

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,850/per candy (69.98 cents/lb). Cotton prices across India reported to showed mixed trend across. Cotton futures fell on Friday, as lack of clarity about progress on a US-China trade deal weighed on investor sentiment, while the Democrats' latest impeachment move against President Donald Trump further added to the uncertainty in the market.

News: As on 12th Dec'19, CCI procured 13.78 lakh bales in total across India, buying the large quantity of 8 lakh bales from Telangana followed by 2.2 lakh bales from Punjab, Haryana and Rajasthan. Around 1.82 lakh bales were procured from Maharashtra, 71,500 bales from Gujarat and the minimum purchases of 23,000 bales were reported from Andhra Pradesh. According to the trade sources, around 64 lakh bales have been arrived in the Indian markets so far as on 13th Dec'19.

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.

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.

Weather Forecast for tomorrow:

During the next 24 hours, moderate to heavy rain and snow is expected to continue over hills of Western Himalayas. Scattered light to moderate rains will be seen over foothills of Punjab, North Haryana, northern parts of Uttar Pradesh, many parts of Bihar and a few places of Jharkhand and Tamil Nadu. Scattered rain and snow are expected over Sikkim and Arunachal Pradesh. Light rain at one or two places can be seen over Assam, coastal Andhra Pradesh and Kerala.

International Fundamentals:

The cotton market closed in the red on Friday, with front month futures down by as much as 46 points, Mar 20 Cotton closed at 66.71, down 46 points. The Cotlook A Index remained firm and is still at 75.35 for 12/12. 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 5th 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 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.

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.

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 | 14-Dec-19 | 13-Dec-19 | |
| Gujarat | Ahmedabad | Shankar-6 | 5250 | 5250 | Unch |
| | Gondal | Shankar-6 | 5280 | 5280 | Unch |
| | Rajkot | B.T. Cotton | 5275 | 5200 | 75 |
| | Patan | B.T. Cotton | 5250 | 5300 | -50 |
| | Kadi | B.T. Cotton | 5250 | 5300 | -50 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 5155 | 5105 | 50 |
| Haryana | Bhiwani | B.T. Cotton | 5400 | 5400 | Unch |
| | Bhiwani | Desi | 6350 | 6350 | Unch |
| | Adampur | B.T. Cotton | 5200 | 5180 | 20 |
| | Fatehabad | B.T. Cotton | 5165 | 5175 | -10 |
| | Jind | B.T. Cotton | 5300 | 5250 | 50 |
| | Uchana | B.T. Cotton | 5200 | 5150 | 50 |
| | Dabwali | B.T. Cotton | 5450 | 5035 | 415 |
| Rajasthan | Hanumangarh | B.T. Cotton | 5200 | NA | - |
| | Rawatsar | B.T. Cotton | 5070 | 5085 | -15 |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 5400 | - |
| | Khargaon | Mech-1 | 5605 | 5500 | 105 |
| Maharashtra | Amravati | Mech-1 | 5200 | 5200 | Unch |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 5300 | NR | - |
| | Hathras | Desi | 4500 | NR | - |
| Telangana | Adilabad | Un-Ginned | 5050 | 5020 | 30 |
| Karnataka | Bijapur | Bunny | NA | 5470 | - |
| | Hubli | D.C.H. | 5550 | 5550 | Unch |
| | Hubli | B.T. Cotton | 7000 | 7000 | Unch |
| | Raichur | H-44 Cotton | NA | 5150 | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 14-Dec-19 | 13-Dec-19 | |
| Punjab | Bhatinda | J-34 | 4010 | 3980 | 30 |
| | Abohar | J-34 | 4010 | 4000 | 10 |
| | Mansa | J-34 | 4000 | 4000 | Unch |
| Haryana | Sirsa | J-34 | 3970 | 3960 | 10 |
| Rajasthan | Sri-Ganganagar | J-34 | 3741 | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 14-Dec-19 | 13-Dec-19 | |
| Gujarat | Ahmedabad | Shankar-6 | 79900 | 76500 | 3400 |
| | Gondal | Shankar-6 | 2934 | 2578 | 356 |
| | Rajkot | B.T. Cotton | 5200 | 5000 | 200 |
| | Patan | B.T. Cotton | 18690 | 9991 | 8699 |
| | Kadi | B.T. Cotton | 70000 | 60000 | 10000 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 293 | 351 | -58 |
| Haryana | Bhiwani | B.T. Cotton | 4000 | 1000 | 3000 |
| | Bhiwani | Desi | 10 | 30 | -20 |
| | Adampur | B.T. Cotton | 1700 | 510 | 1190 |
| | Fatehabad | B.T. Cotton | 500 | NA | - |
| | Jind | B.T. Cotton | 551 | 510 | 41 |
| | Uchana | B.T. Cotton | 400 | 750 | -350 |
| | Dabwali | B.T. Cotton | 750 | 120 | 630 |
| Rajasthan | Hanumangarh | B.T. Cotton | 2000 | NA | - |
| | Rawatsar | B.T. Cotton | 5000 | 3000 | 2000 |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 700 | - |
| | Khargaon | Mech-1 | 4145 | 1000 | 3145 |
| Maharashtra | Amravati | Mech-1 | 14000 | 13000 | 1000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 6 | NR | - |
| | Hathras | Desi | 5 | NR | - |
| Telangana | Adilabad | Un-Ginned | 27560 | 24090 | 3470 |
| Karnataka | Bijapur | Bunny | NA | 5358 | - |
| | Hubli | D.C.H. | NA | 12 | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 3292 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 14-Dec-19 | 13-Dec-19 | |
| Punjab | Bhatinda | J-34 | 6800 | 5100 | 1700 |
| | Abohar | J-34 | 1020 | NA | - |
| | Mansa | J-34 | 340 | NA | - |
| Haryana | Sirsa | J-34 | 680 | 255 | 425 |
| Rajasthan | Sri-Ganganagar | J-34 | 1000 | NA | - |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | Price | Change |
|-----------|-----------------|-------|--------|
|-----------|-----------------|-------|--------|

| State | Centre | Unit | 14-Dec-19 | 13-Dec-19 | |
|-------------|-----------|-------------|-----------|-----------|------|
| Gujarat | Rajkot | Rs. /10 Kg. | 830 | 840 | -10 |
| Delhi | New Delhi | Rs. /10 Kg. | 805 | 807 | -2 |
| 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 | 14-Dec-19 | 13-Dec-19 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2068 | 2074 | -6 |
| Maharashtra | Akola | Rs./Qtl | 2119 | 2120 | -1 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
| | | | | 13-Dec-19 | 12-Dec-19 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 38200 | 38000 | 200 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 38700 | 38500 | 200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 37600 | 37400 | 200 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 39200 | 39000 | 200 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 39000 | 38700 | 300 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 40300 | 40100 | 200 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 39800 | 39600 | 200 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 40600 | 40400 | 200 |

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

| Index | Unit | 14-Dec-19 | 13-Dec-19 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | Closed | 13131 | - |
| CCIndex(527) | RMB/Ton | Closed | 12168 | - |
| CCIndex(229) | RMB/Ton | Closed | 13475 | - |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 14-Dec-19 | 13-Dec-19 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | Closed | 81.88 | - |
| FC Index (M) | Cents/lb | Closed | 77.83 | - |
| FC Index (L) | Cents/lb | Closed | 76.81 | - |

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 13, 2019

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 20-Mar | 191213 | 67.49 | 67.8 | 66.43 | 66.8 | -0.37 | 12,650 | 118,047 | -742 |
| 20-May | 191213 | 68.22 | 68.75 | 67.46 | 67.97 | -0.14 | 3,880 | 34,821 | 839 |
| 20-Jul | 191213 | 68.82 | 69.36 | 68.18 | 68.87 | 0.2 | 1,717 | 16,021 | 13 |
| 20-Oct | 191213 | 68.96 | 68.96 | 68.96 | 68.96 | 0.34 | 0 | 7 | 0 |
| 20-Dec | 191213 | 68.7 | 69.27 | 68.11 | 68.78 | 0.26 | 604 | 24,277 | 87 |
| 21-Mar | 191213 | 69.27 | 69.57 | 68.69 | 69.31 | 0.17 | 8 | 1,065 | 3 |
| Total Volume and Open Interest | | | | | | | 18,861 | 195,064 | 201 |

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