

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,400/per candy (68.55 cents/lb). Cotton prices reported mixed trend today 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: High moisture content in fresh cotton harvest arriving in spot market has hit purchases and availability of quality produce as desired by textile mills. Therefore, arrivals as well as the prices for the low quality declined by this week. CCI in Andhra Pradesh is not procuring as expected leaving the window open for private traders. Farmers are not getting the MSP at very lower prices around Rs.4800 to 5050/q on selling to private traders whereas CCI is procuring cotton at MSP (Rs.5550/q).

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 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 in Kerala, Tamil Nadu, Andhra Pradesh Coast, South Karnataka, Rayalaseema and South Konkan region. Scattered light rain is likely in a few parts of Rajasthan. The intensity will increase during the next 48 hours. Rain is likely in many parts of West Rajasthan. A few moderate spells may also occur. Isolated rain may occur in one or two parts of West Haryana and adjoining Punjab. Morning temperatures will drop over Central and parts of East India.

International Fundamentals:

Cotton futures closed 13 to 35 points higher today with DEC 19 Cotton closed at 64.64, up 35 points. The Cotlook A Index for 11/11 was 55 points higher to 75.95 cents/lb. The AWP will remain at 56.63 cents/lb through Thursday.

The 2019 U.S. crop is now estimated further down to 20.8 million US bales. USDA lowered U.S. production 60,000 bales from previous month's estimates and lowered ending stocks from 7 million bales down to 6.1 million bales. USDA reported the overall 62% of the crop have been harvested higher against 53% in the previous year. The excellent quality of the crop is stimulating export demand as the crop moves to warehouses whereas the reduction in production estimates is triggering more imports by US.

Pakistan is expecting shortfall in cotton production and around 3.5-4.5m bales would have to be imported. Cotton production for current season (2019-20) would not be more than 9 million bales as estimated by the country earlier. The

production from the Punjab having sharply declined due to the excessive rains and due to the use of inferior quality pesticides made the situation uncontrollable.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Nov	90	19120	19200	19050	19060	416	-64	1780	-383
19-Dec	110	18980	19060	18950	18950	435	68	1507	224
19-Jan	-120	20700	20730	20520	20680	808	0	1540	0

Spread	19-Oct	19-Nov	19-Dec	19-Jan	--	--
Spot	-				-	-
19-Oct	-	140	-	-	-	-
19-Nov	-	-	-1670	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 13th Nov @ 5.30 pm

* Updated at as on 13-Nov- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Nov-19	12-Nov-19	
Gujarat	Ahmedabad	Shankar-6	5000	4900	100
	Gondal	Shankar-6	5005	5055	-50
	Rajkot	B.T. Cotton	NR	5025	-
	Patan	B.T. Cotton	5330	Closed	-
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	4830	5005	-175
Haryana	Bhiwani	B.T. Cotton	5325	Closed	-
	Bhiwani	Desi	6200	Closed	-
	Adampur	B.T. Cotton	5180	5125	55
	Fatehabad	B.T. Cotton	5210	5125	85
	Jind	B.T. Cotton	5490	5400	90
	Uchana	B.T. Cotton	5235	5255	-20
	Dabwali	B.T. Cotton	5120	5085	35
Rajasthan	Hanumangarh	B.T. Cotton	5275	5250	25
	Rawatsar	B.T. Cotton	5120	5000	120
Madhya Pradesh	Khandwa	Mech-1	5650	Closed	-
	Khargaon	Mech-1	5510	5510	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	5900	-
	Hathras	Desi	NR	5400	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5199	5189	10
	Hubli	D.C.H.	5500	NA	-
	Hubli	B.T. Cotton	6650	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Nov-19	12-Nov-19	
Punjab	Bhatinda	J-34	3870	3850	20
	Abohar	J-34	3870	3850	20
	Mansa	J-34	3850	Closed	-
Haryana	Sirsa	J-34	3850	3830	20
Rajasthan	Sri-Ganganagar	J-34	3619	3596	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Nov-19	12-Nov-19	
Gujarat	Ahmedabad	Shankar-6	51000	42500	8500
	Gondal	Shankar-6	4965	6698	-1733
	Rajkot	B.T. Cotton	NR	NA	-
	Patan	B.T. Cotton	21457	Closed	-
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	372	436	-64
Haryana	Bhiwani	B.T. Cotton	8000	Closed	-
	Bhiwani	Desi	60	Closed	-
	Adampur	B.T. Cotton	1700	1020	680
	Fatehabad	B.T. Cotton	600	700	-100
	Jind	B.T. Cotton	721	850	-129
	Uchana	B.T. Cotton	2605	3165	-560
	Dabwali	B.T. Cotton	1350	1350	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2500	2000	500
	Rawatsar	B.T. Cotton	8000	3000	5000
Madhya Pradesh	Khandwa	Mech-1	500	Closed	-
	Khargaon	Mech-1	5875	5875	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	50	-
	Hathras	Desi	NR	12	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5071	4869	202
	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	13-Nov-19	12-Nov-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1700	1190	510
	Mansa	J-34	680	Closed	-
Haryana	Sirsa	J-34	1700	510	1190
Rajasthan	Sri-Ganganagar	J-34	3000	4000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	13-Nov-19	12-Nov-19	
Gujarat	Rajkot	Rs. /10 Kg.	800	800	Unch
Delhi	New Delhi	Rs. /10 Kg.	765	765	Unch
Telangana	Hyderabad	Rs. /10 Kg.	790	785	5
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	13-Nov-19	12-Nov-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2245	Closed	-
Maharashtra	Akola	Rs./Qtl	2390	Closed	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Nov-19	11-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	36400	36400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	3300	39500	-36200
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40300	40500	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40200	40400	-200
DCH-32(107)	34mm	3.0 - 3.8	33	40900	41100	-200

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

Index	Unit	13-Nov-19	12-Nov-19	Change
CCIndex(328)	RMB/Ton	13056	13056	Unch
CCIndex(527)	RMB/Ton	12012	12003	9
CCIndex(229)	RMB/Ton	13375	13359	16

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

China Foreign Cotton (FCE) Index :

Index	Unit	13-Nov-19	12-Nov-19	Change
FC Index (S)	Cents/lb	80.46	79.96	0.50
FC Index (M)	Cents/lb	76.25	75.75	0.50
FC Index (L)	Cents/lb	75.49	74.99	0.50

Cotlook Index:

Cotlook Indices	Unit	12-Nov-19	11-Nov-19	Change
A-Index	Cents/Pound	75	75.95	-0.95

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Nov-19	12-Nov-19	Bales
Southeast	cents/lb.	64.74	66.99	0
North Delta	cents/lb.	63.74	65.99	0
South Delta	cents/lb.	63.74	65.99	0
East TX-OK	cents/lb.	61.24	63.74	3085
West Texas	cents/lb.	60.74	63.49	5889
Desert SW	cents/lb.	58.49	62.49	200
SJ Valley	cents/lb.	58.99	67.89	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 12-Nov-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9200	160	9360
Equivalent	40 Kgs	9860	171	10031

Daily Futures Price Listing Fri November 12, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191112	64.1	64.83	64.01	64.74	0.45	35,657	74,412	-14,055
20-Mar	191112	66.44	66.59	65.87	66.5	0.42	28,030	103,804	4,036
20-May	191112	67.39	67.74	67.05	67.68	0.32	6,121	21,629	1,922
20-Jul	191112	68.61	68.81	68.04	68.66	0.17	1,843	14,374	639
20-Oct	191112	69.01	69.01	69.01	69.01	0.07	4	4	0
20-Dec	191112	68.8	69	68.33	68.7	0.03	991	23,125	232
Total Volume and Open Interest							72,679	239,068	-7,206

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