

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: *Madhya Pradesh covers around 8% of the total cotton area in India. Due to delayed sowing this year in Madhya Pradesh expected the late arrivals beginning from 2nd week of Oct'19. Till last week, the crop condition was good but due to excessive recent rains from last 2-3 days affected the crop and likely to a reported loss of around 50,000 to 75,000 bales.*

According to the latest report published by CAI, the body has maintained the crop estimate for 2018-19 at 312 lakh bales as in the previous estimate. The cotton crop estimate for the Northern Zone at the same level as in its previous month's estimate at 59 lakh bales. However, there is a reduction of 10000 bales in the cotton crop estimate for Punjab and an increase of 10000 bales in the cotton crop estimate for Lower Rajasthan. Similarly, for the Central Zone crop is estimated at 180.68 lakh bales although there is an increase of 50000 bales in the cotton crop estimate for Gujarat State and a reduction of 25000 bales each in the cotton crop estimate of Maharashtra and Madhya Pradesh. There is no change in the cotton crop estimates of the remaining states.

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.

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rains with one or two heavy spells will continue over Madhya Pradesh, Chhattisgarh, parts of Gujarat region, east and Central Uttar Pradesh, parts of Bihar and Jharkhand, Assam and Meghalaya. Scattered light to moderate rains can be seen over rest Northeast India, West Bengal, Odisha, parts of coastal Andhra Pradesh and Telangana, parts of Vidarbha, Konkan and Goa, Coastal Karnataka, Kerala, South Interior Karnataka, Andaman and Nicobar Islands and parts of Tamil Nadu. Weather will be dry over Jammu and Kashmir, Punjab, Haryana, Delhi, West Rajasthan, and Kutch with light scattered rains over rest parts of the country.

International Fundamentals:

Cotton futures settled mixed on Wednesday, with nearby Oct down 10 points and other front months 3 to 11 points higher on Thursday. The Cotlook A Index was down 45 points on September 10 at 70.60 cents/lb. The weekly AWP is 51.57.

According to the monthly Chinese Agricultural Supply and Demand Estimates (CASDE), plant acreage in China is estimated to decline by 7% at 3.3 mln ha in the current crop year (2019-20) which has started this month along with the total output likely to decline by 24% at 5.8 mln tonnes whereas the imports are expected to increase by 5% unlikely by exports which is expected to remain unchanged.

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%).

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	140	19560	19730	19540	19520	673	308	2076	-71
19-Nov	130	19290	19390	19290	19250	67	-31	879	-23
19-Dec	100	19270	19320	19270	19200	10	-12	304	4

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	340	-	-	-	-
19-Nov	-	-	70	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 12th Sep @ 5.30 pm

* Updated at as on 12-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Sep-19	11-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	4505	NA	-
	Rajkot	B.T. Cotton	6200	6170	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	5500	5450	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5550	5450	100
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	5300	5540	-240
	Dabwali	B.T. Cotton	5470	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	5500	200
	Hathras	Desi	5000	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6225	-
	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	12-Sep-19	11-Sep-19	
Punjab	Bhatinda	J-34	4130	4140	-10
	Abohar	J-34	4140	4150	-10
	Mansa	J-34	4140	4150	-10
Haryana	Sirsa	J-34	4120	4125	-5
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Sep-19	11-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	48	NA	-
	Rajkot	B.T. Cotton	226	70	156
	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	15000	12000	3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	425	510	-85
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	83	20	63
	Dabwali	B.T. Cotton	10	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	300	200	100
	Hathras	Desi	30	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	132	-
	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	12-Sep-19	11-Sep-19	
Punjab	Bhatinda	J-34	8500	3400	5100
	Abohar	J-34	255	255	Unch
	Mansa	J-34	51	17	34
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	12-Sep-19	11-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	760	760	Unch
Delhi	New Delhi	Rs. /10 Kg.	740	742	-2
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	782	782	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Sep-19	11-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3354	3336	18
Maharashtra	Akola	Rs./Qtl	3379	3300	79

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Sep-19	10-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	41600	41500	100
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	54000	53900	100

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

Index	Unit	12-Sep-19	11-Sep-19	Change
CCIndex(328)	RMB/Ton	13031	13028	3
CCIndex(527)	RMB/Ton	11991	11991	Unch
CCIndex(229)	RMB/Ton	13359	13358	1

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

China Foreign Cotton (FCE) Index :

Index	Unit	12-Sep-19	11-Sep-19	Change
FC Index (S)	Cents/lb	74.9	74.9	Unch
FC Index (M)	Cents/lb	70.53	70.53	Unch
FC Index (L)	Cents/lb	68.21	68.21	Unch

Cotlook Index:

Cotlook Indices	Unit	11-Sep-19	10-Sep-19	Change
A-Index	Cents/Pound	70.9	70.6	0.30

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Sep-19	11-Sep-19	Bales
Southeast	cents/lb.	59.37	61.62	0
North Delta	cents/lb.	58.37	60.62	0
South Delta	cents/lb.	58.37	60.62	0
East TX-OK	cents/lb.	54.37	56.62	1599
West Texas	cents/lb.	54.37	57.12	176
Desert SW	cents/lb.	52.12	56.12	0
SJ Valley	cents/lb.	52.62	61.52	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 11-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 Wed September 11, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190911	59.48	59.48	59.35	59.37	-0.13	19	229	0
19-Dec	190911	59.2	59.55	58.98	59.37	0.03	10,147	142,842	484
20-Mar	190911	59.79	60.2	59.63	60.06	0.07	3,945	51,703	810
20-May	190911	60.45	60.82	60.34	60.77	0.16	498	9,004	131
20-Jul	190911	61.21	61.47	61.05	61.44	0.23	378	7,291	84
20-Oct	190911	61.89	61.89	61.89	61.89	0.23			
Total Volume and Open Interest							15,248	228,549	1,541

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