

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.40,650/per candy (72.96 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: CCI has commenced the procurement initially from Punjab and Rajasthan as the prices are falling by around 10% below MSP. CCI is purchasing in small quantities as recent rains has increased the moisture content in the cotton. Yesterday CCI purchased raw cotton in Hanumangarh at Rs.5280/q as per the moisture content (11%) whereas in Punjab, today CCI has made some token purchases from Punjab at Abohar also. Farmers are being advised to let their cotton dry before they bring it to the market as CCI can only purchase fair average quality (FAQ) cotton with moisture content in the permissible limit between 8 % to 12 %.

Currently, daily market arrivals are at around 40,000 bales in North India, while in Telangana they are at around 2000-3000 bales. In Maharashtra, the daily arrivals are at around 3,000-4,000 bales and in Karnataka around 1,000 bales, according to the trade sources. Arrivals are set to pick up by the end of October or early November. As on, 9th Oct'19, arrivals from MP stood higher around 7,760 bales, and in Gujarat 6,650 bales. Better quality of cotton is expected to arrive from November which delayed by 30-40 days.

As per the moisture content, the cotton prices (Kapas) moved lower to around Rs. 5000 to 5200 in Haryana, Punjab and Rajasthan. The recent rains has led to increase the moisture content upto 18-20% and CCI is yet to enter in the market to procure from farmers in 1-2 days only. 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 (9,625 bales 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 to 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.

Weather Forecast for tomorrow:

Light to moderate rain with isolated heavy spells is expected over Madhya Maharashtra, parts of Odisha and South Chhattisgarh. Scattered light to moderate rain can be seen over Andaman and Nicobar Islands, Lakshadweep, Northeastern states, West Bengal, rest Odisha, Telangana, Karnataka, Andhra Pradesh, Kerala, parts of Tamil Nadu and Konkan and Goa and Marathwada. Whereas isolated light rain is a possibility over Bihar and Jharkhand.

International Fundamentals:

Cotton futures closed Wednesday with 72 to 78 points gains in the front months on Thursday. The Cotlook A Index remained 72.25 cents/lb for October 8. The AWP is 53.36 cents/lb and will be updated on 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	19580	19640	19450	19550	279	-202	1272	-123
19-Nov	-70	19050	19050	18950	19030	56	-156	1232	12
19-Dec	-20	18980	19000	18940	18960	39	-29	756	20

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	590	-	-	-	-
19-Nov	-	-	50	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 10th Oct @ 5.30 pm

* Updated at as on 10-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Oct-19	9-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	6205	5905	300
	Rajkot	B.T. Cotton	6400	6400	Unch
	Patan	B.T. Cotton	5875	5805	70
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5400	5425	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5260	5250	10
	Fatehabad	B.T. Cotton	5250	5240	10
	Jind	B.T. Cotton	5350	5340	10
	Uchana	B.T. Cotton	5240	5260	-20
	Dabwali	B.T. Cotton	5165	5190	-25
Rajasthan	Hanumangarh	B.T. Cotton	5300	5200	100
	Rawatsar	B.T. Cotton	5125	5150	-25
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	5700	Unch
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	6069	-
	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	10-Oct-19	9-Oct-19	
Punjab	Bhatinda	J-34	3830	3825	5
	Abohar	J-34	3840	3820	20
	Mansa	J-34	3830	3800	30
Haryana	Sirsa	J-34	3830	3830	Unch
Rajasthan	Sri-Ganganagar	J-34	3619	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Oct-19	9-Oct-19	
Gujarat	Ahmedabad	Shankar-6	10200	6800	3400
	Gondal	Shankar-6	324	398	-74
	Rajkot	B.T. Cotton	2000	3600	-1600
	Patan	B.T. Cotton	2391	1040	1351
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	17000	20000	-3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2210	2040	170
	Fatehabad	B.T. Cotton	2000	1500	500
	Jind	B.T. Cotton	500	1220	-720
	Uchana	B.T. Cotton	3000	3200	-200
	Dabwali	B.T. Cotton	2100	2300	-200
Rajasthan	Hanumangarh	B.T. Cotton	2500	1500	1000
	Rawatsar	B.T. Cotton	8000	5000	3000
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	150	Unch
	Hathras	Desi	50	50	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	120	-
	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	10-Oct-19	9-Oct-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	2210	2550	-340
	Mansa	J-34	1360	1360	Unch
Haryana	Sirsa	J-34	2210	2040	170
Rajasthan	Sri-Ganganagar	J-34	5000	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	10-Oct-19	9-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	782	780	2
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	10-Oct-19	9-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3536	3540	-4
Maharashtra	Akola	Rs./Qtl	3340	3339	1

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Oct-19	7-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	36200	37100	-900
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	41100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41200	41300	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43200	43200	Unch
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	10-Oct-19	9-Oct-19	Change
CCIndex(328)	RMB/Ton	12628	12622	6
CCIndex(527)	RMB/Ton	11627	11621	6
CCIndex(229)	RMB/Ton	12981	12971	10
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	10-Oct-19	9-Oct-19	Change
FC Index (S)	Cents/lb	78.67	77.92	0.75
FC Index (M)	Cents/lb	73.97	73.72	0.25
FC Index (L)	Cents/lb	71.81	71.06	0.75

Cotlook Index:

Cotlook Indices	Unit	9-Oct-19	7-Oct-19	Change
A-Index	Cents/Pound	71.75	72.25	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		9-Oct-19	9-Oct-19	Bales
Southeast	cents/lb.	62.59	64.84	0
North Delta	cents/lb.	61.59	63.84	0
South Delta	cents/lb.	61.59	63.84	0
East TX-OK	cents/lb.	58.59	60.84	4714
West Texas	cents/lb.	58.09	60.84	282
Desert SW	cents/lb.	55.84	59.84	70
SJ Valley	cents/lb.	56.34	65.24	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 7-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 Wed October 09, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Oct	191009	61.01	61.01	61.01	61.01	0.77			
19-Dec	191009	61.32	62.38	60.98	62.09	0.77	11,082	134,792	-346
20-Mar	191009	61.71	63.04	61.7	62.8	0.77	4,310	64,627	809
20-May	191009	62.82	63.7	62.57	63.51	0.76	1,162	8,936	142
20-Jul	191009	63.28	64.27	63.25	64.07	0.73	594	8,484	27
20-Oct	191009	64.23	64.23	64.23	64.23	0.69			
Total Volume and Open Interest							17,472	235,963	607

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