

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: In 2019-20 cotton season, as 6% of the area (124.9 lakh ha) has already increased so far, thus, the prices are expected to decline near MSP (Rs.5550/q) on the commencement of the new season in Oct'19. Also, the Indian weather is favoring the cotton growth in major producing states enhancing the productivity by 5-7% and production by 11-15%. No major pest attack has been reported so far in all the states except in Maharashtra in which around 1-1.5 lakh ha has been affected.

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.

Weather Forecast for tomorrow:

During the next 24 hours, moderate to heavy rains are possible over South Chhattisgarh, parts of Vidarbha, South Coastal Odisha, North coast of Andhra Pradesh, parts of Telangana, South Konkan and Goa, parts of North Kerala and in parts of Saurashtra and Kutch. Scattered light to moderate rains are likely over Himachal Pradesh, Uttarakhand, East Rajasthan, Gujarat, Madhya Pradesh, North Konkan and Goa, rest Odisha, parts of Jharkhand, parts of Uttar Pradesh, Sub-Himalayan West Bengal and Sikkim. Scattered light rains with isolated light spells are a possibility over rest parts of the country.

International Fundamentals:

Cotton futures posted 16 to 100 point gains in most contracts, with OCT 19 Cotton closed at 58.93, up 16 points on Thursday. The Cotlook A Index was down 95 points on September 4 at 69.20 cents/lb. The weekly AWP is now 51.57, up 12 cents from the previous week.

The Pakistan government has decided to incentivize cotton growers in the recent meeting held to give all the support to them as from last few months the cotton prices were down due to higher imports in the country. The government may impose regulatory duty to discourage cotton imports and is supporting farmers to increase the crop area and enhancing the productivity in the upcoming season. Also, the government approved projects worth Rs 250 billion last week for the uplift of agriculture sector with focus on enhancing crop productivity and improving the means and resources for better farming.

From January-July, China imports cotton of 1.395 million tons, an increase of 64.5%, import value of \$2.66 billion, an increase of 64.0% from previous year. In addition, the cotton alternative product cotton yarn imports stood at 1.183 million tons, down by 3.6% compared to previous year. The cotton yarn imports stood low this year because of lower demand as high inventory of yarn has been reported in the country.

From May 5 to Sep 6, the cumulative turnover of reserve cotton was 826,100 tons, and the turnover rate was 84.67%. On 6th Sep 100% Of Total Put Auction at 11920.0624 tons for sales. Average Transaction price was 11,973 Yuan/ton (Up by 203 Yuan/ton from the previous day). The discounted 3128 price was 13,306 yuan/ton (Up by 261 yuan/ton from the previous day).

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%.

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%.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	-60	19530	19570	19410	19480	327	-78	2037	-51
19-Nov	-40	19240	19280	19180	19230	34	-44	821	18
19-Dec	-20	19270	19270	19180	19220	25	20	239	17

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	290	-	-	-	-
19-Nov	-	-	10	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 6th Sep @ 5.30 pm

* Updated at as on 6-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Sep-19	5-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5755	NA	-
	Rajkot	B.T. Cotton	6180	6155	25
	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	5400	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5500	Unch
	Fatehabad	B.T. Cotton	5400	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	5700	5800	-100
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6200	-
	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	6-Sep-19	5-Sep-19	
Punjab	Bhatinda	J-34	4200	4340	-140
	Abohar	J-34	4200	4350	-150
	Mansa	J-34	4350	4350	Unch
Haryana	Sirsa	J-34	4290	4280	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Sep-19	5-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	13	NA	-
	Rajkot	B.T. Cotton	300	140	160
	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	1200	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	425	85
	Fatehabad	B.T. Cotton	10	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	150	Unch
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	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	6-Sep-19	5-Sep-19	
Punjab	Bhatinda	J-34	1360	NA	-
	Abohar	J-34	85	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
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State	Centre	Unit	6-Sep-19	5-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	780	Unch
Delhi	New Delhi	Rs. /10 Kg.	742	748	-6
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	6-Sep-19	5-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3281	3263	18
Maharashtra	Akola	Rs./Qtl	3240	3232	8

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Sep-19	4-Sep-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40200	40200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	40700	Unch
J-34(202)	26mm	3.5 - 4.9	23	40700	40700	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41200	41000	200
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44200	44000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45300	45100	200
DCH-32(107)	34mm	3.0 - 3.8	33	53900	53900	Unch

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

Index	Unit	6-Sep-19	5-Sep-19	Change
CCIndex(328)	RMB/Ton	12981	12939	42
CCIndex(527)	RMB/Ton	11952	11941	11
CCIndex(229)	RMB/Ton	13310	13297	13

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

China Foreign Cotton (FCE) Index :

Index	Unit	6-Sep-19	5-Sep-19	Change
FC Index (S)	Cents/lb	NR	NR	-
FC Index (M)	Cents/lb	NR	NR	-
FC Index (L)	Cents/lb	NR	NR	-

Cotlook Index:

Cotlook Indices	Unit	5-Sep-19	4-Sep-19	Change
A-Index	Cents/Pound	69.65	69.2	0.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		5-Sep-19	5-Sep-19	Bales
Southeast	cents/lb.	58.16	60.41	0
North Delta	cents/lb.	57.16	59.41	0
South Delta	cents/lb.	57.16	59.41	0
East TX-OK	cents/lb.	53.91	56.16	286
West Texas	cents/lb.	53.91	56.66	0
Desert SW	cents/lb.	51.91	55.91	0
SJ Valley	cents/lb.	52.41	61.31	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 5-Sep-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8100	160	8260
Equivalent	40 Kgs	8681	171	8852

Daily Futures Price Listing Thu September 05, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190905	58.79	59.44	58.79	59.16	0.39	35	236	9
19-Dec	190905	58.46	59.17	58.14	59.12	0.91	19,428	140,880	203
20-Mar	190905	58.99	59.86	58.75	59.82	0.99	6,279	47,939	953
20-May	190905	59.68	60.45	59.57	60.42	0.93	1,848	8,799	-129
20-Jul	190905	60.5	61.04	60.5	60.91	0.75	923	7,858	-284
20-Oct	190905	61.54	61.54	61.54	61.54	0.74			
Total Volume and Open Interest							29,051	223,107	979

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