

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.39,050/per candy (69.87 cents/lb). Cotton prices reported to be low today by Rs.100 to 200/q in Gujarat compared to the previous day due to heavy rains in the main cotton belts which has increased the moisture content in the cotton.*

**News:** *CAI released its estimates for 2019-20 season at 355 lakh bales of cotton production, up by 13.6% compared to the previous year's production. Comparatively, Agriwatch estimates the production might range around 351 lakh bales in 2019-20 against 321 lakh bales in 2018-19 season. CAI projects that exports are likely to remain steady at last year's level of 4.2 million bales, the lowest in a decade. If exports to remain steady, the United States and Brazil exports may increase to key Asian buyers such as Vietnam, Bangladesh and Pakistan.*

**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 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 (6<sup>th</sup> 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 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.

**Weather Forecast for tomorrow:**

Light to moderate rain and thundershowers would be seen in many parts associated with scattered heavy showers in Kerala, Tamil Nadu, South Interior Karnataka and Coastal Karnataka. Scattered light rain will be seen in Madhya Maharashtra, Konkan and Gujarat.

**International Fundamentals:**

***Cotton futures made gains of 16 to 31 points on Friday.*** The Cotlook A Index for 11/7 was down by 25 points, to 74.70 cents/lb. The AWP is now 56.63 cents/lb, down.

***Pakistan is likely to produce 35% less cotton compared to the previous year, therefore, Pakistan is already importing cotton from US and Brazil.*** As the supply declined to combat the demand, the country might import cotton from India if the trade resumes. India is assuming that it is the good opportunity to export cotton and cotton yarn to Pakistan. In 2018, India exported around 5 lakh bales to Pakistan. It is expected that this year the exports might reach around 10-15 lakh bales.

***The US Export Sales report from USDA showed 164,500 RB of 2019-20 upland cotton sold in the week ending 31<sup>st</sup> 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 3<sup>rd</sup> 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	-140	19150	19210	19050	19220	703	223	2022	-141
19-Dec	-130	19050	19120	18930	19110	725	358	1393	110
19-Jan	-120	20700	20730	20520	20680	808	0	1540	0

  

Spread	19-Oct	19-Nov	19-Dec	19-Jan	--	--
Spot	-				-	-
19-Oct	-	90	-	-	-	-
19-Nov	-	-	-1610	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 11th Nov @ 5.30 pm

\* Updated at as on 11-Nov- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Nov-19	9-Nov-19	
Gujarat	Ahmedabad	Shankar-6	5000	5400	-400
	Gondal	Shankar-6	5055	5205	-150
	Rajkot	B.T. Cotton	5040	5195	-155
	Patan	B.T. Cotton	NA	5450	-
	Kadi	B.T. Cotton	5300	5500	-200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4950	5075	-125
Haryana	Bhiwani	B.T. Cotton	5350	5450	-100
	Bhiwani	Desi	6300	6000	300
	Adampur	B.T. Cotton	5125	5150	-25
	Fatehabad	B.T. Cotton	5180	5200	-20
	Jind	B.T. Cotton	5520	5560	-40
	Uchana	B.T. Cotton	5300	5360	-60
	Dabwali	B.T. Cotton	5150	5155	-5
Rajasthan	Hanumangarh	B.T. Cotton	5300	5315	-15
	Rawatsar	B.T. Cotton	5080	5125	-45
Madhya Pradesh	Khandwa	Mech-1	5000	Closed	-
	Khargaon	Mech-1	5535	5530	5
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	Closed	-
	Hathras	Desi	5400	Closed	-
Telangana	Adilabad	Un-Ginned	NA	5000	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	5450	NA	-
	Hubli	B.T. Cotton	6800	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-Nov-19	9-Nov-19	
Punjab	Bhatinda	J-34	3850	3850	Unch
	Abohar	J-34	3860	3870	-10
	Mansa	J-34	3835	3840	-5
Haryana	Sirsa	J-34	3830	3830	Unch
Rajasthan	Sri-Ganganagar	J-34	3647	3647	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Nov-19	9-Nov-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	6742	6427	315
	Rajkot	B.T. Cotton	12600	6200	6400
	Patan	B.T. Cotton	NA	20034	-
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	491	629	-138
Haryana	Bhiwani	B.T. Cotton	10000	12000	-2000
	Bhiwani	Desi	50	25	25
	Adampur	B.T. Cotton	1700	1360	340
	Fatehabad	B.T. Cotton	700	800	-100
	Jind	B.T. Cotton	1700	1581	119
	Uchana	B.T. Cotton	2550	3200	-650
	Dabwali	B.T. Cotton	2800	2700	100
Rajasthan	Hanumangarh	B.T. Cotton	2600	2200	400
	Rawatsar	B.T. Cotton	4000	4000	Unch
Madhya Pradesh	Khandwa	Mech-1	400	Closed	-
	Khargaon	Mech-1	2275	6315	-4040
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	Closed	-
	Hathras	Desi	12	Closed	-
Telangana	Adilabad	Un-Ginned	NA	101450	-
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	11-Nov-19	9-Nov-19	
Punjab	Bhatinda	J-34	7650	6800	850
	Abohar	J-34	2550	2210	340
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	6000	6000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	11-Nov-19	9-Nov-19	
Gujarat	Rajkot	Rs. /10 Kg.	810	810	Unch
Delhi	New Delhi	Rs. /10 Kg.	765	755	10
Telangana	Hyderabad	Rs. /10 Kg.	785	785	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	815	820	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	11-Nov-19	9-Nov-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2333	2640	-307
Maharashtra	Akola	Rs./Qtl	2769	3035	-266

**Cotton Association of India Spot Rates:**

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

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

Index	Unit	11-Nov-19	8-Nov-19	Change
CCIndex(328)	RMB/Ton	13047	13046	1
CCIndex(527)	RMB/Ton	12003	12003	Unch
CCIndex(229)	RMB/Ton	13356	13351	5

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

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

Index	Unit	11-Nov-19	8-Nov-19	Change
FC Index (S)	Cents/lb	80.46	80.23	0.23
FC Index (M)	Cents/lb	76.25	75.94	0.31
FC Index (L)	Cents/lb	75.49	75.1	0.39



**Cotlook Index:**

Cotlook Indices	Unit	8-Nov-19	7-Nov-19	Change
A-Index	Cents/Pound	75.4	74.7	0.70

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		8-Nov-19	8-Nov-19	Bales
Southeast	cents/lb.	64.72	66.97	920
North Delta	cents/lb.	63.72	65.97	0
South Delta	cents/lb.	63.72	65.97	0
East TX-OK	cents/lb.	61.22	63.72	2145
West Texas	cents/lb.	60.72	63.47	2557
Desert SW	cents/lb.	58.47	62.47	0
SJ Valley	cents/lb.	58.97	67.87	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 08-Nov-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9300	160	9460
Equivalent	40 Kgs	9967	171	10138

**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)									
<a href="#">19-Dec</a>	191108	64.35	65.06	63.61	64.72	0.37	23,267	96,947	-6,220
<a href="#">20-Mar</a>	191108	65.93	66.93	65.5	66.57	0.53	19,459	96,193	5,251
<a href="#">20-May</a>	191108	67.18	68.14	66.71	67.77	0.42	4,468	18,418	1,188
<a href="#">20-Jul</a>	191108	68.46	69.22	67.84	68.87	0.33	1,233	13,262	373
<a href="#">20-Oct</a>	191108	69.38	69.38	69.22	69.22	1.78			
<a href="#">20-Dec</a>	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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