

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,650/per candy (69.60 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures rose after the recent wave of trade optimism has lifted cotton prices but bearish pressures on the commodity remain strong.

News: India retain its overall cotton output for the 2019-20 season at 354.5 lakh bales, according to CAI. Cotton arrivals during October and November are estimated at 56.15 lakh bales. Cotton exports shipments during 1st Oct'19 to 30th Nov'19 stood at 5 lakh bales as the country is facing problems due to higher MSP compared to international prices and quality issues. Whereas the imports are on higher side are estimated at 5 lakh bales during the same period. Domestic prices are hovering around Rs.38,000-40,000/candy and around 80-95% of the arrivals is being bought by CCI so as to stabilize the prices.

Today the arrivals in North India were far lower than previous day due to heavy rainfall in Punjab, Haryana and rawastar, ganganagar and hanumangarh in Rajasthan and Vidarbha region of Maharashtra. The rainfall at this point of time might affect the harvested cotton as the fear of high moisture increases. After one month, the cotton prices took correction during the past week. If the rain continues, the crop might be affected and the infestation of pink bollworm might increase.

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.

Weather Forecast for tomorrow:

During the next 24 hours, scattered rain is possible over the western and northern parts of Rajasthan on December 11 and at many places on December 12. Scattered rain and thundershowers are expected over Jammu and Kashmir, Himachal Pradesh and Ladakh on December 12 and at many places on December 12 including Uttarakhand. Fairly widespread rain and thundershowers can be seen over Punjab, Haryana while scattered over Delhi, Uttar Pradesh. While scattered rain over Madhya Pradesh, Bihar and isolated over Jharkhand and Vidarbha will be seen.

International Fundamentals:

Cotton futures front months ended mixed at 6 lower to 18 higher, Mar 20 Cotton is at 65.87, down 6 points. The Cotlook A Index fell 50 points on 12/10 to 74.85. The weekly AWP is 55.97 cents/lb through tomorrow afternoon.

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	60	19020	19110	18950	19020	265	-215	2045	-118
20-Jan	10	19150	19250	19100	19190	72	-295	816	-467
20-Feb	0	0	0	0	19340	0	-808	71	-1469

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 12th Dec @ 5.30 pm

* Updated at as on 12-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Dec-19	11-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5250	5300	-50
	Gondal	Shankar-6	5205	5205	Unch
	Rajkot	B.T. Cotton	5125	5155	-30
	Patan	B.T. Cotton	5250	5205	45
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5130	5100	30
Haryana	Bhiwani	B.T. Cotton	5350	5370	-20
	Bhiwani	Desi	6350	6350	Unch
	Adampur	B.T. Cotton	5115	5150	-35
	Fatehabad	B.T. Cotton	5100	5125	-25
	Jind	B.T. Cotton	NR	5270	-
	Uchana	B.T. Cotton	5270	5300	-30
	Dabwali	B.T. Cotton	NR	5450	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	5100	-
	Rawatsar	B.T. Cotton	NR	5050	-
Madhya Pradesh	Khandwa	Mech-1	5300	5400	-100
	Khargaon	Mech-1	5500	5550	-50
Maharashtra	Amravati	Mech-1	5250	5150	100
	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	5409	5469	-60
	Hubli	D.C.H.	5900	5500	400
	Hubli	B.T. Cotton	6600	6600	Unch
	Raichur	H-44 Cotton	NA	5100	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	12-Dec-19	11-Dec-19	
Punjab	Bhatinda	J-34	3980	3980	Unch
	Abohar	J-34	3980	3975	5
	Mansa	J-34	3965	3970	-5
Haryana	Sirsa	J-34	3930	3930	Unch
Rajasthan	Sri-Ganganagar	J-34	3638	3638	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Dec-19	11-Dec-19	
Gujarat	Ahmedabad	Shankar-6	85000	76500	8500
	Gondal	Shankar-6	2521	3504	-983
	Rajkot	B.T. Cotton	5000	4400	600
	Patan	B.T. Cotton	15601	23005	-7404
	Kadi	B.T. Cotton	70000	60000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	230	236	-6
Haryana	Bhiwani	B.T. Cotton	3500	3000	500
	Bhiwani	Desi	30	30	Unch
	Adampur	B.T. Cotton	850	1700	-850
	Fatehabad	B.T. Cotton	125	700	-575
	Jind	B.T. Cotton	NR	1190	-
	Uchana	B.T. Cotton	2000	3070	-1070
	Dabwali	B.T. Cotton	NR	2700	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	2500	-
	Rawatsar	B.T. Cotton	NR	10000	-
Madhya Pradesh	Khandwa	Mech-1	500	700	-200
	Khargaon	Mech-1	5200	6620	-1420
Maharashtra	Amravati	Mech-1	12000	14000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5	5	Unch
	Hathras	Desi	10	15	-5
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5746	5978	-232
	Hubli	D.C.H.	NA	20	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5250	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Dec-19	11-Dec-19	
Punjab	Bhatinda	J-34	5100	10200	-5100
	Abohar	J-34	510	1700	-1190
	Mansa	J-34	255	1700	-1445
Haryana	Sirsa	J-34	340	2550	-2210
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	12-Dec-19	11-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	840	840	Unch
Delhi	New Delhi	Rs. /10 Kg.	802	805	-3
Telangana	Hyderabad	Rs. /10 Kg.	845	845	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	850	855	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Dec-19	11-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2022	2019	3
Maharashtra	Akola	Rs./Qtl	2102	2116	-14

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Dec-19	10-Dec-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38200	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38700	-200
J-34(202)	26mm	3.5 - 4.9	23	37400	37600	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	39200	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	38700	38900	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40100	40300	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39600	39800	-200
DCH-32(107)	34mm	3.0 - 3.8	33	40400	40600	-200

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

Index	Unit	12-Dec-19	11-Dec-19	Change
CCIndex(328)	RMB/Ton	13093	13093	Unch
CCIndex(527)	RMB/Ton	12109	12109	Unch
CCIndex(229)	RMB/Ton	13437	13437	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	12-Dec-19	11-Dec-19	Change
FC Index (S)	Cents/lb	80.8	80.8	Unch
FC Index (M)	Cents/lb	76.8	76.8	Unch
FC Index (L)	Cents/lb	75.53	75.53	Unch

Cotlook Index:

Cotlook Indices	Unit	11-Dec-19	10-Dec-19	Change
A-Index	Cents/Pound	75.35	74.85	0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Dec-19	11-Dec-19	Bales
Southeast	cents/lb.	64.88	67.13	1748
North Delta	cents/lb.	63.38	65.63	0
South Delta	cents/lb.	63.38	65.63	0
East TX-OK	cents/lb.	60.63	62.88	11782
West Texas	cents/lb.	60.63	63.13	16011
Desert SW	cents/lb.	58.38	62.38	750
SJ Valley	cents/lb.	58.88	67.78	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 11-Dec-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8750	160	8910
Equivalent	40 Kgs	9377	171	9548

Daily Futures Price Listing Fri December 11, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	191211	65.93	66.19	65.34	65.88	-0.05	19,314	118,618	-2,172
20-May	191211	66.83	67.23	66.39	66.95	0.05	6,031	34,130	424
20-Jul	191211	67.46	67.96	67.14	67.75	0.16	1,701	15,993	-242
20-Oct	191211	68.01	68.01	68.01	68.01	0.1	0	7	0
20-Dec	191211	67.5	68.05	67.5	67.87	0.08	908	24,269	48
21-Mar	191211	68.55	68.55	68.45	68.45	0.06	10	1,058	8
Total Volume and Open Interest							27,964	194,900	-1,934

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