

**Domestic Fundamentals:****Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,500/per candy (70.74 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures fell on Tuesday in thin trade as investors booked profits, while the fiber registered its second consecutive yearly loss due to U.S.-China trade tensions.

**News:** As on 25<sup>th</sup> Dec'19 according to CCI, 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).

**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 24<sup>th</sup> 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 1<sup>st</sup> 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 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.

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

Rains and snow will be seen in many parts of Jammu and Kashmir, parts of Ladakh and Himachal Pradesh. Isolated rains may be seen in Punjab. Rains will be seen over Haryana, West Uttar Pradesh, Delhi. Scattered light to moderate rains are expected over many parts of Madhya Pradesh, Vidarbha, Marathwada, parts of Telangana and isolated pockets of Jharkhand, Odisha, North Interior Tamil Nadu, Kerala and parts of Karnataka.

### **International Fundamentals:**

**Cotton rebounded from midday lows, but still finished the last trading day of the decade with losses of 26 to 57 points in the nearby contracts, Mar 20 Cotton closed at 69.05, down 51 points.** The Cotlook A index gained 20 points to 77.85 cents/lb for 12/30. The AWP is 58.85 cents/lb.

**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 19<sup>th</sup> 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	19290	19840	19220	19270	16	-464	203	-1960
20-Jan	60	19630	19650	19590	19570	699	332	3492	2209
20-Feb	40	19890	19890	19850	19850	166	-642	483	-1057

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	190	-	-	-	-
20-Jan	-	-	-240	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 2<sup>nd</sup> Jan @ 5.30 pm

\* Updated at as on 02-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Jan-20	31-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5550	5650	-100
	Gondal	Shankar-6	5505	5555	-50
	Rajkot	B.T. Cotton	5475	5560	-85
	Patan	B.T. Cotton	5475	5500	-25
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	NA	5100	-
	Dhrol	B.T. Cotton	5525	5445	80
Haryana	Bhiwani	B.T. Cotton	5400	5470	-70
	Bhiwani	Desi	6600	6600	Unch
	Adampur	B.T. Cotton	5300	5300	Unch
	Fatehabad	B.T. Cotton	5260	5260	Unch
	Jind	B.T. Cotton	5340	5400	-60
	Uchana	B.T. Cotton	5300	5330	-30
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5400	5400	Unch
	Rawatsar	B.T. Cotton	5300	5280	20
Madhya Pradesh	Khandwa	Mech-1	5200	5225	-25
	Khargaon	Mech-1	5500	5555	-55
Maharashtra	Amravati	Mech-1	5250	5300	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5400	5300	100
	Hathras	Desi	4900	4700	200
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NR	5441	-
	Hubli	D.C.H.	5450	5500	-50
	Hubli	B.T. Cotton	6900	6900	Unch
	Raichur	H-44 Cotton	5350	5350	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Jan-20	31-Dec-19	
Punjab	Bhatinda	J-34	4060	4090	-30
	Abohar	J-34	4065	4100	-35
	Mansa	J-34	4070	4100	-30
Haryana	Sirsa	J-34	4010	4040	-30
Rajasthan	Sri-Ganganagar	J-34	3619	3657	-38

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Jan-20	31-Dec-19		
Gujarat	Ahmedabad	Shankar-6	81600	79900	1700	
	Gondal	Shankar-6	612	3189	-2577	
	Rajkot	B.T. Cotton	5700	5400	300	
	Patan	B.T. Cotton	9041	13640	-4599	
	Kadi	B.T. Cotton	50000	70000	-20000	
	Deesa	B.T. Cotton	NA	3600	-	
	Dhrol	B.T. Cotton	458	612	-154	
Haryana	Bhiwani	B.T. Cotton	2700	2000	700	
	Bhiwani	Desi	5	20	-15	
	Adampur	B.T. Cotton	1360	1360	Unch	
	Fatehabad	B.T. Cotton	600	600	Unch	
	Jind	B.T. Cotton	520	850	-330	
	Uchana	B.T. Cotton	4000	3500	500	
	Dabwali	B.T. Cotton	450	1200	-750	
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch	
	Rawatsar	B.T. Cotton	3000	3000	Unch	
Madhya Pradesh	Khandwa	Mech-1	300	200	100	
	Khargaon	Mech-1	5750	8245	-2495	
Maharashtra	Amravati	Mech-1	12000	15000	-3000	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-	
	Hathras	Desi	20	15	5	
Telangana	Adilabad	Un-Ginned	NA	NA	-	
Karnataka	Bijapur	Bunny	NR	3747	-	
	Hubli	D.C.H.	18	NA	-	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	3262	3667	-405	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Jan-20	31-Dec-19		
Punjab	Bhatinda	J-34	10200	10200	Unch	
	Abohar	J-34	1020	1360	-340	
	Mansa	J-34	680	680	Unch	
Haryana	Sirsa	J-34	850	1020	-170	
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch	

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	2-Jan-20	31-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	920	920	Unch
Delhi	New Delhi	Rs. /10 Kg.	890	890	Unch
Telangana	Hyderabad	Rs. /10 Kg.	915	915	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	920	920	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	2-Jan-20	31-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2184	2191	-7
Maharashtra	Akola	Rs./Qtl	2193	2211	-18

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-Dec-19	30-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	38700	38500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38700	38700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39600	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39400	39400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39700	39700	Unch

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

Index	Unit	2-Jan-20	30-Dec-19	Change
CCIndex(328)	RMB/Ton	13601	13318	283
CCIndex(527)	RMB/Ton	12595	12346	249
CCIndex(229)	RMB/Ton	13915	13648	267
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	2-Jan-20	30-Dec-19	Change
FC Index (S)	Cents/lb	NR	83.24	-



FC Index (M)	Cents/lb	NR	78.92	-
FC Index (L)	Cents/lb	NR	77.72	-

**Cotlook Index:**

Cotlook Indices	Unit	30-Dec-19	29-Dec-19	Change
A-Index	Cents/Pound	77.85	#N/A	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Dec-19	30-Dec-19	Bales
Southeast	cents/lb.	68.31	70.56	0
North Delta	cents/lb.	66.81	69.06	0
South Delta	cents/lb.	66.81	69.06	0
East TX-OK	cents/lb.	64.56	66.81	10053
West Texas	cents/lb.	64.31	66.81	16465
Desert SW	cents/lb.	62.31	66.31	3500
SJ Valley	cents/lb.	62.81	71.71	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 01-Jan-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8900	160	9060
Equivalent	40 Kgs	9538	171	9709

**Daily Futures Price Listing Fri December 31, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">20-Mar</a>	191231	69.56	69.72	68.8	69.05	-0.51	13,708	119,594	340
<a href="#">20-May</a>	191231	70.74	70.84	69.94	70.18	-0.57	4,334	46,533	1,050
<a href="#">20-Jul</a>	191231	71.5	71.6	70.74	70.95	-0.58	1,719	20,536	418
<a href="#">20-Oct</a>	191231	70.9	70.9	70.9	70.9	-0.26	0	7	0
<a href="#">20-Dec</a>	191231	70.55	70.95	70.29	70.36	-0.41	866	28,271	218
<a href="#">21-Mar</a>	191231	71.21	71.25	70.8	70.8	-0.36	49	1,261	32
Total Volume and Open Interest							20,677	217,136	2,057

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