

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

The Rajkot mandi price for variety Shankar 6 stood Rs.41,500/per candy (73.93 cents/lbs). The Indian market remained weak in Gujarat due to the fluctuation in the interest of the buyers and the market might turn steady only after the new crop arrives in Gujarat. The prices in Punjab, Haryana and Rajasthan also declined but due to the arrival of degraded cotton with high moisture content.

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:** The Indian cotton has been offered around 76-77 cents/lbs to importing countries like Bangladesh and Vietnam for November to December shipments whereas the price from US and Brazil is being offered around 70 cents/lbs which is cheaper than Indian cotton due to which the buyers from importing countries are switching over to other countries other than India. Traders usually seal contracts to export around 8 lakh bales before the start of the season on 1<sup>st</sup> Oct, but this year they had managed to sell around only 3 lakh bales for shipments. But the estimated bumper production could help fall in the prices and make the exports feasible.

**MCX cotton delivery surged by 119% this year from Oct'18 till Aug'19 delivering 3,98,600 bales, valued at Rs 853.12 crore** higher compared to the delivery of 1,82,300 bales during the previous cotton season. Also the traded volume too increased in the season till Aug'19 to 1,01,125 bales compared to 84,112 bales last year. The increase in overall participation from cotton value chain has led to higher delivery and all cotton stocks at designated warehouses in Rajkot, Kadi and Mundra in Gujarat, Jalna and Yavatmal in Maharashtra and Adilabad and Warangal in Telangana were delivered to the buyers.

**Cotton seed prices were firm last week due to supply shortages caused by a smaller crop in 2018-19, which aided cotton prices.** Cotton production is expected to increase by around 12% to 360 lakh bales in 2019-20 against 2018-19 according to the Agriwatch estimates. Whereas, according to the Pressing Factory Owners and Traders Association based in Maharashtra, the production is expected to reach 375 lakh bales in the 2019-20 season, which is 63 lakh bales (20%) more than the estimated production of 312 lakh bales in 2018-19. The prices in coming season is expected to decline and CCI is prepared to buy 10 million bales of cotton if cotton prices fall below the minimum support price (MSP).

**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.

**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.

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

During the next 24 hours, Light to moderate rains with few heavy spells can be seen over West Bengal, parts of Odisha, Tamil Nadu, South Kerala, South Interior Karnataka, Rayalaseema, Chhattisgarh, and many parts of Madhya Pradesh. Scattered light to moderate rains with isolated heavy spells can be seen over Lakshadweep Islands, East Uttar Pradesh, Bihar, parts of Assam, Andhra Pradesh, Telangana, parts of Vidarbha, Madhya Maharashtra, Konkan and Goa, and parts of Gujarat. Isolated light rains can be seen over a few parts of the country except Punjab, Haryana, Delhi, West Uttar Pradesh and West Rajasthan where weather will be nearly dry with isolated light rains.

### **International Fundamentals:**

**Cotton futures posted 47 to 103 point losses with OCT 19 Cotton closed at 58.8, down 103 points Tuesday.** The Cotlook A Index was up 20 points on September 23 at 71.45 cents/lb. The weekly AWP is 54.62.

**From May 5 to Sep 24, the cumulative turnover of reserve cotton was 955,200 tons, and the turnover rate was 86.36%.** On 24th Sep 97.47% Of Total Put Auction at 11340.0919 tons for sales. Average Transaction price was 12,079 Yuan/ton (Down by 62 Yuan/ton from the previous day). The discounted 3128 price was 13,250 yuan/ton (Down by 131 yuan/ton from the previous day).

**NASS showed only 39% of US cotton in good to excellent condition in the week ending on 22nd Sep'19.** NASS Crop Progress data showed 64% of the crop with bolls opening (57% avg) higher than 57% in the corresponding period last year. The data shows that 11% of the crop has been harvested against 16% last year in the corresponding period. Weather was mostly quiet and dry in the rest of the Cotton Belt last week.

Net UPLAND sales of 85,000 RB for 2019- 2020 were up 14 percent from the previous week, but down 38 percent from the prior 4- week average. Increases were primarily for Mexico (43,300 RB, including decreases of 900 RB), Pakistan

(20,400 RB), Costa Rica (15,200 RB), Turkey (14,300 RB), and Vietnam (11,000 RB, including 900 RB switched from Hong Kong, 400 RB switched from Japan, and decreases of 600 RB). Reductions were for China (39,300 RB).

UPLAND Exports of 166,600 RB were unchanged from the previous week, but down 27 percent from the prior 4-week average. Exports were primarily to Vietnam (48,400 RB), Indonesia (29,500 RB), Mexico (19,200 RB), China (18,800 RB), and India (10,800 RB).

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	100	19410	19650	19410	19500	768	139	1769	-65
19-Nov	110	19100	19200	19030	19070	135	-82	1098	28
19-Dec	130	18980	19110	18980	18980	9	2	599	-3

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	450	-	-	-	-
19-Nov	-	-	90	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 25th Sep @ 5.30 pm

\* Updated at as on 25-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Sep-19	24-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6255	5205	1050
	Rajkot	B.T. Cotton	6350	6400	-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	5250	5300	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5060	5150	-90
	Fatehabad	B.T. Cotton	5050	Closed	-
	Jind	B.T. Cotton	5110	5340	-230
	Uchana	B.T. Cotton	5100	5210	-110
	Dabwali	B.T. Cotton	5105	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	5150	5250	-100
	Rawatsar	B.T. Cotton	5180	5480	-300
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	5400	5700	-300
	Hathras	Desi	4800	5000	-200
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6070	-
	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	25-Sep-19	24-Sep-19	
Punjab	Bhatinda	J-34	3990	4025	-35
	Abohar	J-34	3990	4020	-30
	Mansa	J-34	3980	4010	-30
Haryana	Sirsa	J-34	3950	3980	-30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Sep-19	24-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	69	26	43
	Rajkot	B.T. Cotton	900	400	500
	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	12000	15000	-3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	1360	680
	Fatehabad	B.T. Cotton	1500	Closed	-
	Jind	B.T. Cotton	200	170	30
	Uchana	B.T. Cotton	1200	1136	64
	Dabwali	B.T. Cotton	825	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	403	500	-97
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	100	350	-250
	Hathras	Desi	30	60	-30
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	81	-
	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	25-Sep-19	24-Sep-19	
Punjab	Bhatinda	J-34	4250	4250	Unch
	Abohar	J-34	1360	1530	-170
	Mansa	J-34	425	425	Unch
Haryana	Sirsa	J-34	1190	850	340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	25-Sep-19	24-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	770	770	Unch
Delhi	New Delhi	Rs. /10 Kg.	745	745	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	790	788	2

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Sep-19	24-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3344	3406	-62
Maharashtra	Akola	Rs./Qtl	3424	3454	-30

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Sep-19	23-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	39200	39200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	41300	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	41500	41500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	44000	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	45600	-600
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54800	-800

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

Index	Unit	25-Sep-19	24-Sep-19	Change
CCIndex(328)	RMB/Ton	12966	13025	-59
CCIndex(527)	RMB/Ton	11938	11967	-29
CCIndex(229)	RMB/Ton	13365	13406	-41

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

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

Index	Unit	25-Sep-19	24-Sep-19	Change
FC Index (S)	Cents/lb	76.23	76.66	-0.43





FC Index (M)	Cents/lb	71.71	72.09	<b>-0.38</b>
FC Index (L)	Cents/lb	69.09	69.59	<b>-0.50</b>

### Cotlook Index:

Cotlook Indices	Unit	24-Sep-19	23-Sep-19	Change
<b>A-Index</b>	Cents/Pound	71.45	71.45	<b>Unch</b>

### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		24-Sep-19	24-Sep-19	Bales
Southeast	cents/lb.	61.4	63.65	<b>0</b>
North Delta	cents/lb.	60.4	62.65	<b>0</b>
South Delta	cents/lb.	60.4	62.65	<b>0</b>
East TX-OK	cents/lb.	56.9	59.15	<b>1691</b>
West Texas	cents/lb.	56.9	59.65	<b>10</b>
Desert SW	cents/lb.	54.15	58.15	<b>0</b>
SJ Valley	cents/lb.	54.65	63.55	<b>0</b>

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 24-Sep-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	8600	160	8760
<b>Equivalent</b>	40 Kgs	9217	171	9388

### **Daily Futures Price Listing Tue September 24, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Oct</a>	190924	60.34	60.34	58.8	59.32	<b>-0.51</b>	56	45	-52
<a href="#">19-Dec</a>	190924	60.7	60.96	59.65	60.4	<b>-0.51</b>	11,629	137,796	333
<a href="#">20-Mar</a>	190924	61.59	61.67	60.48	61.19	<b>-0.49</b>	3,097	59,208	-285
<a href="#">20-May</a>	190924	62.4	62.4	61.45	62.09	<b>-0.42</b>	1,142	8,746	-302
<a href="#">20-Jul</a>	190924	62.97	63.04	62.23	62.78	<b>-0.38</b>	815	8,172	420
<a href="#">20-Oct</a>	190924	63.26	63.26	63.26	63.26	<b>-0.4</b>			
Total Volume and Open Interest							17,224	232,356	369

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