

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 (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:

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 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	-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	12-Nov-19	11-Nov-19	
Gujarat	Ahmedabad	Shankar-6	4900	5000	-100
	Gondal	Shankar-6	5055	5055	Unch
	Rajkot	B.T. Cotton	5025	5040	-15
	Patan	B.T. Cotton	Closed	5245	-
	Kadi	B.T. Cotton	5500	5300	200
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	5005	4950	55
Haryana	Bhiwani	B.T. Cotton	Closed	5350	-
	Bhiwani	Desi	Closed	6300	-
	Adampur	B.T. Cotton	5125	5125	Unch
	Fatehabad	B.T. Cotton	5125	5180	-55
	Jind	B.T. Cotton	5400	5520	-120
	Uchana	B.T. Cotton	5255	5300	-45
	Dabwali	B.T. Cotton	5085	5150	-65
Rajasthan	Hanumangarh	B.T. Cotton	5250	5300	-50
	Rawatsar	B.T. Cotton	5000	5080	-80
Madhya Pradesh	Khandwa	Mech-1	Closed	5000	-
	Khargaon	Mech-1	5510	5535	-25
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	5900	Unch
	Hathras	Desi	5400	5400	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5189	5270	-81
	Hubli	D.C.H.	NA	5450	-
	Hubli	B.T. Cotton	NA	6800	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Nov-19	11-Nov-19	
Punjab	Bhatinda	J-34	3850	3850	Unch
	Abohar	J-34	3850	3860	-10
	Mansa	J-34	Closed	3835	-
Haryana	Sirsa	J-34	3830	3830	Unch
Rajasthan	Sri-Ganganagar	J-34	3596	3647	-52

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Nov-19	11-Nov-19	
Gujarat	Ahmedabad	Shankar-6	42500	51000	-8500
	Gondal	Shankar-6	6698	6742	-44
	Rajkot	B.T. Cotton	NA	12600	-
	Patan	B.T. Cotton	Closed	21859	-
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	436	491	-55
Haryana	Bhiwani	B.T. Cotton	Closed	10000	-
	Bhiwani	Desi	Closed	50	-
	Adampur	B.T. Cotton	1020	1700	-680
	Fatehabad	B.T. Cotton	700	700	Unch
	Jind	B.T. Cotton	850	1700	-850
	Uchana	B.T. Cotton	3165	2550	615
	Dabwali	B.T. Cotton	1350	2800	-1450
Rajasthan	Hanumangarh	B.T. Cotton	2000	2600	-600
	Rawatsar	B.T. Cotton	3000	4000	-1000
Madhya Pradesh	Khandwa	Mech-1	Closed	400	-
	Khargaon	Mech-1	5875	2275	3600
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	12	12	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4869	7585	-2716
	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	12-Nov-19	11-Nov-19	
Punjab	Bhatinda	J-34	6800	7650	-850
	Abohar	J-34	1190	2550	-1360
	Mansa	J-34	Closed	850	-
Haryana	Sirsa	J-34	510	1700	-1190
Rajasthan	Sri-Ganganagar	J-34	4000	6000	-2000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
-----------	-----------------	-------	--------

State	Centre	Unit	12-Nov-19	11-Nov-19	
Gujarat	Rajkot	Rs. /10 Kg.	800	810	-10
Delhi	New Delhi	Rs. /10 Kg.	765	765	Unch
Telangana	Hyderabad	Rs. /10 Kg.	785	785	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	815	815	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Nov-19	11-Nov-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	Closed	2333	-
Maharashtra	Akola	Rs./Qtl	Closed	2769	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Nov-19	10-Nov-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	#N/A	#N/A	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	#N/A	#N/A	-
J-34(202)	26mm	3.5 - 4.9	23	#N/A	#N/A	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	#N/A	#N/A	-
Shankar-6(105)	29mm	3.5 - 4.9	28	#N/A	#N/A	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	#N/A	#N/A	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	#N/A	#N/A	-
DCH-32(107)	34mm	3.0 - 3.8	33	#N/A	#N/A	-

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

Index	Unit	12-Nov-19	11-Nov-19	Change
CCIndex(328)	RMB/Ton	#N/A	#N/A	-
CCIndex(527)	RMB/Ton	#N/A	#N/A	-
CCIndex(229)	RMB/Ton	#N/A	#N/A	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	12-Nov-19	11-Nov-19	Change
FC Index (S)	Cents/lb	#N/A	#N/A	-
FC Index (M)	Cents/lb	#N/A	#N/A	-
FC Index (L)	Cents/lb	#N/A	#N/A	-

Cotlook Index:

Cotlook Indices	Unit	11-Nov-19	10-Nov-19	Change
A-Index	Cents/Pound	#N/A	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Nov-19	11-Nov-19	Bales
Southeast	cents/lb.	#N/A	#N/A	#N/A
North Delta	cents/lb.	#N/A	#N/A	#N/A
South Delta	cents/lb.	#N/A	#N/A	#N/A
East TX-OK	cents/lb.	#N/A	#N/A	#N/A
West Texas	cents/lb.	#N/A	#N/A	#N/A
Desert SW	cents/lb.	#N/A	#N/A	#N/A
SJ Valley	cents/lb.	#N/A	#N/A	#N/A

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)									
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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.