

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.41,950/per candy (74.54 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 the excess rainfall in Madhya Pradesh and Maharashtra might decline the country's production to some extent than expected.

News: *The arrivals have started in Punjab and the state is expecting bumper crop this year around 17.6 lakh bales as against 12 lakh bales last year.* As the textile industry is weakening since last few months, CCI has extended its helping hand to support the needy farmers to sell their produce directly to them instead of selling to arhtiyas (commission agents). A series of meetings were being held with CCI officials to ensure that they get hassle-free access to mandis and farmers do not suffer any harassment in selling their produce. But the farmers averse selling their produce directly to CCI as they are not willing to break their ties with arhtiyas and they have been the helping hand in hour of crisis since a long time to the farmers, therefore, even if they have to sell their produce at a lesser price the farmers are satisfied with what they get.

Maharashtra government is planning to give Kapas bonus of Rs.250/q to the farmers for selling Kapas to the CCI at MSP rate (5550 +250 =5800/q) from 1st October onwards. As the excess rains in almost all the cotton belts of Maharashtra has destructed around 15% of the crop and farmers are hoping to receive good sunlight to revive the crop as soon as possible. So as to protect farmers from loss, Maharashtra government has introduced the bonus plan for the coming season starting from 1st Oct'19. To reimburse CCI payment Budget of Rs.1000 crore will be sanctioned in next the Maharashtra government cabinet ministers meeting on 24th September.

Although the textile industry is getting up to 2% incentives over Merchandise Exports from India Scheme (MEIS) which will transit into the scheme Remission of Duties or Taxes on Export Product (RoDTEP) introduced recently by Finance Minister. RoDTEP will replace MEIS for textiles which will more than adequately incentivize exporters than existing schemes put together.

CCI has decided to procure 100 lakh bales of cotton in the coming season. CCI has all the agreements in place for processing and storing and has all the infrastructure ready for the procurement of 100 lakh bales of cotton, which is one-third of the total production. CCI has started preparations to enter the market in Punjab after four years. CCI has parameters for quality of raw cotton to be reasonably good to make procurement at the MSP. Weak international demand and higher support price of cotton in India has made ginners and textile sector reluctant to buy the commodity this season.

As on 12th 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.

Weather Forecast for tomorrow:

During the next 24 hours, moderate to heavy rains over East Uttar Pradesh and adjoining West and Northwest Bihar and also over Andaman and Nicobar Islands, parts of Northwest Madhya Pradesh. Scattered light to moderate rains can be seen over rest Madhya Pradesh, Maharashtra, Telangana, Odisha, North Interior Karnataka, Coastal Karnataka, Kerala, Coastal Andhra Pradesh, parts of Rayalaseema, Sub-Himalayan West Bengal and Sikkim and parts of Assam. Weather will be dry over West Rajasthan, Kutch, western parts of Punjab and Haryana with scattered light rains over rest parts of the country.

International Fundamentals:

Cotton futures posted 101 to 162 point losses in most contracts with OCT 19 Cotton closed at 59.97, down 162 point on Tuesday. Crude was back down 6.39% on Tuesday after Monday's sharp rally. The Cotlook A Index was up 10 points on September 16 at 73.65 cents/lb. The weekly AWP is 52.28.

From May 5 to Sep 18, the cumulative turnover of reserve cotton was 808,800 tons, and the turnover rate was 85.85%. On 18th Sep 99.08% Of Total Put Auction at 11849.1184 tons for sales. Average Transaction price was 12,054 Yuan/ton (Down by 90 Yuan/ton from the previous day). The discounted 3128 price was 13,221 yuan/ton (Down by 84 yuan/ton from the previous day).

NASS showed only 40% of US cotton in good to excellent condition in the week ending on 15th Sep'19. NASS Crop Progress data showed 54% of the crop with bolls opening (47% avg) higher than 48% in the corresponding period last year. The data shows that 9% of the crop has been harvested against 13% last year in the corresponding period. Weather was mostly quiet and dry in the rest of the Cotton Belt last week.

After the recent crop progress report by USDA, cotton traded slightly weaker as a weaker sales report of 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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	90	19530	19780	19530	19590	521	32	1742	-153
19-Nov	70	19190	19310	19190	19180	132	-37	852	-7
19-Dec	100	19180	19230	19140	19130	73	-112	576	42

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	470	-	-	-	-
19-Nov	-	-	80	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 18th Sep @ 5.30 pm

* Updated at as on 18-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Sep-19	17-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6480	6505	-25
	Rajkot	B.T. Cotton	6495	6440	55
	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	5650	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5520	5550	-30
	Fatehabad	B.T. Cotton	5460	5470	-10
	Jind	B.T. Cotton	5750	5750	Unch
	Uchana	B.T. Cotton	5475	5475	Unch
	Dabwali	B.T. Cotton	5595	5590	5
Rajasthan	Hanumangarh	B.T. Cotton	5750	5700	50
	Rawatsar	B.T. Cotton	5625	5250	375
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	5600	5800	-200
	Hathras	Desi	4900	5000	-100
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	6059	6169	-110
	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	18-Sep-19	17-Sep-19	
Punjab	Bhatinda	J-34	4170	4185	-15
	Abohar	J-34	4170	4185	-15
	Mansa	J-34	4165	4180	-15
Haryana	Sirsa	J-34	4130	4150	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Sep-19	17-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	254	25	229
	Rajkot	B.T. Cotton	375	325	50
	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	25000	5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1020	170
	Fatehabad	B.T. Cotton	300	125	175
	Jind	B.T. Cotton	615	615	Unch
	Uchana	B.T. Cotton	530	537	-7
	Dabwali	B.T. Cotton	105	50	55
Rajasthan	Hanumangarh	B.T. Cotton	145	3	142
	Rawatsar	B.T. Cotton	12	8	4
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	350	200	150
	Hathras	Desi	150	60	90
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	8	36	-28
	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	18-Sep-19	17-Sep-19	
Punjab	Bhatinda	J-34	680	680	Unch
	Abohar	J-34	425	340	85
	Mansa	J-34	51	85	-34
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	18-Sep-19	17-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	785	780	5
Delhi	New Delhi	Rs. /10 Kg.	753	755	-2
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	800	800	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Sep-19	17-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3433	3431	2
Maharashtra	Akola	Rs./Qtl	3506	3463	43

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Sep-19	16-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	40800	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41500	41400	100
Shankar-6(105)	29mm	3.5 - 4.9	28	42000	41900	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44300	44200	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45600	45500	100
DCH-32(107)	34mm	3.0 - 3.8	33	54800	54700	100

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

Index	Unit	18-Sep-19	17-Sep-19	Change
CCIndex(328)	RMB/Ton	Unq	13146	-
CCIndex(527)	RMB/Ton	Unq	12042	-
CCIndex(229)	RMB/Ton	Unq	13481	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	18-Sep-19	17-Sep-19	Change
FC Index (S)	Cents/lb	77.08	78.1	-1.02
FC Index (M)	Cents/lb	72.46	73.47	-1.01
FC Index (L)	Cents/lb	69.93	70.94	-1.01

Cotlook Index:

Cotlook Indices	Unit	17-Sep-19	16-Sep-19	Change
A-Index	Cents/Pound	73.7	73.65	0.05

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Sep-19	17-Sep-19	Bales
Southeast	cents/lb.	62.38	64.63	0
North Delta	cents/lb.	61.38	63.63	0
South Delta	cents/lb.	61.38	63.63	0
East TX-OK	cents/lb.	58.88	61.13	3798
West Texas	cents/lb.	58.88	61.63	693
Desert SW	cents/lb.	55.13	59.13	0
SJ Valley	cents/lb.	55.63	64.53	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 17-Sep-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8500	160	8660
Equivalent	40 Kgs	9109	171	9280

Daily Futures Price Listing Tue September 17, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190917	61.59	61.59	59.97	60.12	-1.47	73	208	-14
19-Dec	190917	62.4	62.56	60.8	61.38	-1.21	25,742	142,506	-1,935
20-Mar	190917	62.87	62.93	61.2	61.86	-1.1	8,928	55,692	481
20-May	190917	63.69	63.87	62.29	62.91	-0.92	1,451	8,934	-61
20-Jul	190917	64.38	64.7	63.27	63.79	-0.82	822	7,637	63
20-Oct	190917	64.24	64.24	64.24	64.24	-0.79			
Total Volume and Open Interest							37,679	233,028	-1,292

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