

**Domestic Fundamentals:****Market Outlook:**

*The Rajkot mandi price for variety Shankar 6 stood Rs.40,600/per candy (72.92 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 (9,625bales 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 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 is possible over Madhya Maharashtra, parts of Konkan and Goa, Karnataka, Kerala, and Odisha. Scattered light rains with one or two moderate spells are likely over Chhattisgarh, Telangana, Rayalaseema, and Tamil Nadu. Isolated rains may occur over Coastal Andhra Pradesh, Lakshadweep, Andaman and Nicobar Islands, West Bengal and Northeast India. There may be a marginal further increase in pollution of Delhi and NCR and will be in the poor category.

#### **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	12-Oct-19	11-Oct-19	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5955	5505	450
	Rajkot	B.T. Cotton	5795	6125	-330
	Patan	B.T. Cotton	5575	5825	-250
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5350	5350	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5200	5150	50
	Fatehabad	B.T. Cotton	5160	5100	60
	Jind	B.T. Cotton	5340	5300	40
	Uchana	B.T. Cotton	5210	5245	-35
	Dabwali	B.T. Cotton	5115	5100	15
Rajasthan	Hanumangarh	B.T. Cotton	5150	5160	-10
	Rawatsar	B.T. Cotton	5100	5015	85
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5505	5510	-5
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5700	5700	Unch
	Hathras	Desi	5100	5100	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	5939	-
	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	12-Oct-19	11-Oct-19	
Punjab	Bhatinda	J-34	3850	3830	20
	Abohar	J-34	3850	3830	20
	Mansa	J-34	3825	3820	5
Haryana	Sirsa	J-34	3850	3830	20
Rajasthan	Sri-Ganganagar	J-34	3619	3619	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Oct-19	11-Oct-19	
Gujarat	Ahmedabad	Shankar-6	13600	13600	Unch
	Gondal	Shankar-6	653	384	269
	Rajkot	B.T. Cotton	3200	2800	400
	Patan	B.T. Cotton	3566	3213	353
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	20000	20000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	2210	-510
	Fatehabad	B.T. Cotton	2200	2500	-300
	Jind	B.T. Cotton	1220	750	470
	Uchana	B.T. Cotton	3320	2600	720
	Dabwali	B.T. Cotton	2800	1200	1600
Rajasthan	Hanumangarh	B.T. Cotton	3500	3000	500
	Rawatsar	B.T. Cotton	6000	7000	-1000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	8320	8575	-255
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	300	-100
	Hathras	Desi	35	60	-25
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NA	101	-
	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	12-Oct-19	11-Oct-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	2550	2550	Unch
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	2380	2040	340
Rajasthan	Sri-Ganganagar	J-34	3000	5000	-2000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
-----------	-----------------	-------	--------

State	Centre	Unit	12-Oct-19	11-Oct-19	
Gujarat	Rajkot	Rs. /10 Kg.	782	782	Unch
Delhi	New Delhi	Rs. /10 Kg.	755	750	5
Telangana	Hyderabad	Rs. /10 Kg.	Unq	Unq	-
Maharashtra	Mumbai	Rs. /10 Kg.	800	802	-2

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Oct-19	11-Oct-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3565	3559	6
Maharashtra	Akola	Rs./Qtl	3360	3362	-2

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Oct-19	10-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	36400	36600	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	41300	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	41000	41300	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42900	43200	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44200	44500	-300
DCH-32(107)	34mm	3.0 - 3.8	33	53000	53000	Unch

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

Index	Unit	12-Oct-19	11-Oct-19	Change
CCIndex(328)	RMB/Ton	Closed	12628	-
CCIndex(527)	RMB/Ton	Closed	11622	-
CCIndex(229)	RMB/Ton	Closed	12982	-

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

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

Index	Unit	12-Oct-19	11-Oct-19	Change
FC Index (S)	Cents/lb	Closed	77.99	-
FC Index (M)	Cents/lb	Closed	73.36	-
FC Index (L)	Cents/lb	Closed	71.16	-



**Cotlook Index:**

Cotlook Indices	Unit	11-Oct-19	10-Oct-19	Change
A-Index	Cents/Pound	71.75	72.5	-0.75

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Oct-19	11-Oct-19	Bales
Southeast	cents/lb.	64.38	66.63	0
North Delta	cents/lb.	63.38	65.63	510
South Delta	cents/lb.	63.38	65.63	0
East TX-OK	cents/lb.	60.38	62.88	4218
West Texas	cents/lb.	59.88	62.63	351
Desert SW	cents/lb.	57.63	61.63	0
SJ Valley	cents/lb.	58.13	67.03	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
Cotton(ICE)									
<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

### **Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.