

**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 by 2% after the positive comments from the US President Donald Trump on trade negotiations with China, while a firmer export sales data further supported market sentiment.

**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 1<sup>st</sup> Oct'19 to 30<sup>th</sup> 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 1<sup>st</sup> Sep'19 till 30<sup>th</sup> 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 30<sup>th</sup> 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 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.

**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.

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

During the next 24 hours, fairly widespread heavy rain and snow is expected over Jammu and Kashmir, Ladakh, Himachal Pradesh and Uttarakhand. Light to moderate rains and thundershowers with one or two heavy spells associated with isolated hailstorm activity is possible over Punjab, Haryana, Uttar Pradesh and parts of Northeast Madhya Pradesh. Scattered light to moderate rains might occur over Rajasthan, rest parts of Madhya Pradesh and parts of Bihar. Light rains are likely at a few places over Vidarbha, Tamil Nadu, Kerala, Sikkim and Assam.

### **International Fundamentals:**

**Cotton futures front months ended positive, Mar 20 Cotton closed at 67.22, up 134 points.** The Cotlook A Index regained yesterday's 50 points and is back to 75.35 for 12/11. The updated AWP for cotton increased by 69 points to 56.66 cents per lb.

**The US Export Sales report from USDA showed 277,100 RB of 2019-20 upland cotton sold in the week ending 5<sup>th</sup> Dec'19 were up by 69% compared to previous week.** With major buyers including Turkey (80,100 RB), Pakistan (61,300RB), Vietnam (52,300RB), Bangladesh (19,200RB), and Malaysia (17,600RB) & the reductions were from Thailand (1,500RB). For 2020-21, net upland sales of 6,600 RB were primarily for Vietnam (2,600 RB), Mexico (2,200 RB), and Indonesia (1,800 RB). Net Upland Shipment for exports of 186,300 RB were up 12 percent from the previous week, and 21 percent from the prior 4-week average.

**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 8<sup>th</sup> 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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Dec	-50	19280	19280	19150	19230	480	0	1882	-281
20-Jan	-20	19430	19430	19320	19380	219	-148	845	-438
20-Feb	120	19510	19510	19460	19340	3	-805	71	-1469

Spread	19-Oct	19-Nov	19-Dec	20-Jan	--	--
Spot	-				-	-
19-Oct	-	-150	-	-	-	-
19-Nov	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 13th Dec @ 5.30 pm

\* Updated at as on 13-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Dec-19	12-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	5280	5205	75
	Rajkot	B.T. Cotton	5200	5125	75
	Patan	B.T. Cotton	5300	5250	50
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5105	5130	-25
Haryana	Bhiwani	B.T. Cotton	5400	5350	50
	Bhiwani	Desi	6350	6350	Unch
	Adampur	B.T. Cotton	5180	5115	65
	Fatehabad	B.T. Cotton	5175	5100	75
	Jind	B.T. Cotton	5250	NR	-
	Uchana	B.T. Cotton	5150	5270	-120
	Dabwali	B.T. Cotton	5035	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NR	-
	Rawatsar	B.T. Cotton	5085	NR	-
Madhya Pradesh	Khandwa	Mech-1	5400	5300	100
	Khargaon	Mech-1	5500	5500	Unch
Maharashtra	Amravati	Mech-1	5200	5250	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	5300	-
	Hathras	Desi	NR	4500	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5470	5409	61
	Hubli	D.C.H.	5550	5900	-350
	Hubli	B.T. Cotton	7000	6600	400
	Raichur	H-44 Cotton	NA	5100	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Dec-19	12-Dec-19	
Punjab	Bhatinda	J-34	3980	3980	Unch
	Abohar	J-34	4000	3980	20
	Mansa	J-34	4000	3965	35
Haryana	Sirsa	J-34	3960	3930	30
Rajasthan	Sri-Ganganagar	J-34	NA	3638	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Dec-19	12-Dec-19	
Gujarat	Ahmedabad	Shankar-6	76500	85000	-8500
	Gondal	Shankar-6	2578	2521	57
	Rajkot	B.T. Cotton	5000	5000	Unch
	Patan	B.T. Cotton	9991	15601	-5610
	Kadi	B.T. Cotton	60000	70000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	351	230	121
Haryana	Bhiwani	B.T. Cotton	1000	3500	-2500
	Bhiwani	Desi	30	30	Unch
	Adampur	B.T. Cotton	510	850	-340
	Fatehabad	B.T. Cotton	NA	125	-
	Jind	B.T. Cotton	510	NR	-
	Uchana	B.T. Cotton	750	2000	-1250
	Dabwali	B.T. Cotton	120	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NR	-
	Rawatsar	B.T. Cotton	3000	NR	-
Madhya Pradesh	Khandwa	Mech-1	700	500	200
	Khargaon	Mech-1	1000	5200	-4200
Maharashtra	Amravati	Mech-1	13000	12000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	5	-
	Hathras	Desi	NR	10	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5358	5746	-388
	Hubli	D.C.H.	12	210	-198
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	3990	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Dec-19	12-Dec-19	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	NA	510	-
	Mansa	J-34	NA	255	-
Haryana	Sirsa	J-34	255	340	-85
Rajasthan	Sri-Ganganagar	J-34	NA	5000	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	13-Dec-19	12-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	840	840	Unch
Delhi	New Delhi	Rs. /10 Kg.	807	802	5
Telangana	Hyderabad	Rs. /10 Kg.	845	845	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	850	850	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Dec-19	12-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2074	2022	52
Maharashtra	Akola	Rs./Qtl	2120	2102	18

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Dec-19	11-Dec-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	37400	37400	Unch
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	40100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39600	39600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	40400	40400	Unch

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

Index	Unit	13-Dec-19	12-Dec-19	Change
CCIndex(328)	RMB/Ton	13131	13093	38
CCIndex(527)	RMB/Ton	12168	12109	59
CCIndex(229)	RMB/Ton	13475	13437	38

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

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

Index	Unit	13-Dec-19	12-Dec-19	Change
FC Index (S)	Cents/lb	81.88	80.8	1.08
FC Index (M)	Cents/lb	77.83	76.8	1.03
FC Index (L)	Cents/lb	76.81	75.53	1.28



**Cotlook Index:**

Cotlook Indices	Unit	12-Dec-19	11-Dec-19	Change
A-Index	Cents/Pound	75.35	75.35	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Dec-19	12-Dec-19	Bales
Southeast	cents/lb.	66.17	68.42	601
North Delta	cents/lb.	64.67	66.92	263
South Delta	cents/lb.	64.67	66.92	529
East TX-OK	cents/lb.	61.92	64.17	13663
West Texas	cents/lb.	61.92	64.42	32074
Desert SW	cents/lb.	59.67	63.67	500
SJ Valley	cents/lb.	60.17	69.07	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 12-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 12, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	191212	65.76	67.38	65.57	67.17	1.29	16,233	118,789	171
<a href="#">20-May</a>	191212	66.92	68.32	66.66	68.11	1.16	4,568	33,982	-148
<a href="#">20-Jul</a>	191212	67.78	68.9	67.5	68.67	0.92	1,928	16,008	15
<a href="#">20-Oct</a>	191212	68.62	68.62	68.62	68.62	0.61	0	7	0
<a href="#">20-Dec</a>	191212	67.87	68.79	67.81	68.52	0.65	986	24,190	-79
<a href="#">21-Mar</a>	191212	69	69.28	68.98	69.14	0.69	13	1,062	4
Total Volume and Open Interest							23,728	194,863	-37

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