

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.41,500/per candy (74.47 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: *The extended rainfall in India is harming Indian cotton after the late arrival of monsoon this year. After the rains in Maharashtra and Madhya Pradesh, Gujarat is also facing from the excess rainfall since last 3 days which is on verge of deterioration of the already formed cotton bolls. The assessment could be done after the rain stops in the state. According the trade sources, North Haryana and bordering areas of Punjab is expecting lower yield (-2%) than expected because of unsuitable weather conditions (extreme hot and rainy weather) which could encourage the pest attack on cotton.*

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).

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 settled Monday with the nearby contracts 7 to 18 points lower, with DEC 19 Cotton closed at 60.72 on Monday. The Cotlook A Index was down 25 points on September 27 at 71.15 cents/lb. The AWP for this week was updated to 53.19 cents/lb, good through Thursday.

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	-290	19830	19870	19550	19870	830	-907	1303	-94
19-Nov	-150	19150	19150	19000	19170	332	-203	1106	-147
19-Dec	-120	18970	19000	18900	19060	227	50	705	23

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	720	-	-	-	-
19-Nov	-	-	150	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 01st Oct @ 5.30 pm

* Updated at as on 01-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Oct-19	30-Sep-19		
Gujarat	Ahmedabad	Shankar-6	NA	NA	-	
	Gondal	Shankar-6	6405	NA	-	
	Rajkot	B.T. Cotton	6470	6285	185	
	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	5450	5550	-100	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	5225	5460	-235	
	Fatehabad	B.T. Cotton	5250	5470	-220	
	Jind	B.T. Cotton	5645	5705	-60	
	Uchana	B.T. Cotton	5500	5490	10	
	Dabwali	B.T. Cotton	5300	5435	-135	
Rajasthan	Hanumangarh	B.T. Cotton	5350	5550	-200	
	Rawatsar	B.T. Cotton	5400	5500	-100	
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-	
	Khargaon	Mech-1	5400	NA	-	
Maharashtra	Amravati	Mech-1	NA	NA	-	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	5700	5600	100	
	Hathras	Desi	5200	5000	200	
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	1-Oct-19	30-Sep-19		
Punjab	Bhatinda	J-34	4020	4080	-60	
	Abohar	J-34	4020	4085	-65	
	Mansa	J-34	4020	4080	-60	
Haryana	Sirsa	J-34	3990	4070	-80	
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-	

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Oct-19	30-Sep-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	67	NA	-
	Rajkot	B.T. Cotton	830	300	530
	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	17000	18000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	2500	800	1700
	Jind	B.T. Cotton	150	450	-300
	Uchana	B.T. Cotton	2925	1600	1325
	Dabwali	B.T. Cotton	1800	2000	-200
Rajasthan	Hanumangarh	B.T. Cotton	4000	2000	2000
	Rawatsar	B.T. Cotton	5000	2000	3000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	4750	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	90	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	1-Oct-19	30-Sep-19	
Punjab	Bhatinda	J-34	5100	4250	850
	Abohar	J-34	2550	1700	850
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	1190	1190	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	1-Oct-19	30-Sep-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	785	-5
Delhi	New Delhi	Rs. /10 Kg.	748	745	3
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	802	795	7

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Oct-19	30-Sep-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3358	3362	-4
Maharashtra	Akola	Rs./Qtl	3344	3367	-23

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Sep-19	28-Sep-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38900	38700	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39400	39200	200
J-34(202)	26mm	3.5 - 4.9	23	39700	39500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41300	41100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	41900	41700	200
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	53000	53500	-500

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

Index	Unit	1-Oct-19	30-Sep-19	Change
CCIndex(328)	RMB/Ton	NR	NR	-
CCIndex(527)	RMB/Ton	NR	NR	-
CCIndex(229)	RMB/Ton	NR	NR	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	1-Oct-19	30-Sep-19	Change
FC Index (S)	Cents/lb	NR	NR	-
FC Index (M)	Cents/lb	NR	NR	-
FC Index (L)	Cents/lb	NR	NR	-

Cotlook Index:

Cotlook Indices	Unit	27-Sep-19	26-Sep-19	Change
A-Index	Cents/Pound	71.15	71.4	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Sep-19	30-Sep-19	Bales
Southeast	cents/lb.	61.83	64.08	0
North Delta	cents/lb.	60.83	63.08	0
South Delta	cents/lb.	60.83	63.08	264
East TX-OK	cents/lb.	57.33	59.58	2971
West Texas	cents/lb.	57.33	60.08	36
Desert SW	cents/lb.	54.58	58.58	0
SJ Valley	cents/lb.	55.08	63.98	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 30-Sep-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8700	160	8860
Equivalent	40 Kgs	9324	171	9495

Daily Futures Price Listing Mon September 30, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	190930	59.75	59.75	59.75	59.75	-0.07	0	7	-6
19-Dec	190930	60.98	61.13	60.08	60.83	-0.07	11,883	138,926	115
20-Mar	190930	61.58	61.86	60.82	61.55	-0.08	3,445	60,402	314
20-May	190930	62.26	62.66	61.6	62.45	0.04	764	8,370	-187
20-Jul	190930	62.92	63.41	62.34	63.18	0.14	454	8,330	86
20-Oct	190930	63.51	63.51	63.51	63.51	0.05			
Total Volume and Open Interest							16,777	234,731	436

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