

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

China Foreign Cotton (FCE) Index :

Index	Unit	8-Nov-19	7-Nov-19	Change
FC Index (S)	Cents/lb	80.23	79.61	0.62
FC Index (M)	Cents/lb	75.94	75.35	0.59
FC Index (L)	Cents/lb	75.1	74.36	0.74

Cotlook Index:

Cotlook Indices	Unit	7-Nov-19	6-Nov-19	Change
A-Index	Cents/Pound	74.7	74.95	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		7-Nov-19	7-Nov-19	Bales
Southeast	cents/lb.	64.85	67.1	482
North Delta	cents/lb.	63.85	66.1	122
South Delta	cents/lb.	63.85	66.1	13

East TX-OK	cents/lb.	60.85	63.35	1477
West Texas	cents/lb.	60.35	63.1	4903
Desert SW	cents/lb.	58.1	62.1	3
SJ Valley	cents/lb.	58.6	67.5	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 07-Nov-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9350	160	9510
Equivalent	40 Kgs	10020	171	10191

Daily Futures Price Listing Fri November 08, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191108	64.35	65.06	63.61	64.72	0.37	23,267	96,947	-6,220
20-Mar	191108	65.93	66.93	65.5	66.57	0.53	19,459	96,193	5,251
20-May	191108	67.18	68.14	66.71	67.77	0.42	4,468	18,418	1,188
20-Jul	191108	68.46	69.22	67.84	68.87	0.33	1,233	13,262	373
20-Oct	191108	69.38	69.38	69.22	69.22	1.78			
20-Dec	191108	68.32	69.19	67.74	68.59	0.27	351	21,898	172
Total Volume and Open Interest							48,873	248,399	700

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