

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,900/per candy (69.89 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures were mostly unchanged on Monday, as investors remained cautious and awaited for more details on the "phase one" US-China trade deal.

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, northerly cold winds will strengthen further over northwestern plains and will reach up to Central India. Thus, minimums may drop by two to three degree Celcius. Cold wave conditions may develop over northwestern plains. Hills may continue to observe cold wave conditions. The chilly effect will increase as the day progresses. Maximums will also remain below normal over northwestern plains. Moderate to dense fog is likely over the area. But as the winds are expected to strengthen, intensity may reduce. Towards afternoon, sky will become clear. Rain is likely in some parts of Chhattisgarh, Jharkhand, South Madhya Pradesh, Vidarbha, Marathwada and adjoining Madhya Maharashtra. Some rains may also occur in Arunachal Pradesh, Assam, Meghalaya, Nagaland, Tamil Nadu, South Andhra Pradesh, South Karnataka and Kerala.

International Fundamentals:

Monday cotton futures posted midday losses of 16 to 29, but gained it all back by the close and ended as much as 18 points higher, Mar 20 Cotton closed at 66.97, up 17 points. The Cotlook A Index remained firm at 76.34 after a 1.05 cent bump on 12/13. The weekly AWP for cotton is 56.66 cents per lb. through Thursday.

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	-80	19180	19190	19110	19210	387	-93	1668	-495
20-Jan	-80	19380	19400	19320	19420	252	-115	1016	-267
20-Feb	-100	19500	19500	19500	19600	3	-805	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 17th Dec @ 5.30 pm

* Updated at as on 17-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Dec-19	16-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	5305	5255	50
	Rajkot	B.T. Cotton	5275	5260	15
	Patan	B.T. Cotton	5230	5265	-35
	Kadi	B.T. Cotton	5350	5300	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5180	5205	-25
Haryana	Bhiwani	B.T. Cotton	5400	5400	Unch
	Bhiwani	Desi	6400	6400	Unch
	Adampur	B.T. Cotton	5135	5135	Unch
	Fatehabad	B.T. Cotton	5125	5125	Unch
	Jind	B.T. Cotton	5340	5340	Unch
	Uchana	B.T. Cotton	5200	5260	-60
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5100	5100	Unch
	Rawatsar	B.T. Cotton	5025	5040	-15
Madhya Pradesh	Khandwa	Mech-1	5400	5400	Unch
	Khargaon	Mech-1	5550	5605	-55
Maharashtra	Amravati	Mech-1	5200	5250	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5300	5300	Unch
	Hathras	Desi	4700	4500	200
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5453	5499	-46
	Hubli	D.C.H.	5450	5550	-100
	Hubli	B.T. Cotton	7000	7000	Unch
	Raichur	H-44 Cotton	5180	5170	10
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Dec-19	16-Dec-19	
Punjab	Bhatinda	J-34	3990	3980	10
	Abohar	J-34	3990	3995	-5
	Mansa	J-34	4000	3980	20
Haryana	Sirsa	J-34	3950	3955	-5
Rajasthan	Sri-Ganganagar	J-34	3723	3713	9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Dec-19	16-Dec-19	
Gujarat	Ahmedabad	Shankar-6	81600	76500	5100
	Gondal	Shankar-6	3372	3727	-355
	Rajkot	B.T. Cotton	NA	6400	-
	Patan	B.T. Cotton	24441	23063	1378
	Kadi	B.T. Cotton	85000	80000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	323	337	-14
Haryana	Bhiwani	B.T. Cotton	2000	3500	-1500
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1360	1360	Unch
	Fatehabad	B.T. Cotton	1200	1200	Unch
	Jind	B.T. Cotton	544	425	119
	Uchana	B.T. Cotton	4020	1000	3020
	Dabwali	B.T. Cotton	2300	1900	400
Rajasthan	Hanumangarh	B.T. Cotton	3000	4000	-1000
	Rawatsar	B.T. Cotton	5000	4000	1000
Madhya Pradesh	Khandwa	Mech-1	700	700	Unch
	Khargaon	Mech-1	4735	4145	590
Maharashtra	Amravati	Mech-1	15000	16000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1	6	-5
	Hathras	Desi	30	5	25
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5639	6888	-1249
	Hubli	D.C.H.	306	72	234
	Hubli	B.T. Cotton	46	NA	-
	Raichur	H-44 Cotton	4177	4192	-15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Dec-19	16-Dec-19	
Punjab	Bhatinda	J-34	10200	8500	1700
	Abohar	J-34	1360	2040	-680
	Mansa	J-34	2040	850	1190
Haryana	Sirsa	J-34	3400	3400	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	4000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	17-Dec-19	16-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	850	840	10
Delhi	New Delhi	Rs. /10 Kg.	820	805	15
Telangana	Hyderabad	Rs. /10 Kg.	855	845	10
Maharashtra	Mumbai	Rs. /10 Kg.	860	850	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Dec-19	16-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2083	2045	38
Maharashtra	Akola	Rs./Qtl	2105	2103	2

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Dec-19	14-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	37500	37600	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	39200	-700
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	39000	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39700	40300	-600
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39100	39800	-700
DCH-32(107)	34mm	3.0 - 3.8	33	40200	40600	-400

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

Index	Unit	17-Dec-19	16-Dec-19	Change
CCIndex(328)	RMB/Ton	13157	13149	8
CCIndex(527)	RMB/Ton	12179	12177	2
CCIndex(229)	RMB/Ton	13506	13491	15

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

China Foreign Cotton (FCE) Index :

Index	Unit	17-Dec-19	16-Dec-19	Change
FC Index (S)	Cents/lb	81.38	81.6	-0.22
FC Index (M)	Cents/lb	77.31	77.62	-0.31
FC Index (L)	Cents/lb	76.16	76.56	-0.40

Cotlook Index:

Cotlook Indices	Unit	16-Dec-19	15-Dec-19	Change
A-Index	Cents/Pound	75.95	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Dec-19	16-Dec-19	Bales
Southeast	cents/lb.	65.97	68.22	68
North Delta	cents/lb.	64.47	66.72	0
South Delta	cents/lb.	64.47	66.72	0
East TX-OK	cents/lb.	61.72	63.97	1207
West Texas	cents/lb.	61.72	64.22	7914
Desert SW	cents/lb.	59.47	63.47	1167
SJ Valley	cents/lb.	59.97	68.87	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 16-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 16, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	191216	66.8	67.43	66.43	66.97	0.17	31,698	121,019	2,972
20-May	191216	67.94	68.56	67.6	68.13	0.16	7,908	35,636	815
20-Jul	191216	69.04	69.38	68.51	68.99	0.12	3,896	17,194	1,173
20-Oct	191216	69.08	69.08	69.08	69.08	0.12	0	7	0
20-Dec	191216	68.9	69.2	68.47	68.9	0.12	1,827	24,913	636
21-Mar	191216	69.35	69.5	69.35	69.44	0.13	107	1,092	27
Total Volume and Open Interest							45,526	200,691	5,627

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