

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. But in the coming days if rains will continue the arrivals might get further delayed than expected and can affect the production to lower levels.

News: *According to the latest report released by Cotton Association of India, total stock as on 31st Aug'19 remained 13.72 lakh bales with Indian ginners holding 4.06 lakh bales, MNC with 25,000 bales, MCX stocked 1.03 lakh bales and CCI is holding the maximum stock of 8.38 lakh bales.*

Crop condition of Indian cotton is good in almost all the states and new arrivals are expected to delay in some states while some northern states have started to procure new crop from the farmers. In Haryana, arrivals started 800 bales per day but the quality remained the major problem due to the recent rains in the state has increased the moisture content and the grade is off. Arrivals and quality likely to pick up pace after 3rd week of September if no further rains are seen.

Gujarat is still lagging behind by 38,817 ha and covering 26.657 lakh ha as on 9th Sep'19 compared to 27.086 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 3.21 lakh ha and North Gujarat covering its spread upto 2.38 lakh ha so far.

Sowing area in Gujarat is around 1.4% less this year but due to recent rains around 10% area is lost mainly in Surendranagar district. But the crop in other regions of Gujarat is expected to be healthy and the arrivals might start from 2nd week of October'19. In Maharashtra, the largest state covering cotton area also expected to have delayed arrivals in the market due to late rainfall and low quality grade cotton may arrive in the 1st week of Oct'19.

In AP and Telangana, the sowing got delayed by 1 month this year due to late arrival of monsoon. Crop condition is good so far in both the states and the arrivals may start slowly from 20th Oct'19 to 10th November'19 in Telangana whereas in AP, the crop might arrive after 15th November'19. Few areas is affected by sucking pests but they under threshold level so no crop damage is reported.

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).

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.

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.

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rains with one or two heavy spells is expected over East Madhya Pradesh, adjoining Southeast Uttar Pradesh, Sub-Himalayan West Bengal and Sikkim, parts of Assam and Arunachal Pradesh. Scattered light to moderate rains can be seen over the Gujarat region, rest Madhya Pradesh, parts of Vidarbha, parts of Chhattisgarh, West Bengal, parts of Jharkhand, parts of Odisha, rest Northeast India, Coastal Karnataka, Andaman, and Nicobar Islands and isolated pockets of South Interior Karnataka. Weather will be dry over Jammu and Kashmir, Punjab, Haryana, Delhi, West Rajasthan with light scattered rains over rest parts of the country.

International Fundamentals:

Cotton futures closed the day with most contracts 12 to 64 points higher, with OCT 19 Cotton closed at 59.76, up 64 points on Wednesday. The Cotlook A Index was down 50 points on September 9 at 70.15 cents/lb. The weekly AWP is 51.57.

After the recent crop progress report by USDA, cotton traded slightly higher as the report showed only 43% of US cotton in good to excellent condition in the week ending on 9th Sep'19, down by 10% from previous week thus supporting the prices. NASS Crop Progress data showed 43% of the crop with bolls opening (37% avg) higher than 38% in the corresponding period last year. The data shows that 7% of the crop has been harvested against 9% last year in the corresponding period. Weather was mostly quiet and dry in the rest of the Cotton Belt last week. West Texas has some rain in the forecast next week, but the remainder of the Cotton Belt should be mostly sunny and dry.

The US Export Sales report from USDA showed 162,800 RB of 2019-20 upland cotton sold in the week of August 29th lagging behind compared to previous week. With major buyers including Vietnam (42,100 RB), Pakistan (22,400 RB), Mexico (16,400 RB) and South Korea (15,000 RB) and reductions were from China (4,600 RB) followed by Portugal (300 RB). For 2020-21, net upland sales were 1,98,200 RB were primarily for Mexico (18,000 RB) and Japan (18,200 RB). Higher demand and large shipments has been reported from Mexico which increased the US sales ultimately last week.

From May 5 to Sep 11, the cumulative turnover of reserve cotton was 861,800 tons, and the turnover rate was 85.20%. On 11th Sep 100% Of Total Put Auction at 11979.4029 tons for sales. Average Transaction price was 11,963 Yuan/ton (Down by 8 Yuan/ton from the previous day). The discounted 3128 price was 13,284 yuan/ton (Up by 80 yuan/ton from the previous day).

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.

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%.

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| 19-Oct | -20 | 19490 | 19490 | 19420 | 19480 | 365 | -9 | 2147 | 70 |
| 19-Nov | -40 | 19220 | 19230 | 19180 | 19260 | 98 | 66 | 902 | 10 |
| 19-Dec | -60 | 19200 | 19200 | 19180 | 19240 | 22 | 10 | 300 | 45 |

| Spread | 19-Sep | 19-Oct | 19-Nov | 19-Dec | -- | -- |
|--------|--------|--------|--------|--------|----|----|
| Spot | - | | | | - | - |
| 19-Oct | - | 260 | - | - | - | - |
| 19-Nov | - | - | 30 | - | - | - |

(NB: Spread Basis = Spot- Near Month Future) As updated on 11th Sep @ 5.30 pm

* Updated at as on 11-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 11-Sep-19 | 10-Sep-19 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | NA | Closed | - |
| | Rajkot | B.T. Cotton | 6170 | NR | - |
| | 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 | 5450 | 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 | 5500 | 5500 | Unch |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NR | NR | - |
| Karnataka | Bijapur | Bunny | NA | NA | - |
| | 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 | 11-Sep-19 | 10-Sep-19 | |
| Punjab | Bhatinda | J-34 | 4140 | 4150 | -10 |
| | Abohar | J-34 | 4150 | 4170 | -20 |
| | Mansa | J-34 | 4150 | 4170 | -20 |
| Haryana | Sirsa | J-34 | 4125 | 4150 | -25 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 11-Sep-19 | 10-Sep-19 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | NA | Closed | - |
| | Rajkot | B.T. Cotton | 70 | NR | - |
| | 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 | 12000 | 7000 | 5000 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 510 | 850 | -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 | 200 | Unch |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NR | NR | - |
| Karnataka | Bijapur | Bunny | NA | NA | - |
| | 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 | 11-Sep-19 | 10-Sep-19 | |
| Punjab | Bhatinda | J-34 | 3400 | 3060 | 340 |
| | Abohar | J-34 | 255 | 213 | 43 |
| | Mansa | J-34 | 17 | 20 | -3 |
| 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 | 11-Sep-19 | 10-Sep-19 | |
|-------------|-----------|-------------|-----------|-----------|------|
| Gujarat | Rajkot | Rs. /10 Kg. | 760 | 765 | -5 |
| Delhi | New Delhi | Rs. /10 Kg. | 742 | 742 | Unch |
| Telangana | Hyderabad | Rs. /10 Kg. | Unq | Closed | - |
| Maharashtra | Mumbai | Rs. /10 Kg. | 782 | 795 | -13 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 11-Sep-19 | 10-Sep-19 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 3336 | Closed | - |
| Maharashtra | Akola | Rs./Qtl | 3300 | Closed | - |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
| | | | | 10-Sep-19 | 9-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 | 40600 | 40600 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 41200 | 41200 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 41500 | 41500 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 43900 | 43900 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 45200 | 45200 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 53900 | 53900 | Unch |

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

| Index | Unit | 11-Sep-19 | 10-Sep-19 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 13028 | 13017 | 11 |
| CCIndex(527) | RMB/Ton | 11991 | 11975 | 16 |
| CCIndex(229) | RMB/Ton | 13358 | 13346 | 12 |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 11-Sep-19 | 10-Sep-19 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 74.9 | 74.55 | 0.35 |
| FC Index (M) | Cents/lb | 70.53 | 70.13 | 0.40 |
| FC Index (L) | Cents/lb | 68.21 | 67.81 | 0.40 |



Cotlook Index:

| Cotlook Indices | Unit | 10-Sep-19 | 9-Sep-19 | Change |
|-----------------|-------------|-----------|----------|--------|
| A-Index | Cents/Pound | 70.6 | 70.15 | 0.45 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 10-Sep-19 | 10-Sep-19 | Bales |
| Southeast | cents/lb. | 59.5 | 61.75 | 399 |
| North Delta | cents/lb. | 58.5 | 60.75 | 2125 |
| South Delta | cents/lb. | 58.5 | 60.75 | 0 |
| East TX-OK | cents/lb. | 54.5 | 56.75 | 1146 |
| West Texas | cents/lb. | 54.5 | 57.25 | 82 |
| Desert SW | cents/lb. | 52.25 | 56.25 | 0 |
| SJ Valley | cents/lb. | 52.75 | 61.65 | 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 Tue September 10, 2019

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 19-Oct | 190910 | 59.2 | 59.76 | 59.2 | 59.5 | 0.38 | 38 | 229 | 5 |
| 19-Dec | 190910 | 58.95 | 59.7 | 58.88 | 59.34 | 0.36 | 16,068 | 142,358 | -100 |
| 20-Mar | 190910 | 59.59 | 60.3 | 59.59 | 59.99 | 0.4 | 5,720 | 50,893 | 1,227 |
| 20-May | 190910 | 60.42 | 60.89 | 60.42 | 60.61 | 0.28 | 1,457 | 8,873 | -24 |
| 20-Jul | 190910 | 61.23 | 61.47 | 61.03 | 61.21 | 0.23 | 833 | 7,207 | -134 |
| 20-Oct | 190910 | 61.66 | 61.66 | 61.66 | 61.66 | 0.23 | | | |
| Total Volume and Open Interest | | | | | | | 24,631 | 227,008 | 959 |

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