

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.41,450/per candy (73.59 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: According to the trade sources, the Indian cotton exports for the July'19 were reported at 68,509 bales against 44,600 bales in the previous month. The total exports of India from the starting of the marketing year in Oct'18 till July'19 reached to a total of 43.13 lakh bales around 23% lower compared to 56.13 lakh bales during the corresponding period in 2017-18. In July'19, Bangladesh was the largest importer, importing 54,740 indian bales with an average FOB of \$2014/Tonne followed by Iran (9,625 bales at FOB \$2071/Tonne).

Good rainfall in Gujarat is encouraging farmers in speeding up the cotton sowing and reached at 26.64 lakh ha as on 3rd 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 30th 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 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.

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.

Weather Forecast for tomorrow:

During the next 24 hours, heavy to very heavy rains will continue along the West coast including Valsad, Ratnagiri, Mumbai, Goa. Isolated very heavy rains are also possible in parts of North Telangana, Northwest Madhya Pradesh, and South Gujarat. Meanwhile, moderate rains with isolated heavy spells are expected over Uttarakhand, Arunachal Pradesh, Sikkim, Sub-Himalayan West Bengal, West Assam, Madhya Pradesh, Chhattisgarh, Odisha, Southeast Rajasthan, rest Gujarat, Maharashtra, Telangana, Andhra Pradesh coast and South Kerala. Scattered light rains with isolated moderate spells can be seen over rest parts of the country except most parts of Jammu and Kashmir, South Punjab and adjoining Haryana and extreme west of Rajasthan.

International Fundamentals:

Cotton futures are trading 24 to 53 points higher this Thursday. The Cotlook A Index was unch on September 3 at 70.15 cents/lb. The weekly AWP is now 51.45.

Overall imports of Textile & Clothing (T&C) into USA have reported a growth of 4.98% to a level of US \$ 27.95 billion during Jan-Mar 2019. India remains the third largest supplier of T&C to USA during Jan-Mar 2019, recording a growth of 8.66% compared to 3.85% growth in 2017-18 after China and Vietnam. Imports from China which was the top importer last year have declined by 1.37% in Jan-Mar 2019, while Vietnam (the second largest supplier) reported a growth of 14.27% in Jan-Mar 2019. Bangladesh has made good norms with US after the US-China disputes which became beneficial for the country to increase its imports to US (imports increased by 14.67%).

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 4th 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 22nd, 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	0	19490	19500	19370	19420	405	-88	2088	22
19-Nov	10	19270	19270	19170	19200	78	20	803	37
19-Dec	40	19230	19230	19220	19180	5	-24	222	2

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	230	-	-	-	-
19-Nov	-	-	40	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 5th Sep @ 5.30 pm

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

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Sep-19	4-Sep-19		
Gujarat	Ahmedabad	Shankar-6	NA	NA	-	
	Gondal	Shankar-6	NA	NA	-	
	Rajkot	B.T. Cotton	6155	6185	-30	
	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	5500	5550	-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	5800	Unch	
	Hathras	Desi	NA	NA	-	
Telangana	Adilabad	Un-Ginned	NR	NR	-	
Karnataka	Bijapur	Bunny	6200	6290	-90	
	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	5-Sep-19	4-Sep-19		
Punjab	Bhatinda	J-34	4340	4340	Unch	
	Abohar	J-34	4350	4350	Unch	
	Mansa	J-34	4350	4350	Unch	
Haryana	Sirsa	J-34	4280	4300	-20	
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-	

Cotton Arrivals in Key Centers:

Cotton Arrivals in Key Centers:						
Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Sep-19	4-Sep-19		
Gujarat	Ahmedabad	Shankar-6	NA	NA	-	
	Gondal	Shankar-6	NA	NA	-	
	Raikot	B.T. Cotton	140	900	-760	

	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	425	Unch
	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	150	125	25
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	85	170	-85
	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	5-Sep-19	4-Sep-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	5-Sep-19	4-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	780	Unch
Delhi	New Delhi	Rs. /10 Kg.	748	748	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	5-Sep-19	4-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3263	3257	6
Maharashtra	Akola	Rs./Qtl	3232	3202	30

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Sep-19	3-Sep-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40200	NR	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	NR	-
J-34(202)	26mm	3.5 - 4.9	23	40700	NR	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	NR	-
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	NR	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44000	NR	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45100	NR	-
DCH-32(107)	34mm	3.0 - 3.8	33	53900	NR	-

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

Index	Unit	5-Sep-19	4-Sep-19	Change
CCIndex(328)	RMB/Ton	12939	12931	8
CCIndex(527)	RMB/Ton	11941	11931	10
CCIndex(229)	RMB/Ton	13297	13281	16

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

China Foreign Cotton (FCE) Index :

Index	Unit	5-Sep-19	4-Sep-19	Change
FC Index (S)	Cents/lb	NA	74.06	-
FC Index (M)	Cents/lb	NA	69.69	-
FC Index (L)	Cents/lb	NA	66.78	-

Cotlook Index:

Cotlook Indices	Unit	4-Sep-19	3-Sep-19	Change
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A-Index

Cents/Pound

69.2

70.15

-0.95**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Sep-19	4-Sep-19	Bales
Southeast	cents/lb.	57.77	60.02	0
North Delta	cents/lb.	56.77	59.02	0
South Delta	cents/lb.	56.77	59.02	0
East TX-OK	cents/lb.	53.52	55.77	141
West Texas	cents/lb.	53.52	56.27	154
Desert SW	cents/lb.	51.52	55.52	0
SJ Valley	cents/lb.	52.02	60.92	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 4-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 Wed September 04, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190904	58.82	59.42	58.59	58.77	0.46	15	227	7
19-Dec	190904	58	58.79	57.84	58.21	0.35	10,578	140,677	-705
20-Mar	190904	58.74	59.43	58.5	58.83	0.27	5,204	46,986	-646
20-May	190904	59.56	60.15	59.26	59.49	0.1	820	8,928	151
20-Jul	190904	60.38	60.86	60.07	60.16	0.01	430	8,142	51
20-Oct	190904	60.8	60.8	60.8	60.8	0.09			
Total Volume and Open Interest							17,280	222,128	-1,022

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