

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.40,800/per candy (73.28 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. Arrivals from North India has picked up the pace compared to last month with around 2.98 lakh bales so far from Punjab, Haryana and Rajasthan. Whereas in Gujarat also the market has reported some inflows from Ahmedabad, Rajkot, Patan and Gondal with totaling around 4000 bales so far.

News: As per the moisture content, the cotton prices (Kapas) moved lower to around Rs. 5000 to 5200 in Haryana and Punjab. The recent rains has led to increase the moisture content upto 18-20% and CCI is yet to enter in the market. CCI would buy Kapas from farmers directly at MSP (Rs.5550/q) so as to prevent them from loss but arthiyas are not allowing the farmers to sell their produce directly to CCI. The crop must generally have less than 8% moisture content for it to sell at MSP. Every 1% increase in moisture translates into lower price for farmers; the upper ceiling on moisture content is 12%.

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.

Weather Forecast for tomorrow:

Scattered light to moderate rain with one or two heavy spells is expected over West Bengal, parts of Odisha and South Chhattisgarh. Scattered light to moderate rain can be seen over Northeastern states, Sikkim, Telangana, Coastal Andhra Pradesh, Rayalaseema, interior Karnataka, parts of Madhya Maharashtra, interior Tamil Nadu and parts of Kerala. Whereas isolated light rain is a possibility over Jammu and Kashmir, Himachal Pradesh, Uttarakhand, parts of East Bihar with dry weather to prevail over rest all places. The dry northwesterly are prevailing over Northwest India, therefore, moisture reduction is seen which is indicative of the withdrawal of Monsoon around October 10.

International Fundamentals:

Cotton futures settled with 51 to 62 point losses in the front months on Tuesday. The Cotlook A Index was unch at 72.25 cents/lb for October 7. The AWP is 53.36 cents/lb, effective through Thursday.

Cotton import in Pakistan is expected to reach the record high of five million bales this year as local production of the industrial crop is estimated to decline 15 percent on high input prices, insect pests pressure and higher temperature. The revised production estimate would be 15 percent down from 12 million bales produced last year. Nearly 30 to 35 percent crop has already arrived in ginning factories till September 30, which was 27 percent down compared to the corresponding period last year and 33 percent lower against the government estimates. All Pakistan textile mills are requesting to abolish 11% taxes on import of cotton to bridge the massive shortfall to import around 5 million bales (11% higher from 2018-19).

NASS showed only 42% of US cotton in good to excellent condition in the week ending on 10th Oct'19. NASS Crop Progress data showed 83% of the crop with bolls opening (75% avg) higher than 76% in the corresponding period last year. The data shows that 25% of the crop has been harvested against 24% last year in the corresponding period. Weather was mostly quiet and dry in the rest of the Cotton Belt last week.

According to International cotton advisory committee (ICAC), the world cotton supply is estimated to increase by 5.35% and projected at 157.76 million bales in 2019-20 against previous year which was much lower 151.47 million bales in 2018-19. The consumption is likely to increase this year 2.47% to 155.71 million bales against last year's world consumption. If US-China dispute improves in the on-going year, the consumption and trade flow at the global level might see improvement in world cotton trade.

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).

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Oct	-80	19450	19500	19370	19490	481	93	1395	143
19-Nov	-60	18950	18970	18870	18960	212	125	1220	36
19-Dec	-40	18880	18880	18810	18900	68	59	736	-12

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	530	-	-	-	-
19-Nov	-	-	90	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 09th Oct @ 5.30 pm

* Updated at as on 09-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Oct-19	7-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5905	5755	150
	Rajkot	B.T. Cotton	6400	6400	Unch
	Patan	B.T. Cotton	5805	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5425	5425	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5250	5240	10
	Fatehabad	B.T. Cotton	5240	5195	45
	Jind	B.T. Cotton	5340	5510	-170
	Uchana	B.T. Cotton	5260	5300	-40
	Dabwali	B.T. Cotton	5190	5200	-10
Rajasthan	Hanumangarh	B.T. Cotton	5200	5100	100
	Rawatsar	B.T. Cotton	5150	5390	-240
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	5000	5300	-300
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	6069	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	9-Oct-19	7-Oct-19	
Punjab	Bhatinda	J-34	3825	3880	-55
	Abohar	J-34	3820	3890	-70
	Mansa	J-34	3800	3850	-50
Haryana	Sirsa	J-34	3830	3890	-60
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Oct-19	7-Oct-19		
Gujarat	Ahmedabad	Shankar-6	6800	2550	4250	
	Gondal	Shankar-6	398	207	191	
	Rajkot	B.T. Cotton	3600	2200	1400	
	Patan	B.T. Cotton	1040	NA	-	
	Kadi	B.T. Cotton	NA	NA	-	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	NA	NA	-	
Haryana	Bhiwani	B.T. Cotton	20000	15000	5000	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	2040	1700	340	
	Fatehabad	B.T. Cotton	1500	1600	-100	
	Jind	B.T. Cotton	1220	750	470	
	Uchana	B.T. Cotton	3200	3000	200	
	Dabwali	B.T. Cotton	2300	2000	300	
Rajasthan	Hanumangarh	B.T. Cotton	1500	3500	-2000	
	Rawatsar	B.T. Cotton	5000	4500	500	
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	150	400	-250	
	Hathras	Desi	50	60	-10	
Telangana	Adilabad	Un-Ginned	NR	NR	-	
Karnataka	Bijapur	Bunny	120	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	9-Oct-19	7-Oct-19		
Punjab	Bhatinda	J-34	8500	6800	1700	
	Abohar	J-34	2550	2720	-170	
	Mansa	J-34	1360	1020	340	
Haryana	Sirsa	J-34	2040	1700	340	
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-	

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	9-Oct-19	7-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	780	780	Unch
Delhi	New Delhi	Rs. /10 Kg.	753	753	Unch
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	9-Oct-19	7-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3540	3460	80
Maharashtra	Akola	Rs./Qtl	3339	3321	18

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Oct-19	5-Oct-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38300	38300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38700	38700	Unch
J-34(202)	26mm	3.5 - 4.9	23	37100	37700	-600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	41200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	41300	41600	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43200	43300	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	53000	53000	Unch

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

Index	Unit	9-Oct-19	7-Oct-19	Change
CCIndex(328)	RMB/Ton	12622	12600	22
CCIndex(527)	RMB/Ton	11621	11617	4
CCIndex(229)	RMB/Ton	12971	12953	18

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

China Foreign Cotton (FCE) Index :

Index	Unit	9-Oct-19	7-Oct-19	Change
FC Index (S)	Cents/lb	77.92	76.81	1.11
FC Index (M)	Cents/lb	73.72	72.31	1.41
FC Index (L)	Cents/lb	71.06	69.72	1.34

Cotlook Index:

Cotlook Indices	Unit	7-Oct-19	5-Oct-19	Change
A-Index	Cents/Pound	72.25	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		7-Oct-19	7-Oct-19	Bales
Southeast	cents/lb.	55.58	59.58	0
North Delta	cents/lb.	58.33	60.58	1944
South Delta	cents/lb.	61.33	63.58	0
East TX-OK	cents/lb.	56.08	64.98	0
West Texas	cents/lb.	61.33	63.58	0
Desert SW	cents/lb.	62.33	64.58	0
SJ Valley	cents/lb.	57.83	60.58	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 5-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 Tue October 08, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	191008	60.24	60.24	60.24	60.24	-0.51			
19-Dec	191008	61.62	61.8	60.79	61.32	-0.51	11,576	135,138	-818
20-Mar	191008	62.33	62.45	61.51	62.03	-0.54	4,058	63,818	495
20-May	191008	63.05	63.16	62.3	62.75	-0.68	795	8,794	138
20-Jul	191008	63.57	63.83	62.98	63.34	-0.76	375	8,457	52
20-Oct	191008	63.54	63.54	63.54	63.54	-0.71			
Total Volume and Open Interest							17,152	235,356	-138

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