

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.41,600/per candy (74 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:** *The market on Monday was much weaker than the previous day. The gondal price (Gujarat) stood at Rs.4255/q around Rs.1800 down from previous day as the market demand was weaker with much lower arrivals of only 8 quintals. The cotton prices in Bhatinda & Abohar of Punjab stood at Rs.4170 – 4190/q (down by Rs. 150- Rs.230) and in Bhiwani and Hisar of Haryana were down by around Rs. 130 compared to previous day due to the arrival of lower quality and higher moisture (more than 10%) in cotton in both the states.*

**In 2019-20 cotton season, as 6.57% of the area (125.89 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 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.

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

During the next 24 hours, light to moderate rains with one or two heavy spells is expected over Madhya Pradesh, Gujarat region, Coastal Karnataka, North Kerala, parts of East Uttar Pradesh, Bihar, Sub-Himalayan West Bengal, and Sikkim, Assam, Nagaland, and parts of Himachal Pradesh. Scattered light to moderate rains can be seen over Andaman and Nicobar Islands, Central and South Uttar Pradesh, Southeast Rajasthan, parts of Gangetic West Bengal and Odisha. Weather will be dry over Jammu and Kashmir, most parts of Himachal Pradesh, Punjab, Haryana, Delhi, North and West Rajasthan with isolated light rains over rest parts of the country.

#### **International Fundamentals:**

**Cotton futures are trading 8 to 26 points higher, with OCT 19 Cotton closed at 59.37, up 0.25 points on Tuesday.** The Cotlook A Index was up 100 points on September 6 at 70.65 cents/lb. The weekly AWP is now 51.57.

**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 6<sup>th</sup> 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 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%.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	-50	19500	19500	19320	19430	374	47	2077	40
19-Nov	-50	19120	19180	19110	19210	32	-2	892	71
19-Dec	-80	19100	19110	19100	19190	12	-13	255	16

  

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	320	-	-	-	-
19-Nov	-	-	70	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 9th Sep @ 5.30 pm

\* Updated at as on 9-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Sep-19	9-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	4255	-
	Rajkot	B.T. Cotton	NR	6130	-
	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	5450	5450	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5600	-100
	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	5500	5700	-200
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6099	-
	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	10-Sep-19	9-Sep-19	
Punjab	Bhatinda	J-34	4150	4170	-20
	Abohar	J-34	4170	4190	-20
	Mansa	J-34	4170	4200	-30
Haryana	Sirsa	J-34	4150	4160	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Sep-19	9-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	8	-
	Rajkot	B.T. Cotton	NR	1200	-
	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	7000	5000	2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	510	340
	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	200	150	50
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	23	-
	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	10-Sep-19	9-Sep-19	
Punjab	Bhatinda	J-34	3060	2550	510
	Abohar	J-34	213	136	77
	Mansa	J-34	20	51	-31
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	10-Sep-19	9-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	765	765	Unch
Delhi	New Delhi	Rs. /10 Kg.	742	742	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Closed	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	795	795	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Sep-19	9-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	Closed	3301	-
Maharashtra	Akola	Rs./Qtl	Closed	3249	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Sep-19	8-Sep-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40200	NA	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	NA	-
J-34(202)	26mm	3.5 - 4.9	23	40600	NA	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41200	NA	-
Shankar-6(105)	29mm	3.5 - 4.9	28	41500	NA	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43900	NA	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45200	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	53900	NA	-

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

Index	Unit	10-Sep-19	9-Sep-19	Change
CCIndex(328)	RMB/Ton	13017	13017	Unch
CCIndex(527)	RMB/Ton	11975	11977	-2
CCIndex(229)	RMB/Ton	13346	13345	1

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

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

Index	Unit	10-Sep-19	9-Sep-19	Change
FC Index (S)	Cents/lb	74.55	74.44	0.11
FC Index (M)	Cents/lb	70.13	70.03	0.10
FC Index (L)	Cents/lb	67.81	67.71	0.10



### Cotlook Index:

Cotlook Indices	Unit	9-Sep-19	8-Sep-19	Change
A-Index	Cents/Pound	70.15	#N/A	-

### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		9-Sep-19	9-Sep-19	Bales
Southeast	cents/lb.	59.12	61.37	0
North Delta	cents/lb.	58.12	60.37	982
South Delta	cents/lb.	58.12	60.37	0
East TX-OK	cents/lb.	53.87	56.12	1796
West Texas	cents/lb.	53.87	56.62	380
Desert SW	cents/lb.	51.87	55.87	0
SJ Valley	cents/lb.	52.37	61.27	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 7-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 Mon September 09, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190909	58.75	59.2	58.71	59.12	0.39	23	224	-4
<a href="#">19-Dec</a>	190909	58.5	59.09	58.23	58.98	0.4	14,559	142,458	524
<a href="#">20-Mar</a>	190909	59.22	59.78	58.94	59.59	0.28	5,105	49,666	849
<a href="#">20-May</a>	190909	59.92	60.5	59.85	60.33	0.27	1,887	8,897	27
<a href="#">20-Jul</a>	190909	60.67	61.17	60.67	60.98	0.31	821	7,341	-238
<a href="#">20-Oct</a>	190909	61.43	61.43	61.43	61.43	0.17			
Total Volume and Open Interest							22,735	226,049	1,178

### **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.