

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.41,650/per candy (73.38 cents/lbs). The crop for 2019-20 season is expected to increase by 11-15% compared to previous year this time on the advancement of rainfall and increase in area.*

**News:** *Good rainfall in Gujarat is encouraging farmers in speeding up the cotton sowing and reached at 26.64 lakh ha as on 3<sup>rd</sup> Sep'19 compared to 27.03 lakh ha previous year in the same period last year. Saurashtra being the largest area under cotton covered 18.89 lakh ha so far following middle Gujarat spreading its cover under 3.20 lakh ha.*

**ICE cotton futures declining continuously since last 3-4 months on the prolonged inconclusive trade war between US & China.** *Prices have fallen 13.8% this month since June'19, Oct contract settled at 59.05 cents per lbs yesterday from 68.57 cents per lbs in June'19. Also the recent rains in Texas, a major crop-producing state, are giving a boost to crop conditions which previously was impacted by extreme heat last month causing the fall in prices.*

**As on 30<sup>th</sup> Aug'19, the cotton area has been increased this year by 7.24 lakh ha and stood at 124.91 lakh ha till now higher than 117.66 lakh ha last year.** *The sowing is lagging behind in Gujarat by 1% and stood at 26.52 lakh ha followed by Madhya Pradesh behind by 1% covering 6.09 lakh ha area. Whereas all other states are now ahead compared to previous year. So far, the total area of cotton expanded this year by around 6.1%. The advancement in rainfall is favoring the cotton crop for a healthy growth all over India.*

**Monthly cotton yarn exports fell by 24% at a 5 year low during April- July.** *The data released by the textile industry for the first three weeks of August also showed a decline of 25 per cent month-on-month while garment and made-up exports have shown a growth. Exports to major markets such as China has halved, and exports to Bangladesh and Korea has fallen 38 per cent and 45 per cent. While Vietnam has increased its exports of cotton yarn to China by 17 per cent during the last four months, India's share has declined by 16 per cent in the same period. Due to which many production units are shutting down and need urgent policy support. Cotton Textile Export Promotion Council has requested the government to extend the 3 per cent interest equalization to cotton yarn. These measures might help the cotton yarn sector and the spinning industry at large to minimize their losses and regain their competitiveness.*

**According to the AP government, cotton sowing as on 28<sup>th</sup> 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 2<sup>nd</sup> 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 15<sup>th</sup> 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.*

**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 16<sup>th</sup> 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.

### **Weather Forecast for tomorrow:**

During the next 24 hours, light to moderate rains with one or two heavy rains is likely over the Gujarat region, Konkan and Goa, Coastal Karnataka, parts of Kerala, Southeast Rajasthan, Madhya Pradesh, Vidarbha, parts of Chhattisgarh, parts of Odisha, Andaman and the Nicobar Islands. Meanwhile, scattered light to moderate rains is expected over Jharkhand, West Bengal, Madhya Maharashtra, Marathwada, Telangana, Andhra Pradesh, Interior Karnataka, parts of Uttarakhand and Assam. Scattered light rains with one or two moderate spells can be seen over rest parts of the country.

### **International Fundamentals:**

**Cotton futures settled 79 to 100 points lower, with OCT 19 Cotton closed at 58.26, down 79 points on Tuesday.** The Cotlook A Index was down 20 points on August 29 at 70.15 cents/lb. The weekly AWP is now 51.45.

**According to latest ICAC report, global production is expected to increase by 5% to 26.89 million tonnes in 2019-20 and global consumption is also expected to increase by 1% to 26.66 million tonnes.** The excess production in increase the ending stock in 2019-20 to 18.3 million tonnes. India and China alone is likely to contribute 43% of the global production in 2019-20. Total area in the USA is expected to increase by 24% this year and production is also likely to hike 23%.

**From May 5 to Sep 4, the cumulative turnover of reserve cotton was 803,200 tons, and the turnover rate was 84.25%.** On 4<sup>th</sup> Sep 91.97% Of Total Put Auction at 10939.6264 tons for sales. Average Transaction price was 11,616 Yuan/ton (Down by 58 Yuan/ton from the previous day). The discounted 3128 price was 12,959 yuan/ton (Up by 126 yuan/ton from the previous day).

**The US crop is improved slightly, NASS Crop Progress data showed 97% of the crop setting bolls (96% avg) against 95% in the same time last year,** with 36% of the crop with bolls opening (27% avg) higher than 28% in the corresponding period last year. Around 35-48% crop is noticed to be in good to excellent condition in the current season increased from previous week. The crop in Texas is now looking much healthier due to good rains received from last week.

**Indonesian Textile Association attended a Cotton USA special trade mission (2019)** through which the Indonesian group was educated on many advantages of US cotton and developed business relationships between the foreign trade and US cotton industry to help increase business opportunities. After the event, Indonesian delegates has said that the might purchase an additional 1,94,000 bales of US cotton in the coming year. After a steep fall in exports from USA, the country is finding its new alternative countries after China.

**The Export Sales report from USDA** showed 146,000 RB of 2019-20 upland cotton sold in the week of August 22<sup>nd</sup>, with Turkey buying 46,100 RB followed by Vietnam (27,800 RB) and India (20,800 RB) and reductions were from China (4,600 RB) followed by Philippines (2,600 RB) and Colombia (2,200RB). For 2020-21, net sales of 23,200 RB were primarily for Mexico (17,000 RB) and Peru (5,300 RB). Total upland export commitments are now 50% of USDA's full year projection, with most of that being unshipped sales. The average pace for this time of year is 45%, with last year at 66%.

**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 1<sup>st</sup> 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 1<sup>st</sup> 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-Oct	-140	19440	19460	19320	19460	493	-180	2066	7
19-Nov	-100	19120	19230	19050	19200	58	-	766	-
19-Dec	50	19080	19200	19060	19180	29	-196	220	-538

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	230	-	-	-	-
19-Nov	-	-	30	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 4th Sep @ 5.30 pm

\* Updated at as on 4-Sep- 2019 @ 5:00 PM

#### DOMESTIC PRICES AND ARRIVAL

##### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Sep-19	3-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	Closed	-
	Rajkot	B.T. Cotton	6185	Closed	-

	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	5550	5500	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	5800	5500	300
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	6290	6089	201
	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	4-Sep-19	3-Sep-19	
Punjab	Bhatinda	J-34	4340	4350	-10
	Abohar	J-34	4350	4350	Unch
	Mansa	J-34	4350	4350	Unch
Haryana	Sirsa	J-34	4300	4300	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Sep-19	3-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	Closed	-
	Rajkot	B.T. Cotton	900	Closed	-
	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	425	340	85
	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	125	50	75
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	170	156	14
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>4-Sep-19</b>	<b>3-Sep-19</b>	
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	4-Sep-19	3-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	780	Unch
Delhi	New Delhi	Rs. /10 Kg.	748	751	-3
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	4-Sep-19	3-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3257	3248	9
Maharashtra	Akola	Rs./Qtl	3202	3218	-16

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Sep-19	2-Sep-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	NR	NR	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	NR	NR	-
J-34(202)	26mm	3.5 - 4.9	23	NR	NR	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NR	NR	-
Shankar-6(105)	29mm	3.5 - 4.9	28	NR	NR	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	NR	NR	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NR	NR	-
DCH-32(107)	34mm	3.0 - 3.8	33	NR	NR	-

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

Index	Unit	3-Sep-19	2-Sep-19	Change
CCIndex(328)	RMB/Ton	12931	12982	-51
CCIndex(527)	RMB/Ton	11925	11991	-66
CCIndex(229)	RMB/Ton	13279	13349	-70
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	3-Sep-19	2-Sep-19	Change
FC Index (S)	Cents/lb	74.79	74.86	-0.07
FC Index (M)	Cents/lb	69.97	70	-0.03
FC Index (L)	Cents/lb	67.69	67.69	Unch

**Cotlook Index:**

Cotlook Indices	Unit	2-Sep-19	31-Aug-19	Change
A-Index	Cents/Pound	#N/A	#N/A	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple	Leaf 3 to Staple 35	Arrivals
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		34		
		2-Sep-19	2-Sep-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 3-Sep-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 Tue September 03, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190903	59.21	59.21	58	58.31	-0.74	40	220	-13
<a href="#">19-Dec</a>	190903	58.65	58.73	57.55	57.86	-0.97	12,154	141,382	1,509
<a href="#">20-Mar</a>	190903	59.35	59.45	58.39	58.56	-0.88	4,777	47,632	489
<a href="#">20-May</a>	190903	60.96	60.96	59.3	59.39	-0.89	1,113	8,777	-212
<a href="#">20-Jul</a>	190903	61.13	61.23	60.08	60.15	-0.98	351	8,091	43
<a href="#">20-Oct</a>	190903	60.71	60.71	60.71	60.71	-1.02			
Total Volume and Open Interest							18,812	223,150	1,888

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