

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

The Rajkot mandi price for variety Shankar 6 stood Rs.41,700/per candy (74.98 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 than expected. The cotton prices have increased from the last week amid increasing cotton seed demand and lower availability of the same in the market.

**News:** Total arrivals stood slight higher at 44,450 bales by the week ending 21<sup>st</sup> Sep'19 compared to previous week's 27,550 bales. Of this, 7,800 bales were from Central India, followed by 5,400 bales from South India. The arrivals from North India (in Haryana and Punjab) have started so the arrivals increased to 31,250 bales this week.

**As on 20<sup>th</sup> Sep'19, the cotton area has been increased this year by 6.4 lakh ha and stood at 127.09 lakh ha till now higher than 120.64 lakh ha last year.** The sowing is lagging behind in Gujarat by 2% this week and stood same at 26.67 lakh ha followed by Madhya Pradesh is behind by 13% covering only 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 5.34%. The advancement in rainfall has favoured the North India crop which has increased the yield in Punjab while some areas in Central India has been hit by the heavy rains which can be revived only if sufficient sunshine is received before harvesting.

The cotton crop is at vegetative to flowering stage in Andhra Pradesh while the state is facing from pest attack (Sucking pests, root rots, leaf blights) which affect the area of 3550 ha in Vizianagaram, West Godavari out of which 2050 ha area has been treated. **As on 18<sup>th</sup> Sep'19, 6.02 lakh ha** has been sown higher compared to 5.6 lakh ha in the corresponding period last year also higher than normal sown area (5.88 lakh ha).

**P. Alli Rani told the CCI to hold the stock instead of cutting prices and incurring losses as they are holding the premium quality cotton ranging around Rs.49000/ candy with lower than 2.5% trash** but due to lower demand in the industry it is costing around 43,000/candy. The decision was made after the textile millers have demanded to sell stocks at cheaper rates due to the superior quality. CCI currently holds around 900,000 bales out of around 1.1 mln bales of cotton it procured in the current marketing season ending this month. This move might increase the imports of cheaper cotton from USA in the coming days because of which the prices might fall to some extent.

**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.

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

During the next 24 hours, scattered light to moderate rains with isolated heavy spells may occur over South Gujarat, Madhya Pradesh, parts of Vidarbha, parts of Chhattisgarh, Coastal Andhra Pradesh, parts of Telangana and Konkan and Goa. Scattered light to moderate rains are possible over parts of Jammu and Kashmir, Himachal Pradesh and Uttarakhand, Coastal Karnataka, Kerala, parts of Tamil Nadu, South and central Uttar Pradesh, parts of Bihar and Jharkhand, Sub-Himalayan West Bengal and Sikkim, West Assam, Mizoram, and Tripura. The weather will be dry over Kutch, many parts of Rajasthan with scattered light rains over rest all places.

### **International Fundamentals:**

**Cotton futures closed 3 to 24 points higher with OCT 19 Cotton closed at 59.02, up 3 points on Friday.** The Cotlook A Index was down 90 points on September 19 at 71.50 cents/lb. The weekly AWP is 54.62.

**From May 5 to Sep 20, the cumulative turnover of reserve cotton was 932,300 tons, and the turnover rate was 86.14%.** On 20<sup>th</sup> Sep 99.07% Of Total Put Auction at 11676.7418 tons for sales. Average Transaction price was 12,149 Yuan/ton (Down by 11 Yuan/ton from the previous day). The discounted 3128 price was 13,303 yuan/ton (Up by 10 yuan/ton from the previous day).

**Cotton contracts for December settled down 0.17 cent, or 0.28 %, at 60.33 cents per lb. It traded within a range of 60.28 and 61.13 cents a lb.** The top consumer of cotton China has cancelled the order of US fiber of about 39000 RB while the exports of US stood up at 85,000 RB (14% more compared to last week). And on forecast for a bumper harvest as the quality remained very good, and weather overall continued to promote quality.

**The cotton output in Pakistan is likely to decline by 26% with a shortfall of 0.66 million bales as about 18.52 lakh bales arrived against the arrival of 25.17 lakh bales of same period of last year.** The cotton production in Punjab as of Sept 15, recorded a steep fall at 5.98 lakh bales as against 9.80 lakh bales produced in the corresponding period last year. The slow crop arrival in the local markets was mainly attributed to the low pricing trend in the markets, coupled with delay in

the announcement of the minimum support prices for the crop by the government. Cotton crop output during 2019-20 current season was expected to reach 12 million bales as against the set targets of 12.72 million bales.

**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.

**The US Export Sales report from USDA** showed 85,000 RB of 2019-20 upland cotton sold in the week of Sep 12<sup>th</sup> were up by 14% compared to previous week. With major buyers including Mexico (43,300 RB), Pakistan (20,400 RB) followed by Costa Rica (15,200 RB) and reductions were from China (39,300 RB). For 2020-21, net upland sales were 19,300 RB were primarily from Bangladesh (13,200 RB), Colombia (2,300 RB) and Costa Rica (2,300 RB). Higher demand and large shipments has been reported from Mexico and Pakistan 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	-20	19780	19870	19750	19810	376	-145	1826	84
19-Nov	-30	19320	19320	19240	19280	36	-96	886	34
19-Dec	-10	19240	19250	19160	19190	28	-45	580	4

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	550	-	-	-	-
19-Nov	-	-	70	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 20th Sep @ 5.30 pm

\* Updated at as on 20-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Sep-19	20-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6405	6380	25
	Rajkot	B.T. Cotton	6525	6540	-15
	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	5580	-80
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5370	5425	-55
	Fatehabad	B.T. Cotton	5350	5420	-70
	Jind	B.T. Cotton	5700	5710	-10
	Uchana	B.T. Cotton	5435	5580	-145
	Dabwali	B.T. Cotton	5515	5570	-55
Rajasthan	Hanumangarh	B.T. Cotton	5800	5790	10
	Rawatsar	B.T. Cotton	5550	5460	90
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	5800	-100
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	5779	-
	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	21-Sep-19	20-Sep-19	
Punjab	Bhatinda	J-34	4125	4150	-25
	Abohar	J-34	4130	4150	-20
	Mansa	J-34	4130	4150	-20
Haryana	Sirsa	J-34	4100	4120	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Sep-19	20-Sep-19		
Gujarat	Ahmedabad	Shankar-6	NA	NA	-	
	Gondal	Shankar-6	60	154	-94	
	Rajkot	B.T. Cotton	375	475	-100	
	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	1360	1360	Unch	
	Fatehabad	B.T. Cotton	500	300	200	
	Jind	B.T. Cotton	400	120	280	
	Uchana	B.T. Cotton	925	500	425	
	Dabwali	B.T. Cotton	315	215	100	
Rajasthan	Hanumangarh	B.T. Cotton	460	50	410	
	Rawatsar	B.T. Cotton	21	10	11	
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	60	190	-130	
	Hathras	Desi	5	150	-145	
Telangana	Adilabad	Un-Ginned	NR	NR	-	
Karnataka	Bijapur	Bunny	NA	33	-	
	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	21-Sep-19	20-Sep-19		
Punjab	Bhatinda	J-34	850	850	Unch	
	Abohar	J-34	1020	850	170	
	Mansa	J-34	170	85	85	
Haryana	Sirsa	J-34	510	340	170	
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-	

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Sep-19	20-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	775	770	5
Delhi	New Delhi	Rs. /10 Kg.	748	745	3
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	21-Sep-19	20-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3430	3415	15
Maharashtra	Akola	Rs./Qtl	3504	3506	-2

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Sep-19	19-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	40200	40200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41500	41500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41800	Unch
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	21-Sep-19	20-Sep-19	Change
CCIndex(328)	RMB/Ton	Closed	13036	-
CCIndex(527)	RMB/Ton	Closed	11980	-
CCIndex(229)	RMB/Ton	Closed	13421	-

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

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

Index	Unit	21-Sep-19	20-Sep-19	Change
FC Index (S)	Cents/lb	Closed	76.16	-
FC Index (M)	Cents/lb	Closed	71.59	-





FC Index (L)

Cents/lb

Closed

69.09

-

Cotlook Index:

Cotlook Indices	Unit	20-Sep-19	19-Sep-19	Change
A-Index	Cents/Pound	71.5	71.5	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Sep-19	20-Sep-19	Bales
Southeast	cents/lb.	61.52	63.77	1072
North Delta	cents/lb.	60.52	62.77	0
South Delta	cents/lb.	60.52	62.77	0
East TX-OK	cents/lb.	57.02	59.27	565
West Texas	cents/lb.	57.02	59.77	45
Desert SW	cents/lb.	54.27	58.27	0
SJ Valley	cents/lb.	54.77	63.67	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 19-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 Thu September 20, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190919	59.1	59.38	58.99	58.99	-0.37	35	132	-30
<a href="#">19-Dec</a>	190919	60.51	61.13	60.28	60.33	-0.17	23,018	137,206	-3,937
<a href="#">20-Mar</a>	190919	61.22	61.75	61	61.06	-0.16	8,760	58,387	1,194
<a href="#">20-May</a>	190919	62.51	62.72	62.02	62.08	-0.17	1,660	9,231	71
<a href="#">20-Jul</a>	190919	63.6	63.6	62.99	63.06	-0.15	445	7,536	-4
<a href="#">20-Oct</a>	190919	63.65	63.65	63.65	63.65	-0.16			
Total Volume and Open Interest							34,234	230,592	-2,617

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