

**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:** As on 13<sup>th</sup> Dec'19, the cotton arrivals from all over India stood approximately 72.3 lakh bales this season so far. Although the arrivals were delayed in South India, but now Telangana is leading with 13.94 lakh bales arrivals with moisture content ranging between 8-12% and CCI is procuring 95% of the cotton. The state is followed by Gujarat, that received around 12.99 lakh bales so far after the loss caused by the untimely rains in the state. The state is expecting 10% less production from the earlier estimates of 100 lakh bales. Similarly Maharashtra also faced bad weather this year which affected the crop and so far 9.3 lakh bales have been arrived in the state. While the arrivals from North India declined this month after the sowing of wheat crop has started in the previous month (November) in Punjab and Haryana. Rajasthan is seen to have good crop growth that received 11.3 lakh bales this year so far followed by Haryana (10.86 lakh bales) and Punjab (3.42 lakh bales).

**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 12<sup>th</sup> 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 13<sup>th</sup> 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 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.

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

During the next 24 hours, northwesterly winds will continue to strengthen over northwestern plains. Dry weather will continue in Northwest India with an improvement in cold day conditions. Although, minimums may drop further over plains, maximums would rise, as the break in fog layer may occur earlier tomorrow as compared to today. Moderate to dense fog will continue in many parts of Northwest India and Northeast India. Likewise, moderate fog to dense fog may appear over East India, Central India and adjoining Southern Peninsula.

### **International Fundamentals:**

**Cotton futures were down by 39 to 53 points at the close, Mar 20 Cotton is at 66.44, down 53 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 ginners 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 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	-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	18-Dec-19	17-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	5330	5305	25
	Rajkot	B.T. Cotton	5305	5275	30
	Patan	B.T. Cotton	NA	5230	-
	Kadi	B.T. Cotton	5300	5350	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5180	-
Haryana	Bhiwani	B.T. Cotton	5400	5400	Unch
	Bhiwani	Desi	6450	6400	50
	Adampur	B.T. Cotton	5150	5135	15
	Fatehabad	B.T. Cotton	5125	5125	Unch
	Jind	B.T. Cotton	5320	5340	-20
	Uchana	B.T. Cotton	5205	5200	5
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5150	5100	50
	Rawatsar	B.T. Cotton	5000	5025	-25
Madhya Pradesh	Khandwa	Mech-1	5350	5400	-50
	Khargaon	Mech-1	5550	5550	Unch
Maharashtra	Amravati	Mech-1	5200	5200	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5300	5300	Unch
	Hathras	Desi	4700	4700	Unch
Telangana	Adilabad	Un-Ginned	NA	4950	-
Karnataka	Bijapur	Bunny	5450	5453	-3
	Hubli	D.C.H.	5500	5450	50
	Hubli	B.T. Cotton	7000	7000	Unch
	Raichur	H-44 Cotton	5180	5180	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	18-Dec-19	17-Dec-19	
Punjab	Bhatinda	J-34	3970	3990	-20
	Abohar	J-34	3980	3990	-10
	Mansa	J-34	3990	4000	-10
Haryana	Sirsa	J-34	3935	3950	-15
Rajasthan	Sri-Ganganagar	J-34	3619	3723	-103

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Dec-19	17-Dec-19	
Gujarat	Ahmedabad	Shankar-6	81600	81600	Unch
	Gondal	Shankar-6	3153	3372	-219
	Rajkot	B.T. Cotton	5600	NA	-
	Patan	B.T. Cotton	NA	24441	-
	Kadi	B.T. Cotton	70000	85000	-15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	323	-
Haryana	Bhiwani	B.T. Cotton	3000	2000	1000
	Bhiwani	Desi	20	50	-30
	Adampur	B.T. Cotton	1360	1360	Unch
	Fatehabad	B.T. Cotton	1200	1200	Unch
	Jind	B.T. Cotton	680	544	136
	Uchana	B.T. Cotton	4000	4020	-20
	Dabwali	B.T. Cotton	2750	2300	450
Rajasthan	Hanumangarh	B.T. Cotton	1300	3000	-1700
	Rawatsar	B.T. Cotton	3000	5000	-2000
Madhya Pradesh	Khandwa	Mech-1	550	700	-150
	Khargaon	Mech-1	3465	4735	-1270
Maharashtra	Amravati	Mech-1	13000	15000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	1	-
	Hathras	Desi	50	30	20
Telangana	Adilabad	Un-Ginned	NA	29290	-
Karnataka	Bijapur	Bunny	6651	5639	1012
	Hubli	D.C.H.	506	306	200
	Hubli	B.T. Cotton	NA	46	-
	Raichur	H-44 Cotton	3442	4177	-735
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Dec-19	17-Dec-19	
Punjab	Bhatinda	J-34	13600	10200	3400
	Abohar	J-34	2040	1360	680
	Mansa	J-34	2380	2040	340
Haryana	Sirsa	J-34	2550	3400	-850
Rajasthan	Sri-Ganganagar	J-34	500	4000	-3500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	18-Dec-19	17-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	840	850	-10
Delhi	New Delhi	Rs. /10 Kg.	815	820	-5
Telangana	Hyderabad	Rs. /10 Kg.	850	855	-5
Maharashtra	Mumbai	Rs. /10 Kg.	865	860	5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Dec-19	17-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2083	2083	Unch
Maharashtra	Akola	Rs./Qtl	2100	2105	-5

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Dec-19	16-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	37400	37500	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38400	38500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	38800	38900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39700	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39000	39100	-100
DCH-32(107)	34mm	3.0 - 3.8	33	39900	40200	-300

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

Index	Unit	18-Dec-19	17-Dec-19	Change
CCIndex(328)	RMB/Ton	13173	13157	16
CCIndex(527)	RMB/Ton	12206	12179	27
CCIndex(229)	RMB/Ton	13521	13506	15

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

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

Index	Unit	18-Dec-19	17-Dec-19	Change
FC Index (S)	Cents/lb	81.2	81.38	-0.18
FC Index (M)	Cents/lb	77.06	77.31	-0.25
FC Index (L)	Cents/lb	75.87	76.16	-0.29



**Cotlook Index:**

Cotlook Indices	Unit	17-Dec-19	16-Dec-19	Change
A-Index	Cents/Pound	#N/A	75.95	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Dec-19	17-Dec-19	Bales
Southeast	cents/lb.	65.44	67.69	1238
North Delta	cents/lb.	63.94	66.19	2568
South Delta	cents/lb.	63.94	66.19	1064
East TX-OK	cents/lb.	61.19	63.44	1134
West Texas	cents/lb.	61.19	63.69	6902
Desert SW	cents/lb.	58.94	62.94	0
SJ Valley	cents/lb.	59.44	68.34	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 17-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 17, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	191217	66.75	67.07	66.3	66.44	-0.53	31,004	120,276	-743
<a href="#">20-May</a>	191217	68.01	68.21	67.47	67.61	-0.52	10,419	38,039	2,403
<a href="#">20-Jul</a>	191217	68.82	69.05	68.38	68.54	-0.45	3,138	17,177	-17
<a href="#">20-Oct</a>	191217	68.69	68.69	68.69	68.69	-0.39	0	7	0
<a href="#">20-Dec</a>	191217	68.7	68.89	68.44	68.59	-0.31	1,107	25,239	326
<a href="#">21-Mar</a>	191217	69.29	69.29	69.29	69.29	-0.15	37	1,097	5
Total Volume and Open Interest							45,728	202,674	1,983

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