

**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.*

**News:** *As on 12<sup>th</sup> Sep'19, the cotton area has been increased this year by 6.04 lakh ha and stood at 126.60 lakh ha till now higher than 120.56 lakh ha last year. The sowing is lagging behind in Gujarat by only 1.58% this week and stood same at 26.65 lakh ha followed by Madhya Pradesh behind by 12.63% 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 5.02%. The advancement in rainfall is favouring the cotton crop for a healthy growth all over India.*

*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 2,360 bales followed by 1,155 bales from Abohar and around 332 bales from Mansa in last week.*

*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 are affected by sucking pests but they are under threshold level so no crop damage is reported.

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

During the next 24 hours, heavy rains and thundershowers are expected at isolated places over North Madhya Pradesh, Central Uttar Pradesh, Sub-Himalayan West Bengal, Assam, Nagaland, Arunachal Pradesh, North Konkan Coast and Northern Bay Islands. Moderate spells of rain and thundershowers are likely at many places over central and Northeast parts of Uttar Pradesh, North Madhya Pradesh, East Rajasthan, Bihar. Light rainfall is expected at scattered places over rest Uttar Pradesh, eastern states, central parts of the country, rest northeast states, Gujarat, Andhra Pradesh, Telangana, Marathwada, Karnataka, rest Tamil Nadu, Kerala and at one or two places over Jammu and Kashmir, Himachal Pradesh, Delhi, and Western parts of Uttarakhand. Dry and warm weather is expected over most parts of Punjab, Haryana, West Rajasthan, Kutch and parts of Rayalaseema.

### **International Fundamentals:**

***Cotton futures closed the day with 7 to 20 point gains in the front months, with Oct down 49 points on Friday.*** The Cotlook A Index was unchanged on September 12 at 70.90 cents/lb. The weekly AWP is 52.28, up from 51.57 last week.

***From May 5 to Sep 12, the cumulative turnover of reserve cotton was 873,700 tons, and the turnover rate was 85.37%.*** On 12<sup>th</sup> Sep 100% Of Total Put Auction at 12860.341 tons for sales. Average Transaction price was 12,001 Yuan/ton (Up by 38 Yuan/ton from the previous day). The discounted 3128 price was 13,472 yuan/ton (Up by 188 yuan/ton from the previous day).

***Net UPLAND sales of 74,700 RB for 2019- 2020*** were down 54 percent from the previous and 63 percent from the prior 4-week average. Increases were primarily for Bangladesh (17,300 RB), Vietnam (17,200 RB), Pakistan (10,100 RB), South Korea (9,400 RB), and Turkey (9,200 RB). Reductions were reported for China (20,800 RB).

***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	60	19820	19950	19520	19860	566	-359	1973	-44
19-Nov	10	19390	19560	19310	19500	158	-19	869	26
19-Dec	-10	19380	19500	19380	19450	91	29	402	58

  

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	390	-	-	-	-
19-Nov	-	-	60	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 16th Sep @ 5.30 pm

\* Updated at as on 16-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Sep-19	14-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6430	6255	175
	Rajkot	B.T. Cotton	6490	6260	230
	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	5650	5600	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5560	5540	20
	Fatehabad	B.T. Cotton	5450	NA	-
	Jind	B.T. Cotton	5710	5620	90
	Uchana	B.T. Cotton	5700	5450	250
	Dabwali	B.T. Cotton	5580	5350	230
Rajasthan	Hanumangarh	B.T. Cotton	5700	NA	-
	Rawatsar	B.T. Cotton	5250	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	5900	5700	200
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5495	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	16-Sep-19	14-Sep-19	
Punjab	Bhatinda	J-34	4175	4180	-5
	Abohar	J-34	4185	4180	5
	Mansa	J-34	4175	4180	-5
Haryana	Sirsa	J-34	4150	4150	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Sep-19	14-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	34	61	-27
	Rajkot	B.T. Cotton	400	190	210
	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	30000	20000	10000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	100	NA	-
	Jind	B.T. Cotton	70	400	-330
	Uchana	B.T. Cotton	197	92	105
	Dabwali	B.T. Cotton	32	5	27
Rajasthan	Hanumangarh	B.T. Cotton	14	NA	-
	Rawatsar	B.T. Cotton	8	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	60	60	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	2	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	16-Sep-19	14-Sep-19	
Punjab	Bhatinda	J-34	765	510	255
	Abohar	J-34	425	255	170
	Mansa	J-34	340	51	289
Haryana	Sirsa	J-34	68	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	16-Sep-19	14-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	760	760	Unch
Delhi	New Delhi	Rs. /10 Kg.	745	735	10
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	782	785	-3

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Sep-19	14-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3419	3394	25
Maharashtra	Akola	Rs./Qtl	3448	3412	36

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Sep-19	13-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	40800	40800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41400	41400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41900	41900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44200	44200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54200	54200	Unch

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

Index	Unit	16-Sep-19	14-Sep-19	Change
CCIndex(328)	RMB/Ton	13051	Closed	-
CCIndex(527)	RMB/Ton	11991	Closed	-
CCIndex(229)	RMB/Ton	13370	Closed	-

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

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

Index	Unit	16-Sep-19	14-Sep-19	Change
FC Index (S)	Cents/lb	77.89	Closed	-
FC Index (M)	Cents/lb	73.28	Closed	-
FC Index (L)	Cents/lb	70.69	Closed	-



**Cotlook Index:**

Cotlook Indices	Unit	14-Sep-19	13-Sep-19	Change
A-Index	Cents/Pound	Closed	73.55	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-Sep-19	14-Sep-19	Bales
Southeast	cents/lb.	Closed	Closed	Closed
North Delta	cents/lb.	Closed	Closed	Closed
South Delta	cents/lb.	Closed	Closed	Closed
East TX-OK	cents/lb.	Closed	Closed	Closed
West Texas	cents/lb.	Closed	Closed	Closed
Desert SW	cents/lb.	Closed	Closed	Closed
SJ Valley	cents/lb.	Closed	Closed	Closed

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 14-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 Fri September 13, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190913	62.27	62.81	61.58	61.63	-0.62	6	220	-3
<a href="#">19-Dec</a>	190913	62.37	63.39	62.07	62.28	0.07	9,469	142,426	-546
<a href="#">20-Mar</a>	190913	62.58	63.73	62.39	62.78	0.2	3,912	52,501	458
<a href="#">20-May</a>	190913	63.26	64.12	62.98	63.44	0.24	1,030	9,107	102
<a href="#">20-Jul</a>	190913	63.83	64.9	63.64	64.07	0.3	472	7,538	52
<a href="#">20-Oct</a>	190913	64.57	64.57	64.57	64.57	0.35			
Total Volume and Open Interest							15,053	229,430	120

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