

Domestic Fundamentals:

Market Outlook:

The Rajkot mandi price for variety Shankar 6 stood Rs.38,750/per candy (69.69 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures rose more than 1% on Tuesday after the U.S. Department of Agriculture lowered U.S. and world production and stocks estimates for the end of the 2019/20 crop year in its monthly supply-demand report.

News: US expects further decline in production by around 0.61% than the previous estimates of 20.8 US million bales to 20.2 US million bales. Although, the production is still higher than previous year that stood at 18.37 US million bales (2018-19). The exports are also expected to increase to 16.5 US million bales in 2019-20 against 14.76 US million bales in 2018-19. According to the WASDE report, cotton production also declined in India and Pakistan at 29.5 US million bales (-0.5%) and 6.2 US million bales (-0.8%) from previous month's estimates.

As per the latest data released by ICAL, total arrivals in North zone reached around 27.82 lakh bales from 1st Sep'19 till 30th Nov'19 up compared to 27.72 lakh bales in the same period last year. So far, arrivals in Rajasthan stood at 14.09 lakh bales followed by Haryana at 10.43 lakh bales and Punjab at 3.29 lakh bales in the same period. CCI procured 74,922 bales from the above three states as on 30th Nov'19. CCI procured majority of cotton from Abohar (8,456 bales) in Punjab followed by Fazilka (1,892 bales). In Haryana, CCI has not been seen much active covering only 4 centres in the state: Kalanwali (10,609 bales), Adampur (6,548 bales), Ellenabad (5,159 bales) and Sirsa (2,588 bales). Whereas CCI was active in many areas in Rajasthan supporting the prices and maintaining around MSP.

According to the Telangana state pressing report of October and November'19, Adilabad pressed 1,60,000 bales followed by Warangal (1,42,000 bales), Nalgonda (1,40,000 bales), Mahabubnagar (95,000 bales) with total pressed bales of 7,08,700 bales so far. In Adilabad district, still the farmers are facing problems in selling their produce as CCI refused to buy stating that moisture content was high and now in the name of Koudi (insect) which attacks the crop at the final stage. Farmers are worried as private traders are purchasing the cotton at a cost of Rs 4,500 per quintal. About 6.81 lakh quintals of cotton came to Adilabad market yard for sale. Of this, CCI had purchased 4.93 lakh quintals and private trades purchased 1.87 lakh quintals.

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.

Weather Forecast for tomorrow:

During the next 24 hours, light scattered rain is possible over Jammu and Kashmir, isolated light rains over Ladakh and Himachal Pradesh, parts of Arunachal Pradesh, Assam, Meghalaya. Light rain is likely in a few parts of Tamil and South Andhra Pradesh. Weather in the rest parts of the country will remain dry.

International Fundamentals:

Cotton futures posted gains ranging from 0 to 56 points in the nearby contracts, Mar 20 Cotton closed at 65.94, up 56 points. The Cotlook A Index was back above the 75 mark after a triple digit move on 12/09; the index was up 1.45 to 75.35. The weekly AWP was 55.97 cents/lb.

Brazil is the second largest exporter with a 17% share of the world exports at 1.5 million tons. China's increased import needs will likely be provided by Brazil, followed by West Africa and India. Brazil exports for October have increased to 12.56 lakh bales, with 5.01 lakh bales exported to China followed by Vietnam importing 1.88 lakh bales. Brazil also shipped 1.40 lakh bales to Bangladesh in Oct'19. Harvest has finished in Oct, the 2019 crop is being ginned. In Mato Grosso, planting of the first crop cotton will occur in December. Acreage is expected to be near unchanged from last year at 155,759 hectares out of total acreage of 1,139,871 hectares, a new record.

The USDA's weekly crop progress report showed cotton harvest crest above 89% complete in the week ending 8th December. Precipitation slowed harvest in some areas in Texas. Texas has completed 74% harvest, Georgia has harvested 93% of their crop followed by Kansas harvesting 82% of the crop and Missouri harvesting 98% of the crop.

In China, the cotton yarn imports expected to increase by around 13% at 1.75 lakh tonnes in November compared to the previous year. The overall market demand seemed better than expected and the price of USD and exchange rate provided some momentum for the traders, therefore, the yarn imports in November surged. According to the shipments in overseas market in Oct, the imports from Vietnam is estimated at 81,000 tonnes, from India about 20,300 tonnes.

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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Dec	-20	19030	19090	19010	19070	294	-186	2085	-78
20-Jan	-10	19180	19250	19150	19220	134	-233	770	-513
20-Feb	-90	19360	19380	19310	19400	4	-804	71	-1469

Spread	19-Oct	19-Nov	19-Dec	20-Jan	--	--
Spot	-				-	-
19-Oct	-	-160	-	-	-	-
19-Nov	-	-	-	-	-	-

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

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

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Dec-19	10-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	5205	5305	-100
	Rajkot	B.T. Cotton	5155	5200	-45
	Patan	B.T. Cotton	5205	5250	-45
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5100	5245	-145
Haryana	Bhiwani	B.T. Cotton	5370	5400	-30
	Bhiwani	Desi	6350	6350	Unch
	Adampur	B.T. Cotton	5150	5180	-30
	Fatehabad	B.T. Cotton	5125	5180	-55
	Jind	B.T. Cotton	5270	5360	-90
	Uchana	B.T. Cotton	5300	5310	-10
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5100	5180	-80
	Rawatsar	B.T. Cotton	5050	5100	-50
Madhya Pradesh	Khandwa	Mech-1	5400	5500	-100
	Khargaon	Mech-1	5550	5550	Unch
Maharashtra	Amravati	Mech-1	5150	5100	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5300	5300	Unch
	Hathras	Desi	4500	4500	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5469	5451	18
	Hubli	D.C.H.	5500	5500	Unch
	Hubli	B.T. Cotton	6600	6700	-100
	Raichur	H-44 Cotton	NA	5200	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	11-Dec-19	10-Dec-19	
Punjab	Bhatinda	J-34	3980	4000	-20
	Abohar	J-34	3975	4000	-25
	Mansa	J-34	3970	3980	-10
Haryana	Sirsa	J-34	3930	3960	-30
Rajasthan	Sri-Ganganagar	J-34	3638	3638	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Dec-19	10-Dec-19	
Gujarat	Ahmedabad	Shankar-6	76500	76500	Unch
	Gondal	Shankar-6	3504	3141	363
	Rajkot	B.T. Cotton	4400	5400	-1000
	Patan	B.T. Cotton	23005	23270	-265
	Kadi	B.T. Cotton	60000	60000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	236	217	19
Haryana	Bhiwani	B.T. Cotton	3000	4000	-1000
	Bhiwani	Desi	30	20	10
	Adampur	B.T. Cotton	1700	2210	-510
	Fatehabad	B.T. Cotton	700	1000	-300
	Jind	B.T. Cotton	1190	551	639
	Uchana	B.T. Cotton	3070	3400	-330
	Dabwali	B.T. Cotton	2700	3000	-300
Rajasthan	Hanumangarh	B.T. Cotton	2500	3000	-500
	Rawatsar	B.T. Cotton	10000	10000	Unch
Madhya Pradesh	Khandwa	Mech-1	700	1000	-300
	Khargaon	Mech-1	6620	6620	Unch
Maharashtra	Amravati	Mech-1	14000	12000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5	5	Unch
	Hathras	Desi	15	15	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5978	5212	766
	Hubli	D.C.H.	NA	24	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5460	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Dec-19	10-Dec-19	
Punjab	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1700	1700	Unch
Haryana	Sirsa	J-34	2550	2550	Unch
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-Dec-19	10-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	840	840	Unch
Delhi	New Delhi	Rs. /10 Kg.	805	810	-5
Telangana	Hyderabad	Rs. /10 Kg.	845	850	-5
Maharashtra	Mumbai	Rs. /10 Kg.	855	850	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	11-Dec-19	10-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2019	2061	-42
Maharashtra	Akola	Rs./Qtl	2116	2129	-13

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Dec-19	9-Dec-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38200	38500	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38700	39000	-300
J-34(202)	26mm	3.5 - 4.9	23	37600	37900	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39200	39400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	39100	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40300	40500	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39800	40000	-200
DCH-32(107)	34mm	3.0 - 3.8	33	40600	40800	-200

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

Index	Unit	11-Dec-19	10-Dec-19	Change
CCIndex(328)	RMB/Ton	13093	13093	Unch
CCIndex(527)	RMB/Ton	12109	12107	2
CCIndex(229)	RMB/Ton	13437	13434	3

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

China Foreign Cotton (FCE) Index :

Index	Unit	11-Dec-19	10-Dec-19	Change
FC Index (S)	Cents/lb	80.8	80.03	0.77
FC Index (M)	Cents/lb	76.8	76.3	0.50
FC Index (L)	Cents/lb	75.53	75.03	0.50

Cotlook Index:

Cotlook Indices	Unit	10-Dec-19	9-Dec-19	Change
A-Index	Cents/Pound	74.85	75.35	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Dec-19	10-Dec-19	Bales
Southeast	cents/lb.	64.43	66.68	210
North Delta	cents/lb.	63.43	65.68	0
South Delta	cents/lb.	63.43	65.68	0
East TX-OK	cents/lb.	60.68	62.93	4044
West Texas	cents/lb.	60.68	63.18	12653
Desert SW	cents/lb.	58.43	62.43	600
SJ Valley	cents/lb.	58.93	67.83	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-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 10, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	191210	65.74	66.23	64.88	65.93	0.55	24,205	120,790	-82
20-May	191210	66.68	67.22	65.92	66.9	0.5	6,966	33,706	121
20-Jul	191210	67.48	67.95	66.75	67.59	0.42	2,268	16,235	-277
20-Oct	191210	67.91	67.91	67.91	67.91	0.49	0	7	0
20-Dec	191210	67.35	68.05	67	67.79	0.49	893	24,221	-241
21-Mar	191210	68.3	68.54	68.3	68.39	0.55	20	1,050	3
Total Volume and Open Interest							34,378	196,834	-527

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