

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,600/per candy (69.07 cents/lb). Cotton prices across India reported to showed mixed trend across. Cotton futures jumped more than 2% on Friday, lifted by upbeat comments from US President Donald Trump on trade talks with China, while robust monthly jobs report out of the United States provided further support to the market.

News: World Trade Organization (WTO) panel has determined that India's export subsidies are inconsistent with WTO requirements based on the complaint lodged by US. India has appealed against the decision. The panel decision against the Indian subsidy measures, in particular, the Merchandise Exports from India Scheme (MEIS). Government has announced two initiatives to incentivize producers and exporters in India so as to smoothen the exports as the Indian cotton prices are higher than other in the competitive countries.

As on 3rd 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 3rd 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 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 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.

Weather Forecast for tomorrow:

During the next 24 hours, scattered light to moderate rains will continue over coastal Tamil Nadu, with light rains over South Andhra Pradesh. Weather to be dry over rest parts of the country. Delhi pollution will be in poor to very poor with severe at few places.

International Fundamentals:

Cotton futures were up triple digits, DEC 19 Cotton closed at 64.06, up 55 points. The 12/05 Cotlook A Index was regained all 65 points back up to 74.15. The weekly AWP was reduced to 55.97 cents/lb. on Thursday, effective through December 12.

The US Export Sales report from USDA showed 163,700 RB of 2019-20 upland cotton sold in the week ending 28th Nov'19 were down by 42% compared to previous week. With major buyers including Bangladesh (65,100RB), Vietnam (34,500RB), Pakistan (12,800RB), and Turkey (10,500 RB). Reductions were from Hong Kong (900RB). For 2020-21, net upland sales of 2,200 RB were primarily for Honduras (1,800RB). Net Upland Shipment for exports of 166,700 RB were down 10 percent from the previous week, but up 15 percent from the prior 4-week average.

According to the data released by Pakistan Cotton Ginner's Association (PCGA), total of 7.44 million bales of cotton have been arrived on 1st 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 1st 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 1st 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 (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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Dec	-20	19070	19120	19020	19050	348	-132	2089	-74
20-Jan	-40	19210	19250	19160	19210	55	-312	604	-679
20-Feb	11249	0	0	0	19320	0	-808	8	-1532

Spread	19-Oct	19-Nov	19-Dec	20-Jan	--	--
Spot	-				-	-
19-Oct	-	-130	-	-	-	-
19-Nov	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 6th Dec @ 5.30 pm

* Updated at as on 06-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Dec-19	6-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5150	5150	Unch
	Gondal	Shankar-6	5205	5105	100
	Rajkot	B.T. Cotton	5125	5050	75
	Patan	B.T. Cotton	5290	5200	90
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4960	5010	-50
Haryana	Bhiwani	B.T. Cotton	5280	5250	30
	Bhiwani	Desi	6350	6300	50
	Adampur	B.T. Cotton	5180	5100	80
	Fatehabad	B.T. Cotton	5200	5125	75
	Jind	B.T. Cotton	5400	5320	80
	Uchana	B.T. Cotton	5160	5180	-20
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5125	5125	Unch
	Rawatsar	B.T. Cotton	5085	5020	65
Madhya Pradesh	Khandwa	Mech-1	Closed	5400	-
	Khargaon	Mech-1	5550	5550	Unch
Maharashtra	Amravati	Mech-1	5050	5100	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5300	5300	Unch
	Hathras	Desi	4600	4600	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5333	5330	3
	Hubli	D.C.H.	5400	5400	Unch
	Hubli	B.T. Cotton	6500	6500	Unch
	Raichur	H-44 Cotton	NA	5125	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	7-Dec-19	6-Dec-19	
Punjab	Bhatinda	J-34	3960	3965	-5
	Abohar	J-34	4000	3975	25
	Mansa	J-34	4000	3940	60
Haryana	Sirsa	J-34	3960	3920	40
Rajasthan	Sri-Ganganagar	J-34	3666	3619	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Dec-19	6-Dec-19	
Gujarat	Ahmedabad	Shankar-6	79900	76500	3400
	Gondal	Shankar-6	2726	2829	-103
	Rajkot	B.T. Cotton	3000	4400	-1400
	Patan	B.T. Cotton	24692	18877	5815
	Kadi	B.T. Cotton	70000	50000	20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	151	255	-104
Haryana	Bhiwani	B.T. Cotton	5000	4000	1000
	Bhiwani	Desi	30	40	-10
	Adampur	B.T. Cotton	1700	2040	-340
	Fatehabad	B.T. Cotton	1000	900	100
	Jind	B.T. Cotton	950	850	100
	Uchana	B.T. Cotton	3850	2600	1250
	Dabwali	B.T. Cotton	2300	2300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2000	2200	-200
	Rawatsar	B.T. Cotton	5000	5000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	600	-
	Khargaon	Mech-1	5880	5160	720
Maharashtra	Amravati	Mech-1	10000	10000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	12	25	-13
	Hathras	Desi	15	12	3
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4634	6023	-1389
	Hubli	D.C.H.	NA	26	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4605	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Dec-19	6-Dec-19	
Punjab	Bhatinda	J-34	6800	8500	-1700
	Abohar	J-34	2550	2550	Unch
	Mansa	J-34	1360	850	510
Haryana	Sirsa	J-34	1360	2380	-1020
Rajasthan	Sri-Ganganagar	J-34	2500	3000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	7-Dec-19	6-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	830	820	10
Delhi	New Delhi	Rs. /10 Kg.	800	800	Unch
Telangana	Hyderabad	Rs. /10 Kg.	840	830	10
Maharashtra	Mumbai	Rs. /10 Kg.	835	825	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	7-Dec-19	6-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1965	1965	Unch
Maharashtra	Akola	Rs./Qtl	1988	1980	8

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Dec-19	5-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	37500	37300	200
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	40100	40000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39600	39600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	40400	40200	200

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

Index	Unit	7-Dec-19	6-Dec-19	Change
CCIndex(328)	RMB/Ton	Closed	13051	-
CCIndex(527)	RMB/Ton	Closed	12078	-
CCIndex(229)	RMB/Ton	Closed	13388	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	7-Dec-19	6-Dec-19	Change
FC Index (S)	Cents/lb	Closed	78.77	-
FC Index (M)	Cents/lb	Closed	74.73	-
FC Index (L)	Cents/lb	Closed	73.75	-

Cotlook Index:

Cotlook Indices	Unit	6-Dec-19	5-Dec-19	Change
A-Index	Cents/Pound	#N/A	74.15	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		6-Dec-19	6-Dec-19	Bales
Southeast	cents/lb.	64.5	66.75	0
North Delta	cents/lb.	63.5	65.75	0
South Delta	cents/lb.	63.5	65.75	976
East TX-OK	cents/lb.	60.75	63	4070
West Texas	cents/lb.	60.75	63.25	20253
Desert SW	cents/lb.	58.5	62.5	447
SJ Valley	cents/lb.	59	67.9	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 06-Dec-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

Daily Futures Price Listing Fri December 6, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-Dec	191206	64.06	65	64.06	65	1.49	221	94	-100
20-Mar	191206	64.51	66.32	64.51	66	1.49	16,596	121,155	-119
20-May	191206	65.5	67.18	65.5	66.85	1.35	4,749	33,127	239
20-Jul	191206	66.75	67.87	66.53	67.51	1.03	1,577	16,337	111
20-Oct	191206	67.76	67.76	67.76	67.76	0.95	1	7	1
20-Dec	191206	67.42	67.98	67.17	67.64	0.53	1,490	24,451	163
Total Volume and Open Interest							24,692	197,012	289

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