

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

The Rajkot mandi price for variety Shankar 6 stood Rs.42,000/per candy (75.55 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. The new cotton arrivals from Punjab covering the area of Bhatinda, Abohar and Mansa have started last week. The prices ranged between Rs.4130-4400/maund with higher arrivals from Bhatinda with around 12,000 bales followed by 600 bales from Abohar and around 100 bales from Mansa in last week.

**News:** *CAI has reduced the numbers for both cotton export and import by 2 lakh bales each respectively.* Imports estimated by the CAI is at 29 lakh bales, which are lower by 2 lakh bales compared to the estimate of 31 lakh bales made in the previous month and higher by 14 lakh bales compared to the previous year's estimate at 15 lakh bales. While the estimated exports of cotton (excluding cotton waste) for the season at 44 lakh bales, which are lower by 2 lakh bales compared to the export estimate of 46 lakh bales made during last month and which is lower by 25 lakh bales compared to the previous year's cotton exports estimate of 69 lakh bales.

**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 maintained 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 from 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 3<sup>rd</sup> 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 9<sup>th</sup> 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 2<sup>nd</sup> 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 1<sup>st</sup> 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 20<sup>th</sup> Oct'19 to 10<sup>th</sup> November'19 in Telangana whereas in AP, the crop might arrive after 15<sup>th</sup> November'19. Few areas is affected by sucking pests but they under threshold level so no crop damage is reported.

**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 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.

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

Light to moderate rains with one or two moderate spells will occur over Madhya Pradesh, East and Central Uttar Pradesh, South Gujarat, Konkan and Goa, Sub Himalayan West Bengal and Sikkim. Scattered light to moderate rains will be seen over Southeast Rajasthan, Gangetic West Bengal, parts of Vidarbha, rest of Northeast India, parts of Uttarakhand and Andaman and Nicobar Islands. Subdued Monsoon will persist over rest of India.

### **International Fundamentals:**

**Cotton futures ended the Thursday session with most contracts 161 to 288 points higher, boosted by positive news on the trade war.** Rumors were circulating that President Trump was considering an interim deal with China to delay tariffs. The Cotlook A Index was up 30 points on September 11 at 70.90 cents/lb. The weekly AWP is 51.57.

**According to the latest WASDE report by US, production for USA is lowered 654,000 bales to 21.86 million,** largely due to a decline for the Southwest, while consumption is lowered 100,000 bales. Exports are projected 700,000 bales lower due to reduced U.S. production. The 2019-20 season-average price for upland cotton is forecast at 58 cents per pound, down 2 cents from last month.

**USDA estimates production lower by 709,000 bales as reductions for the United States and Australia offset an increase for India.** And consumption forecast of 1.3 million bales lower than in August, with lower estimates for China, India, Brazil, Thailand, Vietnam and the United States offsetting an increase for Turkey. World trade is lower, as lower imports are forecast for China, Vietnam and Thailand. World ending stocks for 2019/20 are forecast 1.3 million bales higher this month at 83.7 million bales, 2.9 million bales above the revised 2018/19 estimate.

**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 9<sup>th</sup> 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 29<sup>th</sup> 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 11<sup>th</sup> 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.**

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	100	19800	19940	19790	19760	925	252	2017	-59
19-Nov	40	19490	19540	19400	19400	177	110	843	-36
19-Dec	100	19400	19500	19350	19330	62	52	344	40

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	400	-	-	-	-
19-Nov	-	-	40	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 13th Sep @ 5.30 pm

\* Updated at as on 13-Sep- 2019 @ 5:00 PM

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Sep-19	13-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6255	5105	1150
	Rajkot	B.T. Cotton	6260	6270	-10
	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	5600	5500	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5540	5600	-60
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	5450	5320	130
	Dabwali	B.T. Cotton	5350	5350	Unch
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	5700	Unch
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6229	-
	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	14-Sep-19	13-Sep-19	
Punjab	Bhatinda	J-34	4180	4170	10
	Abohar	J-34	4180	4170	10
	Mansa	J-34	4180	4160	20
Haryana	Sirsa	J-34	4150	4140	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Sep-19	13-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	61	81	-20
	Rajkot	B.T. Cotton	190	325	-135
	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	20000	17000	3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	1020	-340
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	92	58	34
	Dabwali	B.T. Cotton	5	20	-15
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	300	-100
	Hathras	Desi	60	30	30
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	62	-
	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	14-Sep-19	13-Sep-19	
Punjab	Bhatinda	J-34	5100	6800	-1700
	Abohar	J-34	255	255	Unch
	Mansa	J-34	51	34	17
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	14-Sep-19	13-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	760	770	-10
Delhi	New Delhi	Rs. /10 Kg.	735	735	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	785	782	3

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	14-Sep-19	13-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3394	3383	11
Maharashtra	Akola	Rs./Qtl	3412	3417	-5

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

Index	Unit	14-Sep-19	13-Sep-19	Change
CCIndex(328)	RMB/Ton	NR	NR	-
CCIndex(527)	RMB/Ton	NR	NR	-
CCIndex(229)	RMB/Ton	NR	NR	-

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

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

Index	Unit	14-Sep-19	13-Sep-19	Change
FC Index (S)	Cents/lb	Closed	NR	-
FC Index (M)	Cents/lb	Closed	NR	-
FC Index (L)	Cents/lb	Closed	NR	-

**Cotlook Index:**

Cotlook Indices	Unit	15-Sep-19	14-Sep-19	Change
A-Index	Cents/Pound	0	0	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Sep-19	15-Sep-19	Bales
Southeast	cents/lb.	0	0	0
North Delta	cents/lb.	0	0	0
South Delta	cents/lb.	0	0	0
East TX-OK	cents/lb.	0	0	0
West Texas	cents/lb.	0	0	0
Desert SW	cents/lb.	0	0	0
SJ Valley	cents/lb.	0	0	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


**Daily Futures Price Listing Thu September 12, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">19-Oct</a>	190912	59.4	62.25	59.4	62.25	2.88	19	223	-6
<a href="#">19-Dec</a>	190912	59.42	62.36	59.42	62.21	2.84	12,196	142,972	130
<a href="#">20-Mar</a>	190912	60.14	62.71	60.14	62.58	2.52	5,285	52,043	340
<a href="#">20-May</a>	190912	60.85	63.4	60.85	63.2	2.43	1,112	9,005	1
<a href="#">20-Jul</a>	190912	61.61	63.84	61.61	63.77	2.33	578	7,486	195
<a href="#">20-Oct</a>	190912	64.22	64.22	64.22	64.22	2.33			
Total Volume and Open Interest							19,565	229,310	761

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