

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,200/per candy (70.07 cents/lb). Cotton prices across India reported to showed mixed trend across. The world's top two economies announced their Phase 1 deal earlier this month, but have since disclosed few concrete details. Trade optimism and better economic report out of China lifted global equity markets to fresh records in a year-end rally.

News: In Adilabad district of Telangana, 95% of the arrivals are being purchased by CCI this year. The purchases made by the Corporation in the 10 market yards in Adilabad district, one of the major cotton growing areas in the country, alone come up to nearly 12 lakh quintals as on 24th Dec'19. The yield is between 8-10 quintals per acre this year. The produce is dry making it qualitatively good and within CCI norms this month. The arrivals will pick up in the coming weeks as cotton picking in the interior areas has picked up speed. The government is expecting that Adilabad district alone can produce 30 lakh quintals until the end of the season in February-March.

Higher domestic cotton prices have slowed down the cotton exports so far this new season. India shipped only 6 lakh bales so far that started on 1st Oct'19 due to the hike in MSP compared to the depressed global prices. The global prices are hovering around 66-70 cent/pound whereas the Indian cotton was ranging between 71-75 cent/pound. All the cotton exported were contracted at a price ranging between 73-75 cents/pound of which 75% were from Bangladesh, and the rest from China and Vietnam. Also, one of the reasons for lower exports this season were due to poor quality in the wake of excessive and prolonged rains, and trade ban between India and Pakistan.

According to the Chandigarh government, Punjab is likely to produce 49% larger crop of around 18 lakh bales as against 12 lakh bales produced last year. The average production per acre crossing the 10 quintals per acre mark as against last year's 9.31 quintals per acre. As this year the farmers were encouraged to shift to cotton cultivation in the view to diversification of crops. Therefore, the area under cotton cultivation from 6.70 lakh acres last year to 9.80 lakh acres during this year. CCI had purchased around 4.36 lakh quintals of cotton, which is about 20% of the total arrivals so far.

India's cotton exports have slowed down in the current marketing year that began on Oct 1 due to higher domestic prices following a hike in the minimum support price and in view of the depressed global prices. So far only 6-7 lakh bales have been shipped out, and the total export contracts are yet to hit the 1-mln-bale market. The number is just about 50-60% of the normal export contracts this time than in the past few years. These export contracts were finalized at 73-74 cents per pound, of which 75% were from Bangladesh, and the rest from China and Vietnam.

As on 13th 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 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 blaes). Whereas CCI was active in many areas in Rajasthan supporting the prices and maintaining around MSP.

Weather Forecast for tomorrow:

Cold wave conditions will continue in Jammu and Kashmir, Ladakh, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Delhi, Uttar Pradesh, North Rajasthan, North Madhya Pradesh and parts of Bihar along with moderate to dense layer of fog. The maximum and minimum temperature will start increasing after 18 to 24 hours. Light rain and thundershower with gusty winds will be affecting at scattered places in Madhya Maharashtra, Marathwada, South Andhra Pradesh, Karnataka, Tamil Nadu with isolated places in Kerala and Telangana.

International Fundamentals:

Cotton closed with double digit gains on Friday, as May futures joined further contract months above the 70 cents/lb mark, Mar 20 Cotton closed at 68.92, up 22 points. The new AWP is 58.85 cents/lb, up 112 points from last week and good through next Thursday.

The Cotton Crop Assessment Committee (CCAC) has estimated the country's cotton output at 9.45 million bales against the production target from the earlier estimate of 12 million bales for the current season. The cotton output in Punjab was expected to hit 6.671 million bales and in Sindh, it was assessed at 2.68 million bales. The crop output in Balochistan was estimated at 0.098 million bales as these areas have faced high temperature in critical stages of development. Also, severe attack of pink bollworm both in Punjab and Sindh, white fly attack and lower cottonseed prices with rising input costs were the key elements impacting cotton production.

The US Export Sales report from USDA showed 135,100 RB of 2019-20 upland cotton sold in the week ending 19th Dec'19 were down by 46% compared to previous week. With major buyers including Vietnam (46,400RB), Turkey (29,700 RB), Indonesia (17,900RB), Colombia (11,000RB) and Bangladesh (8,900RB). Reductions were from China (12,900RB). For 2020-21, net upland sales reductions of 9,300 RB resulting in increases for Costa Rica 4,200 RB and Thailand 1,300 RB and reduction from Indonesia (14,900RB). Net upland shipments were to Pakistan (34,100 RB), Bangladesh (29,000 RB), Vietnam (24,800RB), China (22,100RB) and India (21,300RB).

Vietnam imported 104.1thousand tons of cotton in Nov'19, down 0.2% year on year and 2.9% month on month. In Jan-Nov, 2019, cotton imports totaled 1.351 million tons, down 6% year on year. Based on current growth rate, the imports may total 1.463 million tons in 2019, a fall of 93 thousand tons from 2018. Vietnam imported 104.1kt of cotton in Nov, 2019, down 0.2% year on year and 2.9% month on month. In Jan-Nov, 2019, cotton imports totaled 1.351 million tons, down 6% year on year.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Dec	60	19250	19290	19250	19210	34	-446	278	-1885
20-Jan	80	19510	19570	19480	19460	962	595	2815	1532
20-Feb	100	19760	19820	19730	19700	140	-668	364	-1176

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	-280	-	-	-	-
20-Jan	-	-	-250	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 30th Dec @ 5.30 pm

* Updated at as on 30-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Dec-19	28-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5650	5600	50
	Gondal	Shankar-6	5530	5555	-25
	Rajkot	B.T. Cotton	5515	5495	20
	Patan	B.T. Cotton	5405	5350	55
	Kadi	B.T. Cotton	5500	5400	100
	Deesa	B.T. Cotton	NA	4855	-
	Dhrol	B.T. Cotton	5470	5430	40
Haryana	Bhiwani	B.T. Cotton	5500	5450	50
	Bhiwani	Desi	6500	6500	Unch
	Adampur	B.T. Cotton	5300	5300	Unch
	Fatehabad	B.T. Cotton	5270	5250	20
	Jind	B.T. Cotton	5380	5520	-140
	Uchana	B.T. Cotton	5320	5334	-14
	Dabwali	B.T. Cotton	5450	5200	250
Rajasthan	Hanumangarh	B.T. Cotton	5400	5300	100
	Rawatsar	B.T. Cotton	5275	5250	25
Madhya Pradesh	Khandwa	Mech-1	5225	5200	25
	Khargaon	Mech-1	5410	5605	-195
Maharashtra	Amravati	Mech-1	5250	5250	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	5050	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5350	5250	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Dec-19	28-Dec-19	
Punjab	Bhatinda	J-34	4060	4060	Unch
	Abohar	J-34	4080	4060	20
	Mansa	J-34	4080	4050	30
Haryana	Sirsa	J-34	4030	4020	10
Rajasthan	Sri-Ganganagar	J-34	3647	3647	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Dec-19	28-Dec-19	
Gujarat	Ahmedabad	Shankar-6	76500	81600	-5100
	Gondal	Shankar-6	2645	2251	394
	Rajkot	B.T. Cotton	6600	5800	800
	Patan	B.T. Cotton	15370	14900	470
	Kadi	B.T. Cotton	80000	100000	-20000
	Deesa	B.T. Cotton	NA	3000	-
	Dhrol	B.T. Cotton	563	458	105
Haryana	Bhiwani	B.T. Cotton	2000	3000	-1000
	Bhiwani	Desi	20	20	Unch
	Adampur	B.T. Cotton	1530	1360	170
	Fatehabad	B.T. Cotton	900	1000	-100
	Jind	B.T. Cotton	750	1071	-321
	Uchana	B.T. Cotton	4000	3600	400
	Dabwali	B.T. Cotton	1500	700	800
Rajasthan	Hanumangarh	B.T. Cotton	2000	3000	-1000
	Rawatsar	B.T. Cotton	1000	4000	-3000
Madhya Pradesh	Khandwa	Mech-1	500	300	200
	Khargaon	Mech-1	4370	6715	-2345
Maharashtra	Amravati	Mech-1	18000	16000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	15	10	5
Telangana	Adilabad	Un-Ginned	NA	19200	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	4035	3067	968
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Dec-19	28-Dec-19	
Punjab	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	1530	1700	-170
	Mansa	J-34	1360	1700	-340
Haryana	Sirsa	J-34	850	1190	-340
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	30-Dec-19	28-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	910	900	10
Delhi	New Delhi	Rs. /10 Kg.	885	865	20
Telangana	Hyderabad	Rs. /10 Kg.	870	860	10
Maharashtra	Mumbai	Rs. /10 Kg.	880	890	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-Dec-19	28-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2225	2249	-24
Maharashtra	Akola	Rs./Qtl	2233	2237	-4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Dec-19	27-Dec-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36700	36700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37200	37200	Unch
J-34(202)	26mm	3.5 - 4.9	23	38200	38100	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	38600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	38800	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39300	39300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39600	39600	Unch

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

Index	Unit	30-Dec-19	27-Dec-19	Change
CCIndex(328)	RMB/Ton	13318	13235	83
CCIndex(527)	RMB/Ton	12346	12280	66
CCIndex(229)	RMB/Ton	13648	13569	79
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	30-Dec-19	27-Dec-19	Change
FC Index (S)	Cents/lb	83.24	82.99	0.25

FC Index (M)	Cents/lb	78.92	78.67	0.25
FC Index (L)	Cents/lb	77.72	77.47	0.25

Cotlook Index:

Cotlook Indices	Unit	27-Dec-19	26-Dec-19	Change
A-Index	Cents/Pound	77.65	NR	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Dec-19	27-Dec-19	Bales
Southeast	cents/lb.	67.67	69.92	0
North Delta	cents/lb.	66.17	68.42	0
South Delta	cents/lb.	66.17	68.42	0
East TX-OK	cents/lb.	63.92	66.17	3104
West Texas	cents/lb.	63.92	66.42	12589
Desert SW	cents/lb.	61.42	65.42	0
SJ Valley	cents/lb.	61.92	70.82	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 28-Dec-2019**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

Daily Futures Price Listing Fri December 27, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	191227	68.75	69.33	68.5	68.92	0.22	9,396	119,520	-43
20-May	191227	70.01	70.4	69.66	70.08	0.23	4,648	44,896	821
20-Jul	191227	70.58	71.04	70.54	70.78	0.2	1,605	19,500	322
20-Oct	191227	70.51	70.51	70.51	70.51	0.15	0	7	0
20-Dec	191227	70.2	70.4	69.89	70.06	0.12	622	27,954	300
21-Mar	191227	70.65	70.65	70.46	70.46	0.13	68	1,226	9
Total Volume and Open Interest							16,362	214,041	1,422

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