

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.42,450/per candy (75.44 cents/lbs). The advancement of monsoon has supported the growth of the cotton crop expecting higher crop against 2018-19 year, thus, pressure is built on cotton prices in the coming season.

News: According to the AP government, cotton sowing as on 28th Aug'19, area remained 5.74 lakh ha which is 0.69 lakh ha higher than 5.05 lakh ha of last year and also higher than 5.25 lakh ha of normal area. Cotton has covered around 80-100% area to season normal. Sucking pest is reported till now in AP in traces (<5%) in Kurnool district.

Punjab and Haryana is expecting to get 10-15% higher production as per the increased area in both the states this year. The new crop is expected to arrive from 2nd week of September from few districts of Punjab and Haryana. Few 5-10 quintals arrival have been reported till now from Adampur district of Punjab and 30-40 quintals of cotton from UP (Hathras). Cotton crop in Gujarat has been observed healthy as per date but if excess rainfall occurs after 15th of September it might damage the crop.

The domestic market currently has gained some support due to lower arrivals against the demand. But the domestic market seems to show mixed trend in the coming days due to higher imports and increase in sowing progress with estimated higher crop production in 2019-20 season which is going to commence from the end of September. The trend in International market has fallen last week where the cotton futures is trading lower amid poor export sales report last week by USDA, higher world cotton estimated by USDA and increasing pressure between US and China.

As on 22nd Aug'19, the cotton area has been increased this year by 6.7 lakh ha and stood at 123.54 lakh ha till now higher than 116.84 lakh ha last year. The sowing is lagging behind only in Gujarat by 2.3% and stood at 26.28 lakh ha whereas all other states are now ahead compared to previous year. So far, the total area of cotton expanded this year by around 5.7%. The advancement in rainfall is favoring the cotton crop for a healthy growth all over India.

The pressure originating from higher domestic prices of cotton and weak export demand made India uncompetitive in the textile industry. As a result, the yarn exports of India declined and got weaker in the passage of time since June this year. India's cotton yarn export quantity declined by 33% in first quarter of FY20 (41% in May and June 2019) and stood at a seven-year low of 59 million kg in June 2019. As a result, multiple textile associations across the country have reported stock pile-ups and production cuts by spinning mills in recent months, eventually, lakhs of people have lost their jobs in the cotton textile industry.

The rainfall in Gujarat might affect to the cotton crop as on an average 5-10% loss in production in the cotton growing areas like Rajkot, Patan, Ahmedabad and in Saurashtra region might be reported. Although the loss in area is noticed in Gujarat in the current period (2019-20) and till now no loss is observed in Gujarat. As on 16th Aug'19, Total area sown was reported at 25.99 lakh ha less than 26.71 lakh ha in the corresponding period of previous season.

The data released by Ministry of Agriculture on 20th August, the 4th advance estimate shows that India is likely to produce 287.08 lakh bales, 12.4% less against last year production of 328.05 lakh bales (2017-18). The arrivals for this year is soon to be finished before the crop year ends in September due to the lower output. The crop for next year (2019-20) is expected to surge as the crop across India is healthier against 2018-19 as of now.

Total MCX stock position as on 21st Aug'19, stood at 1,19,400 bales with 62,400 bales in Gujarat, 40,000 bales in Maharashtra and 17,000 bales in Telangana with total utilized capacity of 1,24,900 bales.

The attack of pink bollworm has hit the surrounding regions of Yavatmal district in Akola, Nanded, few parts of Amaravati. It is noticed that early sown crop in these regions were more prone to the pink bollworm attack where 1-1.5

lakh ha of area was under the above category in the state. However, still the crop is in last stage of vegetative phase therefore less threat to the crop. Due to heavy rainfall and insect infestation may contribute 10-20% loss in production overall in the state as of now. As in few areas in Kolhapur and Sangli, the farmers are not able to go on to the fields to find out the extent of the infestation of pest.

As per the WASDE report, India crop production is estimated at 29 million US bales (37.14 million bales) in 2019-20, around 9% above the 2018-19 crop. India's cotton mill use is expected to rise 2% (500,000 bales) in 2019-20 to 25.0 million bales, as cotton supplies are rising and value-added product exports remain important to India's foreign exchange. The USA's share in global ending stocks has risen followed by India as China's stocks have fallen and for 2019-20, India's cotton stocks are forecast at 10.3 million bales, or 12.5 percent of world stocks.

Weather Forecast for tomorrow:

During the next 24 hours, moderate to heavy rains are expected to continue over Andaman and Nicobar Islands. Light to moderate rains with one or two heavy spells is expected over Madhya Pradesh, Chhattisgarh, Kerala, and parts of Odisha. Scattered light to moderate rains can be seen over Gujarat, Southeast and South Rajasthan, Konkan, and Goa and parts of Himachal Pradesh, Uttarakhand, Assam, Arunachal Pradesh, and Nagaland. Weather will be dry over West Punjab, West Haryana, and West Rajasthan and rest places will witness scattered light rains with one or two moderate spells.

International Fundamentals:

Cotton futures posted 49 to 78 points gains in most contracts on Wednesday. The Cotlook A Index was down 100 points on August 27 at 69.30 cents/lb. The weekly AWP is 52.57 cents/lb and will be updated Thursday.

The US crop is improved slightly, NASS Crop Progress data showed 90% of the crop setting bolls (91% avg) against 90% in the same time last year, with 28% of the crop with bolls opening (19% avg) higher than 20% in the corresponding period last year. Around 33-44% crop is noticed to be in good to excellent condition in the current season increased from previous week. Although the crop received some relief from hot and dry conditions, but the largest portion of dryland acreage south of Lubbock continues to suffer as the crop needs rainfall for better growth at this stage of the crop. The US crop is likely to get smaller than the USDA's current 22.5M bale projection, but the US will still likely produce a significantly larger crop than it did in 2018.

From May 5 to August 27, the cumulative turnover of reserve cotton was 749,700 tons, and the turnover rate was 84.95%. On 27th Aug, 67.72% Of Total Put Auction at 8120.4929 tons for sales. Average Transaction price was 11,512 Yuan/ton (Down by 79 Yuan/ton from the previous day). The discounted 3128 price was 12,860 yuan/ton (Up by 17 yuan/ton from the previous day).

The international prices are backed by the announcement made by trump on late Friday, the US hit back by increasing the tariff on Chinese imports after China announced addition tariffs on several US agri goods in retaliation to the US tariff implementation on \$300 billion in Chinese goods in September and December. Of those cotton was included with 5% in tariffs added to US goods on 1st September. President trump imposed on the current 25% tariff on 300 billion USD of imports to be increased to 30%, and the 10% tariff on most remaining imports which will go in effect September 1st is increased to 15%. The cotton industry is going to get renewed buying interest from countries such as Iran, Vietnam and Bangladesh, though quantities are small.

The cotton is trending low, OCT'19 closed at 59.24, down 63 points after the poor Export Sales report from USDA for the week ending 15th Aug'19, showed net upland sales of 2019-20, net sales of only 1,64,000RB were primarily for Vietnam (36,100 RB) followed by 24,000 RB and Turkey (10,900 RB) and reductions were from Hong kong (8,600 RB) and China (600 RB). For 2020-21, net sales of 500 RB were primarily for China (117,900 RB), Mexico (16,300 RB) and Vietnam (14,500 RB).

World cotton consumption in 2019-20 is projected at 123.1 million bales, compared with an estimated 120.6 million bales in 2018-19. Cotton mill use in China is projected at 40.0 million bales in 2019-20, up 1 percent (500,000 bales) from

last season. Increased imports of raw cotton in recent years, along with domestic supplies from China's State Reserve, have helped sustain China's spinning industry during a period of stable production. Followed by India, Vietnam and Bangladesh also where 2% to 7% increase in mill consumption is estimated in 2019-20.

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| 19-Aug | -80 | 21020 | 21030 | 20940 | 21040 | 665 | 122 | 3973 | -1205 |
| 19-Oct | -40 | 19620 | 19630 | 19510 | 19630 | 399 | 168 | 1819 | 58 |
| 19-Dec | 0 | 19140 | 19200 | 19100 | 19200 | 82 | 62 | 751 | 58 |

| Spread | 19-Jun | 19-Jul | 19-Aug | 19-Sep | -- | -- |
|--------|--------|--------|--------|--------|----|----|
| Spot | | | | | - | - |
| 19-Aug | - | 1400 | - | - | - | - |
| 19-Oct | - | - | 430 | - | - | - |

(NB: Spread Basis = Spot- Near Month Future) As updated on 29th Aug @ 5.30 pm

* Updated at as on 29-Aug- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|-------------|-------------|----------------------|-----------|--------|
| State | Centre | Variety | 29-Aug-19 | 28-Aug-19 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | 6255 | 5855 | 400 |
| | Rajkot | B.T. Cotton | 6270 | 6290 | -20 |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | NA | NA | - |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 5900 | 5850 | 50 |
| | Fatehabad | B.T. Cotton | NA | NA | - |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | NA | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | NA | NA | - |
| | Rawatsar | B.T. Cotton | NA | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | NA | NA | - |

| | Khargaon | Mech-1 | NA | NA | - |
|---------------|----------------|---------------|--------------------|-----------|--------|
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 5400 | 5400 | Unch |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NR | NR | - |
| Karnataka | Bijapur | Bunny | 6270 | 6430 | -160 |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | NA | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 29-Aug-19 | 28-Aug-19 | |
| Punjab | Bhatinda | J-34 | 4375 | 4385 | -10 |
| | Abohar | J-34 | 4380 | 4390 | -10 |
| | Mansa | J-34 | 4390 | 4400 | -10 |
| Haryana | Sirsa | J-34 | 4320 | 4340 | -20 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|-------------|--------------------|-----------|--------|
| State | Centre | Variety | 29-Aug-19 | 28-Aug-19 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | 18 | 1 | 17 |
| | Rajkot | B.T. Cotton | 200 | 115 | 85 |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | NA | NA | - |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | NA | NA | - |
| | Fatehabad | B.T. Cotton | NA | NA | - |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | NA | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | NA | NA | - |
| | Rawatsar | B.T. Cotton | NA | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | NA | NA | - |
| | Khargaon | Mech-1 | NA | NA | - |

| | | | | | |
|---------------|----------------|---------------|--------------------|-----------|--------|
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 20 | 40 | -20 |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NR | NR | - |
| Karnataka | Bijapur | Bunny | 42 | 111 | -69 |
| | 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 | 29-Aug-19 | 28-Aug-19 | |
| Punjab | Bhatinda | J-34 | NA | NA | - |
| | Abohar | J-34 | NA | NA | - |
| | Mansa | J-34 | NA | NA | - |
| Haryana | Sirsa | J-34 | NA | NA | - |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Seed Oil Prices:

| | | | | | |
|-------------|-----------------|-------------|-----------|-----------|--------|
| Commodity | Cotton Seed Oil | | Price | | Change |
| State | Centre | Unit | 29-Aug-19 | 28-Aug-19 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 790 | 790 | Unch |
| Delhi | New Delhi | Rs. /10 Kg. | 755 | 755 | Unch |
| Telangana | Hyderabad | Rs. /10 Kg. | Unq | Unq | - |
| Maharashtra | Mumbai | Rs. /10 Kg. | 806 | 806 | Unch |

Cotton Seed Oil Seed Cake Prices:

| | | | | | |
|-------------|---------------------------|---------|-----------|-----------|--------|
| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
| State | Centre | Unit | 29-Aug-19 | 28-Aug-19 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 3214 | 3219 | -5 |
| Maharashtra | Akola | Rs./Qtl | 3145 | 3169 | -24 |

Cotton Association of India Spot Rates:

| | | | | | | |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
| | | | | 28-Aug-19 | 27-Aug-19 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 40600 | 40800 | -200 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 41100 | 41300 | -200 |

| | | | | | | |
|---------------------|------|-----------|----|-------|-------|-------------|
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 41800 | 42200 | -400 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 42000 | 42000 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 42900 | 42900 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 44500 | 44600 | -100 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 45600 | 45700 | -100 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 53900 | 53900 | Unch |

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

| Index | Unit | 29-Aug-19 | 28-Aug-19 | Change |
|----------------------------------|---------|-----------|-----------|------------|
| CCIndex(328) | RMB/Ton | 12983 | 13003 | -20 |
| CCIndex(527) | RMB/Ton | 12010 | 12017 | -7 |
| CCIndex(229) | RMB/Ton | 13345 | 13348 | -3 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 29-Aug-19 | 28-Aug-19 | Change |
|--------------|----------|-----------|-----------|-------------|
| FC Index (S) | Cents/lb | 75.05 | 74.66 | 0.39 |
| FC Index (M) | Cents/lb | 70.92 | 70.55 | 0.37 |
| FC Index (L) | Cents/lb | 67.31 | 66.7 | 0.61 |

Cotlook Index:

| Cotlook Indices | Unit | 28-Aug-19 | 27-Aug-19 | Change |
|-----------------|-------------|-----------|-----------|--------------|
| A-Index | Cents/Pound | 69.3 | 70.3 | -1.00 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|------------------------|------------------------|------------|
| | | 28-Aug-19 | 28-Aug-19 | Bales |
| Southeast | cents/lb. | 57.35 | 59.6 | 0 |
| North Delta | cents/lb. | 56.35 | 58.6 | 279 |
| South Delta | cents/lb. | 56.35 | 58.6 | 0 |
| East TX-OK | cents/lb. | 53.1 | 55.35 | 307 |
| West Texas | cents/lb. | 53.1 | 55.85 | 126 |
| Desert SW | cents/lb. | 51.1 | 55.1 | 0 |
| SJ Valley | cents/lb. | 51.6 | 60.5 | 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 28-Aug-2019 | | | | (in Pakistan Rupees) |
|---|-----------|--------------|------------------|----------------------|
| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
| Cotton | 37.32 Kgs | 8000 | 160 | 8160 |
| Equivalent | 40 Kgs | 8574 | 171 | 8745 |

| Daily Futures Price Listing Wed August 28, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 19-Oct | 190828 | 58.03 | 58.35 | 58.03 | 58.35 | 0.81 | 27 | 262 | -6 |
| 19-Dec | 190828 | 57.97 | 58.92 | 57.84 | 58.73 | 0.81 | 19,644 | 137,923 | 1,278 |
| 20-Mar | 190828 | 58.79 | 59.53 | 58.63 | 59.42 | 0.69 | 4,746 | 47,257 | 395 |
| 20-May | 190828 | 59.69 | 60.22 | 59.41 | 60.17 | 0.59 | 1,469 | 8,926 | -4 |
| 20-Jul | 190828 | 60.68 | 61 | 60.31 | 60.97 | 0.39 | 668 | 7,846 | 130 |
| 20-Oct | 190828 | 61.54 | 61.54 | 61.54 | 61.54 | 0.28 | | | |
| Total Volume and Open Interest | | | | | | | 27,098 | 218,885 | 2,026 |

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.