

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,800/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: *The prices increased gradually as the moisture content declined after CCI recommended farmers to dry their cotton in order to sell it to CCI. The prices in Rajkot remained around Rs.5250/q while in MP the prices stood firm around Rs.5400/q. Prices likely to surge in the coming days in other states too.*

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%).

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rain and thundershowers will be affecting at many places over Tamil Nadu, adjoining parts of Rayalaseema and South Interior Karnataka, and at scattered places over Kerala and Andaman and Nicobar Islands. Light rain and thundershower is likely to affect at some places over North Madhya Maharashtra, South Madhya Pradesh, Vidarbha, Chhattisgarh, Jharkhand, with isolated places over higher reaches of Jammu and Kashmir, Ladakh, Uttarakhand, Odisha, North Telangana, Arunachal Pradesh, Sikkim, Nagaland and Lakshadweep Islands. Moderate to dense fog will occur at many places over North Rajasthan, Punjab, Haryana, Delhi, Uttar Pradesh, Himachal Pradesh, Uttarakhand, northern parts of Madhya Pradesh and Bihar.

International Fundamentals:

The cotton market closed down 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 trade agreement announced Friday leaves hope a meaningful agreement can be signed. The impact on cotton is not yet known. The US presidential comments were that China would be buying 50 billion USD of agriculture products, and they had already started buying, which was a reference to the recent soybean purchases. Regarding cotton, no details are known as to whether cotton is receiving a mention specifically in any agreement. The USDA in its earlier December forecast had estimated slightly lower crop in US 2019-20 cotton production at 20.2 million bales instead of 20.8 million bales as estimated in November.

According to the latest USDA report, Pakistan -800,000 bales to 2.50 million US bales in 2019-20. Several changes in world trade were noted, with imports increased for Pakistan, India, and Turkey, with reductions in China and Vietnam. Imports in Pakistan are estimated to increase to 4.20 million US bales compared to 2.85 million bales in 2018-19. Untimely rains in some parts of country damaged the cotton crop, keeping ginner under pressure owing to huge losses. Total of 7.44 million bales of cotton have been arrived on 1st Dec'19 in 2019-20 season.

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	60	19260	19260	19150	19180	356	-124	1716	-447
20-Jan	70	19390	19470	19350	19370	288	-79	974	-309
20-Feb	150	19590	19600	19590	19450	6	-802	81	-1459

Spread	19-Oct	19-Nov	19-Dec	20-Jan	--	--
Spot	-				-	-
19-Oct	-	-210	-	-	-	-
19-Nov	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 16th Dec @ 5.30 pm

* Updated at as on 16-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Dec-19	14-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5300	5250	50
	Gondal	Shankar-6	5255	5280	-25
	Rajkot	B.T. Cotton	5260	5275	-15
	Patan	B.T. Cotton	5265	5250	15
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5205	5155	50
Haryana	Bhiwani	B.T. Cotton	5400	5400	Unch
	Bhiwani	Desi	6400	6350	50
	Adampur	B.T. Cotton	5135	5200	-65
	Fatehabad	B.T. Cotton	5125	5165	-40
	Jind	B.T. Cotton	5340	5300	40
	Uchana	B.T. Cotton	5260	5200	60
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5100	5200	-100
	Rawatsar	B.T. Cotton	5040	5070	-30
Madhya Pradesh	Khandwa	Mech-1	5400	Closed	-
	Khargaon	Mech-1	5605	5605	Unch
Maharashtra	Amravati	Mech-1	5250	5200	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	5050	-
Karnataka	Bijapur	Bunny	5499	NA	-
	Hubli	D.C.H.	5550	5550	Unch
	Hubli	B.T. Cotton	7000	7000	Unch
	Raichur	H-44 Cotton	NA	5160	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Dec-19	14-Dec-19	
Punjab	Bhatinda	J-34	3980	4010	-30
	Abohar	J-34	3995	4010	-15
	Mansa	J-34	3980	4000	-20
Haryana	Sirsa	J-34	3955	3970	-15
Rajasthan	Sri-Ganganagar	J-34	3713	3741	-28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Dec-19	14-Dec-19	
Gujarat	Ahmedabad	Shankar-6	76500	79900	-3400
	Gondal	Shankar-6	3727	2934	793
	Rajkot	B.T. Cotton	6400	5200	1200
	Patan	B.T. Cotton	23063	18690	4373
	Kadi	B.T. Cotton	80000	70000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	337	293	44
Haryana	Bhiwani	B.T. Cotton	3500	4000	-500
	Bhiwani	Desi	50	10	40
	Adampur	B.T. Cotton	1360	1700	-340
	Fatehabad	B.T. Cotton	1200	500	700
	Jind	B.T. Cotton	425	551	-126
	Uchana	B.T. Cotton	1000	400	600
	Dabwali	B.T. Cotton	1900	750	1150
Rajasthan	Hanumangarh	B.T. Cotton	4000	2000	2000
	Rawatsar	B.T. Cotton	4000	5000	-1000
Madhya Pradesh	Khandwa	Mech-1	700	Closed	-
	Khargaon	Mech-1	4145	4145	Unch
Maharashtra	Amravati	Mech-1	16000	14000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6	6	Unch
	Hathras	Desi	5	5	Unch
Telangana	Adilabad	Un-Ginned	NA	27560	-
Karnataka	Bijapur	Bunny	6888	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4230	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Dec-19	14-Dec-19	
Punjab	Bhatinda	J-34	8500	6800	1700
	Abohar	J-34	2040	1020	1020
	Mansa	J-34	850	340	510
Haryana	Sirsa	J-34	3400	680	2720
Rajasthan	Sri-Ganganagar	J-34	4000	1000	3000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	16-Dec-19	14-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	840	830	10
Delhi	New Delhi	Rs. /10 Kg.	805	805	Unch
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	16-Dec-19	14-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2045	2068	-23
Maharashtra	Akola	Rs./Qtl	2103	2119	-16

Cotton Association of India Spot Rates:

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

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

Index	Unit	16-Dec-19	13-Dec-19	Change
CCIndex(328)	RMB/Ton	13149	13131	18
CCIndex(527)	RMB/Ton	12177	12168	9
CCIndex(229)	RMB/Ton	13491	13475	16

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

China Foreign Cotton (FCE) Index :

Index	Unit	16-Dec-19	13-Dec-19	Change
FC Index (S)	Cents/lb	81.6	81.88	-0.28
FC Index (M)	Cents/lb	77.62	77.83	-0.21
FC Index (L)	Cents/lb	76.56	76.81	-0.25

Cotlook Index:

Cotlook Indices	Unit	13-Dec-19	12-Dec-19	Change
A-Index	Cents/Pound	76.4	75.35	1.05

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		13-Dec-19	13-Dec-19	Bales
Southeast	cents/lb.	65.8	68.05	677
North Delta	cents/lb.	64.3	66.55	0
South Delta	cents/lb.	64.3	66.55	0
East TX-OK	cents/lb.	61.55	63.8	13650
West Texas	cents/lb.	61.55	64.05	22850
Desert SW	cents/lb.	59.3	63.3	1200
SJ Valley	cents/lb.	59.8	68.7	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 14-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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