

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,600/per candy (70.77 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures rose nearly 1% to a seven-month high on Thursday, helped by fund buying on optimism surrounding the US-China trade deal.

News: According to the latest data released by the textile industry, the Indian cotton yarn exports declined drastically by 30.2% till Nov'19 from the starting of the financial year in April'19. India exported 851million kg in 2018 while only 594 million kg in 2019 during April to November'19. The top importers of cotton yarn were China (-49%) importing 160 mln kg followed by Bangladesh 102 mln kg (-37.9%) and Egypt importing 35 mln kg however higher compared to previous year by 1.64% so far in 2019 although the exports to China, Bangladesh, Pakistan, Vietnam were lesser compared to the previous year (2018) because of disparity between domestic and international cotton prices. However, Iran is importing significantly large quantity of yarn this year of 9.28 mln kg compared to 1.57 mln kg in the same time previous year (+493%). Decline in raw cotton exports have reported to Bangladesh (-27%), Vietnam (-78.4%), China (-86%), and Taiwan (-54%) due to lower demand while the exports increased to Iran (896%), Oman (893%) and Nepal (15.7%).

As on 25th 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 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.

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rain and thundershowers will continue with one or two heavy spells over East Madhya Pradesh, Chhattisgarh, East Uttar Pradesh, Jharkhand, parts of Odisha, at few places over Vidarbha, Telangana, coastal Andhra Pradesh, Bihar and Tamil Nadu. Rain and thundershower will increase over Northeast India. Isolated heavy spells are possible over here.

International Fundamentals:

Cotton gained 22 to 64 points in the nearby contracts with said gains magnifying through the later contract dates, Mar 20 Cotton closed at 69.27, up 22 points. The 12/31 Cotlook A index was at 78.35 cents/lb after being raised by 50 points. The first Adjusted World Price of cotton for the new year was figured at 59.63 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 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 104.1 thousand 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	-100	19670	19740	19560	19690	1406	1039	3618	2335
20-Feb	-100	19920	19990	19830	19940	147	-661	516	-1024

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	100	-	-	-	-
20-Jan	-	-	-250	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 3rd Jan @ 5.30 pm

* Updated at as on 03-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Jan-20	2-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5625	5550	75
	Gondal	Shankar-6	5555	5505	50
	Rajkot	B.T. Cotton	5555	5475	80
	Patan	B.T. Cotton	5500	5475	25
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	5100	NA	-
	Dhrol	B.T. Cotton	5475	5525	-50
Haryana	Bhiwani	B.T. Cotton	5450	5400	50
	Bhiwani	Desi	6600	6600	Unch
	Adampur	B.T. Cotton	5300	5300	Unch
	Fatehabad	B.T. Cotton	5300	5260	40
	Jind	B.T. Cotton	5390	5340	50
	Uchana	B.T. Cotton	5350	5300	50
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5400	5400	Unch
	Rawatsar	B.T. Cotton	5350	5300	50
Madhya Pradesh	Khandwa	Mech-1	5400	5200	200
	Khargaon	Mech-1	5600	5500	100
Maharashtra	Amravati	Mech-1	5250	5250	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5400	5400	Unch
	Hathras	Desi	4800	4900	-100
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5946	5465	481
	Hubli	D.C.H.	5500	5450	50
	Hubli	B.T. Cotton	7000	6900	100
	Raichur	H-44 Cotton	5350	5300	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Jan-20	2-Jan-20	
Punjab	Bhatinda	J-34	4075	4060	15
	Abohar	J-34	4070	4065	5
	Mansa	J-34	4050	4070	-20
Haryana	Sirsa	J-34	4030	4010	20
Rajasthan	Sri-Ganganagar	J-34	3713	3619	94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Jan-20	2-Jan-20	
Gujarat	Ahmedabad	Shankar-6	78200	81600	-3400
	Gondal	Shankar-6	3081	612	2469
	Rajkot	B.T. Cotton	4200	5700	-1500
	Patan	B.T. Cotton	8230	9041	-811
	Kadi	B.T. Cotton	60000	50000	10000
	Deesa	B.T. Cotton	100	NA	-
	Dhrol	B.T. Cotton	398	458	-60
Haryana	Bhiwani	B.T. Cotton	2000	2700	-700
	Bhiwani	Desi	10	5	5
	Adampur	B.T. Cotton	1700	1360	340
	Fatehabad	B.T. Cotton	1000	600	400
	Jind	B.T. Cotton	706	520	185
	Uchana	B.T. Cotton	3600	4000	-400
	Dabwali	B.T. Cotton	900	450	450
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	3000	3000	Unch
Madhya Pradesh	Khandwa	Mech-1	600	300	300
	Khargaon	Mech-1	5450	5750	-300
Maharashtra	Amravati	Mech-1	10000	12000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	20	20	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4558	4059	499
	Hubli	D.C.H.	18	18	Unch
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	3262	3067	195
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Jan-20	2-Jan-20	
Punjab	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	1360	1020	340
	Mansa	J-34	850	680	170
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	3000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	3-Jan-20	2-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	905	920	-15
Delhi	New Delhi	Rs. /10 Kg.	880	890	-10
Telangana	Hyderabad	Rs. /10 Kg.	910	915	-5
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	3-Jan-20	2-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2169	2184	-15
Maharashtra	Akola	Rs./Qtl	2189	2193	-4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Jan-20	31-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	38500	38700	-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	39500	Unch
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	3-Jan-20	2-Jan-20	Change
CCIndex(328)	RMB/Ton	13619	13601	18
CCIndex(527)	RMB/Ton	12645	12595	50
CCIndex(229)	RMB/Ton	13922	13915	7
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	3-Jan-20	2-Jan-20	Change
FC Index (S)	Cents/lb	83.45	83.2	0.25

FC Index (M)	Cents/lb	79.24	78.99	0.25
FC Index (L)	Cents/lb	77.98	77.73	0.25

Cotlook Index:

Cotlook Indices	Unit	2-Jan-20	1-Jan-20	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
		2-Jan-20	2-Jan-20	Bales
Southeast	cents/lb.	68.02	70.27	0
North Delta	cents/lb.	66.52	68.77	0
South Delta	cents/lb.	66.52	68.77	0
East TX-OK	cents/lb.	64.02	66.27	3520
West Texas	cents/lb.	64.02	66.52	4902
Desert SW	cents/lb.	62.02	66.02	0
SJ Valley	cents/lb.	62.52	71.42	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 02-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 Thu January 02, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200102	69.12	69.74	69.04	69.27	0.22	17,634	122,032	2,438
20-May	200102	70.43	70.86	70.14	70.45	0.27	7,037	49,234	2,701
20-Jul	200102	71.23	71.6	70.94	71.34	0.39	1,759	21,066	530
20-Oct	200102	71.54	71.54	71.54	71.54	0.64	10	14	7
20-Dec	200102	70.7	71.31	70.39	71.23	0.87	800	28,260	-11
21-Mar	200102	71.13	71.9	71.13	71.88	1.08	47	1,298	37
Total Volume and Open Interest							27,348	222,851	5,715

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