

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

The Rajkot mandi price for variety Shankar 6 stood Rs.38,500/per candy (68.66 cents/lb). Cotton prices across India reported to showed mixed trend across. The international cotton market remained firm. US President Donald Trump said a trade agreement with China might have to wait until after the US presidential election in November 2020.

**News:** As on 3<sup>rd</sup> Dec'19, CCI procured 7.50 lakh bales in total across India, buying the large quantity of 4.65 lakh bales from Telangana followed by 1.21 lakh bales from Punjab, Haryana and Rajasthan. Around 74,000 bales were procured from Maharashtra, 37,000 bales from Gujarat and the minimum purchases of 9,500 bales were reported from Andhra Pradesh. According to the trade sources, around 45.5 lakh bales have been arrived in the Indian markets so far as on 3<sup>rd</sup> Dec'19.

**The CCI procurement commenced after a long wait in Dabwali, Haryana.** CCI started buying from today because of which the prices stood higher at Rs.5450/q against Rs.5000/q before the procurement started because it was bought by the private traders. As in Punjab and Haryana, CCI is procuring for the first time this year, therefore, the procurement is sluggish in the North India.

**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 6<sup>th</sup> November'19. Whereas, CCI procured around only 5000 bales in Guntur district of Andhra Pradesh that started from 21<sup>st</sup> 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 claim 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 21<sup>st</sup> Nov'19.** And a total of 8.48 lakh bales have arrived in this week ending on 21<sup>st</sup> 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.

### **Weather Forecast for tomorrow:**

During the next 24 hours, subdued activities will continue over the south peninsula. Light scattered rains will be seen over Kerala, Tamil Nadu, Karnataka, and South Gujarat. Isolated spells will be seen over Rayalaseema, Madhya Maharashtra, Konkan, and Goa. Light rain with one or two moderate spells will be seen over Lakshadweep. Windspeed will be in moderate to strong along the west coast particularly over Karnataka, Maharashtra, Gujarat, and Lakshadweep. Sea conditions may also become rough for another 48 hours.

### **International Fundamentals:**

**Cotton futures were 10 to 80 points higher, DEC 19 Cotton closed at 63.2, up 10 points.** The Cotlook A Index was 40 more points lower to 74.15 cents per pound on Dec 3rd. The AWP will be updated tomorrow, but is currently 56.20 cents /lb.

**According to the data released by Pakistan Cotton Ginner's Association (PCGA), total of 7.44 million bales of cotton have been arrived on 1<sup>st</sup> Dec'19 in 2019-20 season.** The arrivals were down by 20.49 per cent over arrival of 9.336 million bales during the corresponding period of last season. Total cotton arrivals decreased by 24.06 per cent year-on-year to 4.141 million bales in the major state Punjab. While in Sindh province, cotton arrivals decreased 15.52 per cent to 3.306 million bales as on 1<sup>st</sup> Dec during the ongoing cotton season 2019-20. The textile mills in Pakistan consumed 5.974 million bales, while another 50,430 bales of cotton were sold to exporters.

**The USDA's weekly crop progress report showed cotton harvest crest above 83% complete in the week ending 1<sup>st</sup> December against only 74% in same period last year.** Precipitation slowed harvest in some areas in Texas. The average pace of harvesting is 81%, with Texas has completed 74% harvest, Georgia has harvested 89% of their crop followed by Kansas harvesting 71% of the crop and Missouri harvesting 95% of the crop.

**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 (2018-19).** 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 21<sup>st</sup> 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 24<sup>th</sup> 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Dec	-50	19100	19150	19020	19120	362	-118	2123	-40
20-Jan	-20	19210	19290	19180	19250	56	-311	582	-701
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 5th Dec @ 5.30 pm

\* Updated at as on 05-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Dec-19	4-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5125	5100	25
	Gondal	Shankar-6	5105	5130	-25
	Rajkot	B.T. Cotton	5055	5075	-20
	Patan	B.T. Cotton	5235	5245	-10
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	4700	4725	-25
	Dhrol	B.T. Cotton	NA	5025	-
Haryana	Bhiwani	B.T. Cotton	5225	5225	Unch
	Bhiwani	Desi	6300	6300	Unch
	Adampur	B.T. Cotton	5080	5050	30
	Fatehabad	B.T. Cotton	5050	5060	-10
	Jind	B.T. Cotton	5380	5440	-60
	Uchana	B.T. Cotton	5145	5150	-5
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5060	5080	-20
	Rawatsar	B.T. Cotton	5080	5070	10
Madhya Pradesh	Khandwa	Mech-1	5450	5400	50
	Khargaon	Mech-1	5550	5600	-50
Maharashtra	Amravati	Mech-1	5000	5000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5300	5300	Unch
	Hathras	Desi	4500	4700	-200
Telangana	Adilabad	Un-Ginned	NA	4900	-
Karnataka	Bijapur	Bunny	5339	5340	-1
	Hubli	D.C.H.	5400	5400	Unch
	Hubli	B.T. Cotton	6500	6500	Unch
	Raichur	H-44 Cotton	NA	5100	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	5-Dec-19	4-Dec-19	
Punjab	Bhatinda	J-34	3960	3950	10
	Abohar	J-34	3960	3950	10
	Mansa	J-34	3935	3925	10
Haryana	Sirsa	J-34	3920	3900	20
Rajasthan	Sri-Ganganagar	J-34	3610	3647	-38

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Dec-19	4-Dec-19	
Gujarat	Ahmedabad	Shankar-6	76500	79900	-3400
	Gondal	Shankar-6	2983	3931	-948
	Rajkot	B.T. Cotton	5400	6400	-1000
	Patan	B.T. Cotton	18366	20662	-2296
	Kadi	B.T. Cotton	50000	60000	-10000
	Deesa	B.T. Cotton	400	1010	-610
	Dhrol	B.T. Cotton	NA	226	-
Haryana	Bhiwani	B.T. Cotton	4000	3500	500
	Bhiwani	Desi	30	20	10
	Adampur	B.T. Cotton	1700	2040	-340
	Fatehabad	B.T. Cotton	800	1200	-400
	Jind	B.T. Cotton	950	850	100
	Uchana	B.T. Cotton	3600	3830	-230
	Dabwali	B.T. Cotton	2000	1600	400
Rajasthan	Hanumangarh	B.T. Cotton	2000	2200	-200
	Rawatsar	B.T. Cotton	4000	8000	-4000
Madhya Pradesh	Khandwa	Mech-1	1000	500	500
	Khargaon	Mech-1	6515	5675	840
Maharashtra	Amravati	Mech-1	10000	9000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	15	100	-85
	Hathras	Desi	10	5	5
Telangana	Adilabad	Un-Ginned	NA	27560	-
Karnataka	Bijapur	Bunny	7142	7111	31
	Hubli	D.C.H.	NA	178	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4177	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Dec-19	4-Dec-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	2040	1700	340
Rajasthan	Sri-Ganganagar	J-34	4000	4000	Unch

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	5-Dec-19	4-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	820	810	10
Delhi	New Delhi	Rs. /10 Kg.	792	788	4
Telangana	Hyderabad	Rs. /10 Kg.	830	825	5
Maharashtra	Mumbai	Rs. /10 Kg.	820	815	5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Dec-19	4-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1964	1944	20
Maharashtra	Akola	Rs./Qtl	1999	1999	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Dec-19	3-Dec-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	37200	37300	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	39000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38700	38700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40000	40000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39500	39600	-100
DCH-32(107)	34mm	3.0 - 3.8	33	40200	40200	Unch

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

Index	Unit	5-Dec-19	4-Dec-19	Change
CCIndex(328)	RMB/Ton	13031	13033	-2
CCIndex(527)	RMB/Ton	12060	12057	3
CCIndex(229)	RMB/Ton	13388	13390	-2

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

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

Index	Unit	5-Dec-19	4-Dec-19	Change
FC Index (S)	Cents/lb	78.61	78.34	0.27



FC Index (M)	Cents/lb	74.6	74.27	0.33
FC Index (L)	Cents/lb	73.65	73.24	0.41

**Cotlook Index:**

Cotlook Indices	Unit	4-Dec-19	3-Dec-19	Change
A-Index	Cents/Pound	73.5	74.15	-0.65

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Dec-19	4-Dec-19	Bales
Southeast	cents/lb.	63.2	65.45	859
North Delta	cents/lb.	61.7	63.95	0
South Delta	cents/lb.	61.7	63.95	0
East TX-OK	cents/lb.	59.45	61.7	1290
West Texas	cents/lb.	59.45	61.95	8944
Desert SW	cents/lb.	57.2	61.2	826
SJ Valley	cents/lb.	57.7	66.6	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 04-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 4, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Dec</a>	191204	63.54	64.5	63.17	63.17	0.07	6	219	-16
<a href="#">20-Mar</a>	191204	64.05	64.85	64.05	64.7	0.65	21,627	121,760	-1,995
<a href="#">20-May</a>	191204	65.16	65.87	65.15	65.61	0.46	6,117	31,922	-294
<a href="#">20-Jul</a>	191204	66.24	66.76	66.09	66.5	0.34	2,858	16,367	-388
<a href="#">20-Oct</a>	191204	66.86	66.96	66.86	66.96	0.45	0	5	0
<a href="#">20-Dec</a>	191204	67.04	67.29	66.61	67.06	0.1	1,476	24,871	-136
Total Volume and Open Interest							32,156	196,990	-2,856

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