

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.41,450/per candy (74.93 cents/lbs). The crop for 2019-20 season is expected to decline by 3-4% than expected increase because of the excess rainfall in Madhya Pradesh, Maharashtra and now in Gujarat also.

News: India cotton industry is already struggling from slumped exports due to lean demand. India was hoping to extend the exports to China in 2019-20 but China has recently announced the duty free access to import cotton yarn and other specific items from Pakistan which will impact the Indian exports. India is becoming uncompetitive against Pakistan and Vietnam as China has been giving zero duty access while India is facing 3.5-4% levy. The Indian export yarn exports fallen to 15-20 million kg in 2019 as against an average of 50-60 million kg in 2018.

As on 26th Sep'19, the cotton area has been increased this year by 6.62 lakh ha and stood at 127.67 lakh ha till now higher than 121.05 lakh ha last year. The sowing is lagging behind in Gujarat by 1.6% this week and stood same at 26.67 lakh ha followed by Madhya Pradesh is behind by 12.6% 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 5.46%. The advancement in rainfall has favoured the North India crop which has increased the yield in Punjab while some areas in Madhya Pradesh received above average rainfall. IMD forecasts there would be heavy rainfall in MP and Saurashtra region of Gujarat which could affect the crop at this maturity stage.

The prices of raw cotton are prevailing under the MSP of long staple cotton of Rs. 5450 per quintal fixed by the government around Rs.5000/q. The raw cotton containing above the permissible limit of moisture content (>8%) is offered much below Rs.5000/q around Rs.4800/q. CCI is expected to start procuring the cotton from Punjab in order to stabilize the market from 1st Oct'19. There would be deduction of 1% in support price for every 1% increase in the moisture content. The crop with a moisture content of 12% will be procured at the support price of Rs.5232/q after the deductions.

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 1st 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 21st 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 20th 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 18th 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.

Weather Forecast for tomorrow:

Heavy rains and thundershowers with strong winds are likely over Gujarat, South Rajasthan, isolated places over Meghalaya, Assam, Nagaland and Arunachal Pradesh. Moderate rains and thundershowers are likely at many places over Gujarat, rest parts of South Rajasthan, Madhya Pradesh, Konkan and Goa, North Madhya Maharashtra, Vidarbha, Chhattisgarh, Odisha, Jharkhand, Southeast Uttar Pradesh, Bihar, West Bengal, rest Northeast states, Odisha, North Andhra Pradesh, Kerala, Tamil Nadu, South Interior Karnataka and Uttarakhand. Light rains are possible over scattered places over rest parts of the country except rest parts of Rajasthan, West Haryana, South Punjab, and Rayalaseema.

International Fundamentals:

Cotton futures closed Friday with most contracts 53 to 72 point higher, with OCT 19 Cotton closed at 59.20, unch on Friday. The Cotlook A Index was unch on September 26 at 71.40 cents/lb. The AWP for this week was updated to 53.19 cents/lb, down 1.43 cents from last week.

From May 5 to Sep 27, the cumulative turnover of reserve cotton was 979,100 tons, and the turnover rate was 85.94%. On 27th Sep 55.97% Of Total Put Auction at 5714.3164 tons for sales. Average Transaction price was 11,684 Yuan/ton (Down by 317 Yuan/ton from the previous day). The discounted 3128 price was 12,929 yuan/ton (Down by 257 yuan/ton from the previous day).

The US Export Sales report from USDA showed 1,55,200 RB of 2019-20 upland cotton sold in the week of Sep 26th were up by 83% compared to previous week. With major buyers including Pakistan (35,400 RB) followed by Guatemala (30,300 RB), & Vietnam (19,800RB) and reductions were from Hong Kong (4,300 RB). For 2020-21, net upland sales were 12,800 RB were primarily from Guatemala (5,900RB), Honduras (3,500RB) & Colombia (3,400 RB). Higher demand and large export shipments has been reported from Vietnam and Indonesia which increased the US sales ultimately last week.

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.

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	-150	20180	20350	19660	20010	1737	1371	1397	-302
19-Nov	-230	19380	19650	19080	19420	535	442	1253	104
19-Dec	-270	19490	19500	18970	19340	177	159	682	76

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	700	-	-	-	-
19-Nov	-	-	150	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 30th Sep @ 5.30 pm

* Updated at as on 30-Sep- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Sep-19	28-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	5555	-
	Rajkot	B.T. Cotton	6285	6455	-170
	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	5550	0	5550
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5460	5400	60
	Fatehabad	B.T. Cotton	5470	5400	70
	Jind	B.T. Cotton	5705	5541	164
	Uchana	B.T. Cotton	5490	5390	100
	Dabwali	B.T. Cotton	5435	5435	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5550	5500	50
	Rawatsar	B.T. Cotton	5500	0	5500
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	5345	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5600	5400	200
	Hathras	Desi	5000	4700	300
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	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	30-Sep-19	28-Sep-19	
Punjab	Bhatinda	J-34	4080	4060	20
	Abohar	J-34	4085	4070	15
	Mansa	J-34	4080	4065	15
Haryana	Sirsa	J-34	4070	4050	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Sep-19	28-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	58	-
	Rajkot	B.T. Cotton	300	600	-300
	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	18000	0	18000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1360	340
	Fatehabad	B.T. Cotton	800	1000	-200
	Jind	B.T. Cotton	450	100	350
	Uchana	B.T. Cotton	1600	1500	100
	Dabwali	B.T. Cotton	2000	1250	750
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	2000	0	2000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	2525	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	90	100	-10
	Hathras	Desi	10	10	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	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	30-Sep-19	28-Sep-19	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	1190	1020	170
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	30-Sep-19	28-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	785	770	15
Delhi	New Delhi	Rs. /10 Kg.	745	750	-5
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	795	790	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-Sep-19	28-Sep-19	
Gujarat	Mahešana (Kadi)	Rs./Qtl	3362	3319	43
Maharashtra	Akola	Rs./Qtl	3367	3381	-14

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Sep-19	27-Sep-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38700	38700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39200	39200	Unch
J-34(202)	26mm	3.5 - 4.9	23	39500	39300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	41000	100
Shankar-6(105)	29mm	3.5 - 4.9	28	41700	41600	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	45000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	53500	53500	Unch

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

Index	Unit	30-Sep-19	28-Sep-19	Change
CCIndex(328)	RMB/Ton	NR	#N/A	-
CCIndex(527)	RMB/Ton	NR	#N/A	-
CCIndex(229)	RMB/Ton	NR	#N/A	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	30-Sep-19	28-Sep-19	Change
FC Index (S)	Cents/lb	#N/A	#N/A	-
FC Index (M)	Cents/lb	#N/A	#N/A	-
FC Index (L)	Cents/lb	#N/A	#N/A	-

Cotlook Index:

Cotlook Indices	Unit	26-Sep-19	25-Sep-19	Change
A-Index	Cents/Pound	71.4	71.4	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		26-Sep-19	26-Sep-19	Bales
Southeast	cents/lb.	61.28	63.53	0
North Delta	cents/lb.	60.28	62.53	4114
South Delta	cents/lb.	60.28	62.53	0
East TX-OK	cents/lb.	56.78	59.03	457
West Texas	cents/lb.	56.78	59.53	0
Desert SW	cents/lb.	54.03	58.03	423
SJ Valley	cents/lb.	54.53	63.43	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 28-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 Fri September 27, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190927	59.82	59.82	59.82	59.82	0.62	0	13	0
19-Dec	190927	60	61	59.58	60.9	0.62	10,102	138,811	222
20-Mar	190927	60.71	61.7	60.3	61.63	0.64	4,404	60,088	358
20-May	190927	61.56	62.43	61.07	62.41	0.52	537	8,557	-25
20-Jul	190927	62.14	63.1	61.83	63.04	0.44	210	8,244	-17
20-Oct	190927	63.46	63.46	63.46	63.46	0.34			
Total Volume and Open Interest							15,359	234,295	570

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