

Domestic Fundamentals:

Market Outlook:

The Rajkot mandi price for variety Shankar 6 stood Rs.38,650/per candy (68.8 cents/lb). Cotton prices across India reported to showed mixed trend across. The international cotton market remained weaker. President Trump's signing of a symbolic bill supporting the democratic movement in Hong Kong angered China, which has potential to derail US and China trade talks and kept ICE cotton on the defensive.

News: According to the latest data released by the textile industry, the Indian cotton yarn exports declined drastically by 33.3% till Oct'19 from the starting of the financial year in April'19. India exported 753 million kg in 2018 while only 502 million kg in 2019 during April to October. The top importers of cotton yarn (including raw cotton) were China (-53%), Bangladesh (-37.9%) and Egypt (-0.73%) so far in 2019 although the exports to these countries were lesser compared to the previous year (2018) because of disparity between domestic and international cotton prices. Decline in raw cotton exports from Bangladesh (-42%), Vietnam (-80.7%), China (-88.6%), and Taiwan (-63.2%) due to lower demand while the exports increased to Iran (837%), Oman and Nepal (22.9%).

According to the trade sources, the Indian cotton exports for the Oct'19 were reported at 1.33 lakh bales against 71,403 bales in the previous month. In Oct'19, Bangladesh was the largest importer, importing 1.24 lakh Indian bales with an average FOB of 1.75 \$/Kg lower compared to 1.82 \$/kg previous month followed by Vietnam importing 2711 bales at 1.67 \$/Kg, Indonesia at an average of 1.58\$/kg for 2353 bales. China also has started importing cotton from India but in small quantities. India exported around 1316 bales at an average FOB of 1.67\$/kg in the new season in October'19.

According to the sources, the major procurement center Adilabad in Telangana, CCI is procuring cotton at MSP (Rs.5550/q) cotton having moisture level between 8-12%. Cotton having more than 12% moisture content is being rejected by CCI which is sold to the private traders at an average price of Rs.4500/q. So far, 1.17 lakh bales have been procured Telangana started on 6th November'19. Whereas, CCI procured around only 5000 bales in Guntur district of Andhra Pradesh that started from 21st Nov'19 because the procurement is sluggish in the state due to high moisture content.

According to the latest estimates of released by CAB, the crop size estimate for the season 2019-20 is retained at 360 lakh bales against 330 lakh bales in 2018-19. As per CAB estimates, cotton sowing for the 2019-20 year is about 1 per cent down at 125.84 lakh hectares. Also, CAB indicated that India's domestic cotton consumption may rise 4-5 per cent during 2019-20 as it expects the consumption of the fiber to remain at around 331 lakh bales for the year, against 316.5 lakh bales estimated for 2018-19.

According to the Agriwatch estimates, total cotton production in India likely to decline by around 20-22 lakh bales to approximately 350 lakh bales from the previous estimates of 371 lakh bales earlier for 2019-20 season. Cotton in Gujarat, Maharashtra, MP and Telangana, all the major cotton producing states were hit by the untimely rains till first week of November which affected the total India's cotton production to decline by around 6-8% from the earlier estimates.

In Saurashtra region, farmers in Amreli and Sundernagar have complaint for pink bollworm attack after the extended and untimely rains. Therefore, the state was expecting to produce around 95-100 lakh bales earlier but now only 88-90 lakh bales (-12%) is expected to produce. Similarly other states are also prone to pest attack and the damage caused by the rains is significant than expected. The production likely to decline by 11% in Maharashtra followed by AP and Telangana by -10 to -14% from the previous estimates for 2019-20 season.

The farmers from Bhatinda, Mansa, Muktsar and Fazilka in Punjab are in distress as CCI still has been procuring cotton in bulk quantities. The farmers claims that half of the total arrived cotton have been sold to the private traders at lower prices than MSP at around Rs.5000-5200/q. About 2.65 lakh bales have arrived in the mandis of Punjab till November 21 and only 18000 bales have been purchased by CCI so far.

As on 18 November 2019, CCI has procured around 4 lakh quintals (2.35 lakh bales) kapas at Rs.5550/q (MSP) from the farmers mainly in the states of Punjab, Haryana, Rajasthan and Telangana and at some centres in the states of Gujarat, Maharashtra, Madhya Pradesh, Andhra Pradesh and Karnataka except in Tamil Nadu and Odisha by the Union Minister of Textiles, Smriti Zubin Irani. The procurement by CCI is likely to pace up from December as the initial arrivals in Maharashtra, Gujarat, Telangana and MP have not been good due to untimely rains that affected the quality of cotton. The current prices in mandis were Rs 5,000-5,400 a quintal but by December, good-quality cotton and if global demand picks up, the domestic prices too will increase.

According to the trade sources, Total arrivals stood around 29.28 lakh bales so far till 21st Nov'19. And a total of 8.48 lakh bales have arrived in this week ending on 21st Nov'19 higher against 6.15 lakh bales last week. Of this, 4.49 lakh bales were from Central India, followed by 2.13 lakh bales from South India in this week. The arrivals from North India (in Haryana, Punjab & Rajasthan) have started so the arrivals increased to around 1.85 lakh bales this week.

Cotton prices gets support in Adilabad district as the farmers are bringing dried cotton to the procurements centers as recommended by CCI. Their produce attracting the minimum support price (MSP) of Rs 5,500 per quintal. The trend of bringing dried up produce to the yards is catching up rapidly. Also CCI is preparing the procurement centers in Guntur to start soon as without CCI procurement in the area, the private traders are buying cotton at around Rs.4000/q.

Gujarat cotton Shankar 6 variety prices has decline to Rs.38000 to 39000/ candy since last week on quality concerns after the heavy rains. Whereas before October month the prices remained firm around Rs.40000 to 43000/ candy. Most of the cotton growing centres, not just in Gujarat but across India, received rains in October, which adversely affected the quality of cotton. Similarly, the raw cotton (kapas) prices in Adilabad is prevailing around Rs.5000/q as per the moisture content.

Weather Forecast for tomorrow:

During the next 24 hours, rain and thundershower activities will continue in parts of Kerala, South Karnataka and Lakshadweep area with moderate spells and strong gusty winds along with few heavy spells cannot be ruled out. The activity over North Tamil Nadu and South Andhra Pradesh is likely to reduce. Scattered light to moderate rain and thundershowers will be seen over North Karnataka, Andhra Pradesh, Telangana, South Madhya Maharashtra, and adjoining coast.

International Fundamentals:

Cotton futures in the front months were lower by 14 to 50 points, DEC 19 Cotton closed at 64.52, up 12 points. The 11/29 Cotlook A Index was brought to an even 75 cents per pound, after a slight 10 point drop. . The AWP from Friday was 56.20 cents /lb.

China and Pakistani cotton yarn trade volume was generally stable in 2019. Chinese traders mainly suffered losses from early 2019, but Pakistani mills enjoyed tolerable profits, mainly due to the sharp rupee depreciation and China's tariff policy on Pakistani yarn. Amid changes in tariff policies under the FTA, Chinese traders ordered cautiously, leading to slow sales in Pakistani yarn with Dec shipment. In addition, Pakistan's cotton prices rose sharply amid production cut, slower listing, tolerable downstream demand and high tariffs on imported yarn. Due to high cotton prices and the stagnant trade between India and Pakistan, Pakistan's imports of US cotton and Vietnamese yarns increased.

In 2018-19, Brazil approximately produced 11 million US bales of cotton, up from 9.22 million US bales in the preceding crop year (2017-18). In 2019-20, the production of cotton is forecasted to amount to 11.97 million bales because of better weather conditions in the country this year.

The US Export Sales report from USDA showed 281,500 RB of 2019-20 upland cotton sold in the week ending 21st Nov'19 were up by 24% compared to previous week. With major buyers including Vietnam (74,100RB), Turkey (67,800 RB) Bangladesh (46,400RB), Malaysia (39,900RB) followed by China (39,600 RB) and reductions were from Mexico (67,500RB).

For 2020-21, net upland sales of 23,800 RB were primarily for Malaysia (14,100RB), Thailand (5,300RB), Japan (2,600RB), and Indonesia (1,800RB).

The USDA's weekly crop progress report showed cotton harvest crest above 78% complete in the week ending 24th November against 68% in same period last year. Although some areas experienced delays due to rain, cotton harvest continued in most areas of the Plains in Texas. The average pace of harvesting is 74%, with Texas has completed 68% harvest, Georgia has harvested 85% of their crop followed by Kansas harvesting 64% of the crop and Missouri harvesting 91% of the crop.

Data released by Pakistan Cotton Ginners' Association (PCGA), Pakistan cotton production up to November 15 at 6.85 million bales, down by around 21% over 8.67 million bales in same period last year. Affected by climate change, the cotton production continues to give a gloomy picture as effects of high temperature, heavy rains and gusty winds reduced crop by around 1.814 million bales. A steep fall in cotton production in Punjab was the major factor which reduced overall output in the country. Punjab produced 3.69 mln bales as against 4.98 mln in corresponding period last year, showing a decline of around 26%. Sindh also suffered immensely, crop was lower by 14.14% at 3.16 mln bales, compared to 3.68 mln produced in same period of previous season.

Exports of raw cotton from Pakistan during first quarter of current financial year increased by 53.65% as compared the exports of the corresponding period of last year. According the data of Pakistan Bureau of Statistics, during the period from July'19-September'19, about 6,980 metric tons of raw cotton worth 10.828 million dollar exported as compared the exports of 4,619 metric tons valuing 7.043 million dollar of same period of last year. However, the exports of cotton yarn and cotton cloth decreased by 6.19% and 5.60% respectively and was recorded at 294.280 million dollar.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Dec	-70	19070	19110	19020	19120	363	-117	2130	-33
20-Jan	-90	19230	19250	19200	19290	26	-341	500	-783
20-Feb					19320		-808	8	-1532

Spread	19-Oct	19-Nov	19-Dec	20-Jan	--	--
Spot	-				-	-
19-Oct	-	-140	-	-	-	-
19-Nov	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 3rd Dec @ 5.30 pm

* Updated at as on 03-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Dec-19	2-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5125	5125	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5075	5075	Unch
	Patan	B.T. Cotton	5180	5200	-20
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5035	4955	80
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	6300	6300	Unch
	Adampur	B.T. Cotton	5050	5050	Unch
	Fatehabad	B.T. Cotton	5060	5050	10
	Jind	B.T. Cotton	5440	5450	-10
	Uchana	B.T. Cotton	5175	5175	Unch
	Dabwali	B.T. Cotton	5050	5070	-20
Rajasthan	Hanumangarh	B.T. Cotton	5070	5100	-30
	Rawatsar	B.T. Cotton	5070	5050	20
Madhya Pradesh	Khandwa	Mech-1	5400	5300	100
	Khargaon	Mech-1	5550	5550	Unch
Maharashtra	Amravati	Mech-1	5050	4975	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	5200	-
	Hathras	Desi	NR	4500	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5319	5310	9
	Hubli	D.C.H.	5350	5500	-150
	Hubli	B.T. Cotton	6500	6550	-50
	Raichur	H-44 Cotton	NA	5080	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Dec-19	2-Dec-19	
Punjab	Bhatinda	J-34	3950	3945	5
	Abohar	J-34	3950	3960	-10
	Mansa	J-34	3925	3930	-5
Haryana	Sirsa	J-34	3915	3910	5
Rajasthan	Sri-Ganganagar	J-34	3629	3685	-56

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Dec-19	2-Dec-19	
Gujarat	Ahmedabad	Shankar-6	76500	76500	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4400	5200	-800
	Patan	B.T. Cotton	20973	17922	3051
	Kadi	B.T. Cotton	60000	80000	-20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	158	120	38
Haryana	Bhiwani	B.T. Cotton	2500	3000	-500
	Bhiwani	Desi	50	20	30
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	1200	1100	100
	Jind	B.T. Cotton	680	801	-121
	Uchana	B.T. Cotton	3000	3800	-800
	Dabwali	B.T. Cotton	1200	1600	-400
Rajasthan	Hanumangarh	B.T. Cotton	2000	3000	-1000
	Rawatsar	B.T. Cotton	5000	5000	Unch
Madhya Pradesh	Khandwa	Mech-1	700	200	500
	Khargaon	Mech-1	5295	4690	605
Maharashtra	Amravati	Mech-1	10000	10000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	20	-
	Hathras	Desi	NR	10	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6441	7189	-748
	Hubli	D.C.H.	NA	16	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	3840	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Dec-19	2-Dec-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	2210	-510
	Mansa	J-34	850	680	170
Haryana	Sirsa	J-34	2040	1700	340
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	3-Dec-19	2-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	810	805	5
Delhi	New Delhi	Rs. /10 Kg.	788	780	8
Telangana	Hyderabad	Rs. /10 Kg.	815	820	-5
Maharashtra	Mumbai	Rs. /10 Kg.	810	812	-2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	3-Dec-19	2-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1931	1928	3
Maharashtra	Akola	Rs./Qtl	2002	2003	-1

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Dec-19	30-Nov-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38100	38100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38600	38600	Unch
J-34(202)	26mm	3.5 - 4.9	23	37300	37200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	39300	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	38700	38700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40000	40400	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39600	39900	-300
DCH-32(107)	34mm	3.0 - 3.8	33	40200	40700	-500

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

Index	Unit	3-Dec-19	2-Dec-19	Change
CCIndex(328)	RMB/Ton	13043	13076	-33
CCIndex(527)	RMB/Ton	12058	12100	-42
CCIndex(229)	RMB/Ton	13406	13433	-27

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

China Foreign Cotton (FCE) Index :

Index	Unit	3-Dec-19	2-Dec-19	Change
FC Index (S)	Cents/lb	79.09	79.59	-0.50
FC Index (M)	Cents/lb	75.02	75.52	-0.50
FC Index (L)	Cents/lb	73.99	74.49	-0.50

Cotlook Index:

Cotlook Indices	Unit	2-Dec-19	29-Nov-19	Change
A-Index	Cents/Pound	74.55	75	-0.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		2-Dec-19	2-Dec-19	Bales
Southeast	cents/lb.	62.8	65.05	0
North Delta	cents/lb.	61.8	64.05	0
South Delta	cents/lb.	61.8	64.05	0
East TX-OK	cents/lb.	59.55	61.8	1205
West Texas	cents/lb.	59.55	62.3	1997
Desert SW	cents/lb.	57.3	61.3	829
SJ Valley	cents/lb.	57.8	66.7	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 02-Dec-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8900	160	9060
Equivalent	40 Kgs	9538	171	9709

Daily Futures Price Listing Fri December 2, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191202	64.75	64.75	63.85	63.85	-0.55	585	289	-625
20-Mar	191202	65.36	65.98	64.75	64.8	-0.56	10,627	123,259	34
20-May	191202	66.4	66.95	65.85	65.91	-0.48	3,579	31,860	323
20-Jul	191202	67.2	67.58	66.61	66.86	-0.16	1,490	16,670	199
20-Oct	191202	67.13	67.13	67.13	67.13	-0.16	0	5	0
20-Dec	191202	67.05	67.5	66.52	67.33	0.49	533	25,055	306
Total Volume and Open Interest							16,936	199,012	237

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