

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

The Rajkot mandi price for variety Shankar 6 stood Rs.41,800/per candy (74.85 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 cotton yarn industry in India has weaken in past 3-4 months. After the meeting held by Northern India Rotor Spinners Association had decided to shut the mills on every Friday of the week in Panipat in order to cope up from the recession. A one-day mills shutdown will cut production by 15–20 percent. These mills produce five lakh kilograms of yarn every day. It costs around Rs 25 crore. Cotton yarn made from Panipat is exported all over the country including Uttar Pradesh. Stocks seem to be high in mills. There are 70 mills operating here and all are struggling with payment due to lack of demand. There is also a problem of payment in the market.

**Cotton prices have started rising from the past one week due to lower production estimates this year, following reports of crop damage on erratic rainfall** in some places in Madhya Pradesh and Maharashtra so far and pink bollworm attack on standing crops especially in Maharashtra which might reduce the state's production by 5-6%. The prices rose by around 6% in Rajkot mandi (Gujarat) and traded on an average of Rs.6359/q in past few days. The main reason for the rise in prices is due to the lower crop and expected delayed arrivals. Further the production forecast would depend on coming rainfall pattern in the coming days as the crop is in boll formation to maturity stage which needs enough sunshine hours to remain healthy and productive.

**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 1<sup>st</sup> 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 1<sup>st</sup> Oct'19. To reimburse CCI payment Budget of Rs.1000 crore will be sanctioned in next the Maharashtra government cabinet ministers meeting on 24<sup>th</sup> 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 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.

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

During the next 24 hours, moderate to heavy rains with one or two very heavy spells can be seen over Andaman and Nicobar Islands. Moderate rains with one or two heavy to very heavy spells can be seen over Konkan and Goa, adjoining Madhya Maharashtra, parts of Vidarbha and North Telangana. Light to moderate rains with isolated heavy spells can be seen over Madhya Pradesh, east and central Uttar Pradesh, parts of Jharkhand, Chhattisgarh, Marathwada, North Interior Karnataka, Coastal Karnataka, Kerala, Andhra Pradesh, parts of Tamil Nadu, and rest Telangana. Weather will be dry over Jammu and Kashmir, many parts of Punjab and Haryana, West Rajasthan, and Kutch with rest places to witness scattered light rains.

### **International Fundamentals:**

**Cotton futures were down 62 to 97 points in most contracts on the day with OCT 19 Cotton closed at 59.5, down 62 points on Wednesday.** The Cotlook A Index was up 5 points on September 17 at 73.70 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 18<sup>th</sup> 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 15<sup>th</sup> 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 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.

**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 19th Sep @ 5.30 pm

\* Updated at as on 19-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Sep-19	18-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6455	6480	-25
	Rajkot	B.T. Cotton	6500	6495	5
	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	5650	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5520	5520	Unch
	Fatehabad	B.T. Cotton	5440	5460	-20
	Jind	B.T. Cotton	5680	5750	-70
	Uchana	B.T. Cotton	5580	5475	105
	Dabwali	B.T. Cotton	5585	5595	-10
Rajasthan	Hanumangarh	B.T. Cotton	5830	5750	80
	Rawatsar	B.T. Cotton	5550	5625	-75
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	5600	Unch
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5135	6059	-924
	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	19-Sep-19	18-Sep-19	
Punjab	Bhatinda	J-34	4170	4170	Unch
	Abohar	J-34	4170	4170	Unch
	Mansa	J-34	4165	4165	Unch
Haryana	Sirsa	J-34	4130	4130	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Sep-19	18-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	94	254	-160
	Rajkot	B.T. Cotton	400	375	25
	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	25000	30000	-5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1190	-170
	Fatehabad	B.T. Cotton	250	300	-50
	Jind	B.T. Cotton	580	615	-35
	Uchana	B.T. Cotton	718	530	188
	Dabwali	B.T. Cotton	130	105	25
Rajasthan	Hanumangarh	B.T. Cotton	179	145	34
	Rawatsar	B.T. Cotton	28	12	16
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	350	Unch
	Hathras	Desi	150	150	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	1	8	-7
	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	19-Sep-19	18-Sep-19	
Punjab	Bhatinda	J-34	850	680	170
	Abohar	J-34	510	425	85
	Mansa	J-34	340	51	289
Haryana	Sirsa	J-34	255	170	85
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	19-Sep-19	18-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	770	785	-15
Delhi	New Delhi	Rs. /10 Kg.	745	753	-8
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	19-Sep-19	18-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3433	3433	Unch
Maharashtra	Akola	Rs./Qtl	3511	3506	5

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Sep-19	17-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	40300	40600	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41500	41500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	42000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44300	44300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45600	45600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54800	54800	Unch

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

Index	Unit	19-Sep-19	18-Sep-19	Change
CCIndex(328)	RMB/Ton	13047	#N/A	-
CCIndex(527)	RMB/Ton	11985	#N/A	-
CCIndex(229)	RMB/Ton	13426	#N/A	-

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

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

Index	Unit	19-Sep-19	18-Sep-19	Change
FC Index (S)	Cents/lb	76.16	77.08	-0.92
FC Index (M)	Cents/lb	71.59	72.46	-0.87
FC Index (L)	Cents/lb	69.09	69.93	-0.84



**Cotlook Index:**

Cotlook Indices	Unit	18-Sep-19	17-Sep-19	Change
A-Index	Cents/Pound	72.4	73.7	-1.30

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Sep-19	18-Sep-19	Bales
Southeast	cents/lb.	61.5	63.75	0
North Delta	cents/lb.	60.5	62.75	0
South Delta	cents/lb.	60.5	62.75	0
East TX-OK	cents/lb.	57	59.25	775
West Texas	cents/lb.	57	59.75	1190
Desert SW	cents/lb.	54.25	58.25	0
SJ Valley	cents/lb.	54.75	63.65	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 17-Sep-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8650	160	8810
Equivalent	40 Kgs	9270	171	9441

**Daily Futures Price Listing Wed September 18, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190918	59.76	59.76	59.25	59.36	-0.76	56	162	-46
<a href="#">19-Dec</a>	190918	61.03	61.36	60.41	60.5	-0.88	18,049	141,143	-1,363
<a href="#">20-Mar</a>	190918	61.67	61.83	61.15	61.22	-0.64	8,894	57,193	1,501
<a href="#">20-May</a>	190918	62.7	62.89	62.18	62.25	-0.66	1,818	9,160	226
<a href="#">20-Jul</a>	190918	63.6	63.8	63.18	63.21	-0.58	430	7,540	-97
<a href="#">20-Oct</a>	190918	63.81	63.81	63.81	63.81	-0.43			
Total Volume and Open Interest							29,513	233,209	181

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