

**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, 9<sup>th</sup> 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:**

During the next 24 hours, scattered light to moderate rains are possible over Konkan and Goa, Madhya Maharashtra, Kerala, Interior Karnataka, parts of Telangana, Coastal Andhra Pradesh, Odisha, Gangetic West Bengal, Manipur, Mizoram and Tripura. Light rains with one or two moderate spells are likely over Vidarbha, Marathwada, Interior Tamil Nadu, Rayalaseema, Assam, Meghalaya, Arunachal Pradesh, Sub Himalayan West Bengal, Sikkim, parts of Chhattisgarh and Jharkhand. Isolated light rains may occur over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. The weather would remain dry over rest parts of the country.

#### **International Fundamentals:**

**Cotton futures saw 55 to 73 point losses in nearby months on Thursday.** The Cotlook A Index was down 50 points to 71.75 cents/lb for October 9. The AWP is was updated to 53.90 cents/lb on Thursday, up 54 points from last week.

**The US Export Sales report from USDA showed 1,88,800 RB of 2019-20 upland cotton sold in the week ending 3<sup>rd</sup> Oct'19 were up by 6% compared to previous week.** With major buyers including Pakistan (137,300 RB) followed by Vietnam (37,500 RB), South Korea (7,900 RB) & Indonesia (5,200 RB) and reductions were from El Salvador (7,400 RB), Mexico (400RB) & Malaysia (200RB). For 2020-21, net upland sales reductions of 5,300 RB were primarily from El Salvador. Higher demand and large export shipments has been reported from Vietnam (31,800RB), China (17,900RB), Bangladesh (14,700RB) which increased the US sales ultimately last week.

**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 10<sup>th</sup> 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.**

**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	0	19470	19550	19420	19520	282	3	1274	2
19-Nov	-20	18970	19040	18930	19040	49	-7	1235	3
19-Dec	0	18940	19020	18940	19000	25	-14	776	20

Spread	19-Sep	19-Oct	19-Nov	19-Dec	--	--
Spot	-				-	-
19-Oct	-	510	-	-	-	-
19-Nov	-	-	20	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 11th Oct @ 5.30 pm

\* Updated at as on 11-Oct- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Oct-19	10-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5505	6205	-700
	Rajkot	B.T. Cotton	6125	6400	-275
	Patan	B.T. Cotton	5825	5875	-50
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5350	5400	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5150	5260	-110
	Fatehabad	B.T. Cotton	5100	5250	-150
	Jind	B.T. Cotton	5300	5350	-50
	Uchana	B.T. Cotton	5245	5240	5
	Dabwali	B.T. Cotton	5100	5165	-65
Rajasthan	Hanumangarh	B.T. Cotton	5160	5300	-140
	Rawatsar	B.T. Cotton	5015	5125	-110
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5510	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5700	5700	Unch
	Hathras	Desi	5100	5000	100
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5939	6049	-110
	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	11-Oct-19	10-Oct-19	
Punjab	Bhatinda	J-34	3830	3830	Unch
	Abohar	J-34	3830	3840	-10
	Mansa	J-34	3820	3830	-10
Haryana	Sirsa	J-34	3830	3830	Unch
Rajasthan	Sri-Ganganagar	J-34	3619	3619	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Oct-19	10-Oct-19	
Gujarat	Ahmedabad	Shankar-6	13600	10200	3400
	Gondal	Shankar-6	384	324	60
	Rajkot	B.T. Cotton	2800	2000	800
	Patan	B.T. Cotton	3213	2391	822
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	20000	17000	3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2210	2210	Unch
	Fatehabad	B.T. Cotton	2500	2000	500
	Jind	B.T. Cotton	750	500	250
	Uchana	B.T. Cotton	2600	3000	-400
	Dabwali	B.T. Cotton	1200	2100	-900
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	7000	8000	-1000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	8575	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	300	150	150
	Hathras	Desi	60	50	10
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	101	55	46
	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	11-Oct-19	10-Oct-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	2550	2210	340
	Mansa	J-34	1020	1360	-340
Haryana	Sirsa	J-34	2040	2210	-170
Rajasthan	Sri-Ganganagar	J-34	5000	5000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	11-Oct-19	10-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	782	782	Unch
Delhi	New Delhi	Rs. /10 Kg.	750	753	-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	11-Oct-19	10-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3559	3536	23
Maharashtra	Akola	Rs./Qtl	3362	3340	22

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Oct-19	9-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	36600	36200	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41300	41100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	41300	41200	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	11-Oct-19	10-Oct-19	Change
CCIndex(328)	RMB/Ton	12628	12628	Unch
CCIndex(527)	RMB/Ton	11622	11627	-5
CCIndex(229)	RMB/Ton	12982	12981	1

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	11-Oct-19	10-Oct-19	Change
FC Index (S)	Cents/lb	77.99	78.67	-0.68
FC Index (M)	Cents/lb	73.36	73.97	-0.61
FC Index (L)	Cents/lb	71.16	71.81	-0.65



**Cotlook Index:**

Cotlook Indices	Unit	10-Oct-19	9-Oct-19	Change
A-Index	Cents/Pound	72.5	71.75	0.75

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Oct-19	10-Oct-19	Bales
Southeast	cents/lb.	61.92	64.17	0
North Delta	cents/lb.	60.92	63.17	0
South Delta	cents/lb.	60.92	63.17	0
East TX-OK	cents/lb.	57.92	60.42	1459
West Texas	cents/lb.	57.42	60.17	51
Desert SW	cents/lb.	55.17	59.17	0
SJ Valley	cents/lb.	55.67	64.57	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 10-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 Thu October 10, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">19-Dec</a>	191010	62	62.47	61.36	61.42	-0.67	14,979	133,701	-1,091
<a href="#">20-Mar</a>	191010	62.74	63.19	62.01	62.08	-0.72	6,201	65,701	1,074
<a href="#">20-May</a>	191010	63.7	63.84	62.69	62.73	-0.78	1,309	9,175	239
<a href="#">20-Jul</a>	191010	64.33	64.39	63.24	63.28	-0.79	520	8,574	90
<a href="#">20-Oct</a>	191010	63.48	63.48	63.48	63.48	-0.75			
<a href="#">20-Dec</a>	191010	65.1	65.2	64.12	64.12	-0.76	116	17,490	49
Total Volume and Open Interest							23,142	236,328	365

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