

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.41,050/per candy (73.87 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: *According to the trade sources, the Indian cotton exports for the Aug'19 were reported at 61,991 bales against 68,509 bales in the previous month. The total exports of India from the starting of the marketing year in Oct'18 till July'19 reached to a total of 43.65 lakh bales around 21.34% lower compared to 64.99 lakh bales during the corresponding period in 2017-18. In Aug'19, Bangladesh was the largest importer, importing 45,187 indian bales with an average FOB of 2049.2 \$/Tonne followed by Iran (9,625bales at FOB 2013\$/Tonne) and Vietnam importing 4081 bales at 1238 \$/tonne.*

The Indian market remained firm at 74.63 (cents/lbs) compared to the international prices in US (62.79 cents/lbs) and Brazil stood at 60.22 cents/lbs in the month end. *The prices were firm in Domestic as well as in the international market in September after the largest cotton producer reported damage in Madhya Pradesh and Maharashtra from stagnated water in the cotton fields. The quality of cotton might be affected in these area which would decline the yield and production than expected.*

Monthly cotton yarn exports still are low by 35.7% compared to previous year during April- Aug. *The data released by the textile industry in August also showed a decline of 38.8%. India cotton industry is already struggling from slumped exports due to lean demand. The Indian export yarn exports fallen to 355 million kg in 2019 as against an average of 552 million kg in 2018 during April-Aug.*

Total arrivals stood slight higher at 1,94,930 lakh bales in the month September'19 compared to previous month 52,600 bales. *Of this, 39,300 bales were from Central India, followed by 23,400 bales from South India. The arrivals from North India (in Haryana and Punjab) have started so the arrivals increased to 1,32,230 bales this week compared 11,700 in August.*

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 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.*

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.

Weather Forecast for tomorrow:

During the next 24 hours, scattered light to moderate rains is expected over Maharashtra, Telangana, Andhra Pradesh, Karnataka, Kerala, Interior Tamil Nadu, South Chhattisgarh, Odisha, West Bengal, and Northeast states. Scattered light rains with one or two moderate spells can be seen over Bihar, Jharkhand. While isolated light rain is a possibility over West Madhya Pradesh, West and South Rajasthan, Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Weather of Uttar Pradesh, Punjab, Haryana, Delhi, North Rajasthan will be dry. However, isolated localised weather activities cannot be ruled out.

International Fundamentals:

Cotton futures closed 22 to 43 points higher in front months with nearby Oct showing no trade. This Cotlook A Index remains unch at 71.70 cents/lb for October 2. The updated AWP for this week saw a slight gain to 53.36 cents/lb.

The US Export Sales report from USDA showed 1,77,800 RB of 2019-20 upland cotton sold in the week of Sep 26th were up by 15% compared to previous week. With major buyers including Pakistan (62,900 RB) followed by Vietnam (24,000 RB), & Indonesia (21,500 RB) and reductions were from El Salvador (600 RB). For 2020-21, net upland sales were 7,500 RB were primarily from Bangladesh (6,600 RB) & Indonesia (900 RB). Higher demand and large export shipments has been reported from Vietnam (38,700RB), Mexico (21,800RB), Bangladesh (18,200RB) which increased the US sales ultimately last week.

Pakistan produced 18.52 lakh of cotton bales till September 15, 2019 lower compared to previous years' production of 25.17 lakh bales (-26%) on the corresponding period last year with production from the Punjab having sharply declined due to the excessive rains and due to the use of inferior quality pesticides made the situation uncontrollable. Of total, 598,314 bales arrived from the Punjab and 1,254,095 bales from Sindh, according to the report released by the Pakistan Cotton Ginners Association (PCGA). Cotton quality has been affected following rains in lower Sindh. According to private estimates from Pakistan, cotton production for current season (2019-20) would not be more than 11 million bales.

From January-July, China imports cotton of 1.395 million tons, an increase of 64.5%, import value of \$2.66 billion, an increase of 64.0% from previous year. In addition, the cotton alternative product cotton yarn imports stood at 1.183 million tons, down by 3.6% compared to previous year. The cotton yarn imports stood low this year because of lower demand as high inventory of yarn has been reported in the country.

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).

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	-90	19830	19910	19710	19830	561	-269	1195	-108
19-Nov	-20	19120	19190	18990	19130	264	-68	1166	60
19-Dec	0	19050	19100	18880	18980	132	-95	748	43

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	720	-	-	-	-
19-Nov	-	-	90	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 04th Oct @ 5.30 pm

* Updated at as on 04-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Oct-19	4-Oct-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6205	5655	550
	Rajkot	B.T. Cotton	6420	6450	-30
	Patan	B.T. Cotton	NA	5330	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NR	5570	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5350	5425	-75
	Fatehabad	B.T. Cotton	5350	5400	-50
	Jind	B.T. Cotton	5580	5650	-70
	Uchana	B.T. Cotton	5470	5390	80
	Dabwali	B.T. Cotton	5275	5345	-70
Rajasthan	Hanumangarh	B.T. Cotton	5250	5300	-50
	Rawatsar	B.T. Cotton	5250	5400	-150
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	5410	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5700	100
	Hathras	Desi	5300	4700	600
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5989	6089	-100
	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	5-Oct-19	4-Oct-19	
Punjab	Bhatinda	J-34	3910	3990	-80
	Abohar	J-34	3930	3990	-60
	Mansa	J-34	3920	3965	-45
Haryana	Sirsa	J-34	3900	3960	-60
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Oct-19	4-Oct-19	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	106	820	-714
	Rajkot	B.T. Cotton	1400	1400	Unch
	Patan	B.T. Cotton	NA	534	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NR	15000	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	2040	-340
	Fatehabad	B.T. Cotton	1200	1000	200
	Jind	B.T. Cotton	110	100	10
	Uchana	B.T. Cotton	2400	3200	-800
	Dabwali	B.T. Cotton	1300	850	450
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	4000	5000	-1000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	8310	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	650	120	530
	Hathras	Desi	80	50	30
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	19	21	-2
	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	5-Oct-19	4-Oct-19	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	2550	850	1700
	Mansa	J-34	850	255	595
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	5-Oct-19	4-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	780	Unch
Delhi	New Delhi	Rs. /10 Kg.	753	750	3
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	802	802	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Oct-19	4-Oct-19	
Gujarat	Mahešana (Kadi)	Rs./Qtl	3350	3358	-8
Maharashtra	Akola	Rs./Qtl	3327	3326	1

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Oct-19	3-Oct-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	NA	38300	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	NA	38700	-
J-34(202)	26mm	3.5 - 4.9	23	NA	37400	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41200	41200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	41600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43300	43300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44700	-200
DCH-32(107)	34mm	3.0 - 3.8	33	53000	53000	Unch

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

Index	Unit	4-Oct-19	3-Oct-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	4-Oct-19	3-Oct-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	4-Oct-19	3-Oct-19	Change
A-Index	Cents/Pound	#N/A	71.95	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Oct-19	4-Oct-19	Bales
Southeast	cents/lb.	62.17	64.42	0
North Delta	cents/lb.	61.17	63.42	0
South Delta	cents/lb.	61.17	63.42	0
East TX-OK	cents/lb.	58.17	60.42	4617
West Texas	cents/lb.	57.67	60.42	0
Desert SW	cents/lb.	55.42	59.42	0
SJ Valley	cents/lb.	55.92	64.82	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 4-Oct-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 Fri October 04, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	191004	60.59	60.59	60.59	60.59	0.07	1	1	0
19-Dec	191004	61.75	62.18	61.22	61.67	0.07	12,070	138,126	878
20-Mar	191004	62.44	62.94	62	62.42	0.06	3,849	62,134	389
20-May	191004	63.67	63.77	62.81	63.26	-0.01	620	8,615	28
20-Jul	191004	64.47	64.5	63.55	63.95	-0.06	431	8,565	61
20-Oct	191004	64.21	64.21	64.21	64.21	-0.14			
Total Volume and Open Interest							17,132	236,401	1,443

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