

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: As on 2nd Jan'20 according to CCI, the cotton arrivals from all over India stood approximately 116.95 lakh bales this season so far. The arrivals in Gujarat reached around 25.68 lakh bales even after loss caused by the untimely rains in the state. The state is expecting 10% less production from the earlier estimates of 100 lakh bales. The arrivals were delayed in South India, but now Telangana is leading 2nd position with 23.41 lakh bales arrivals with moisture content ranging between 8-12% and CCI is procuring 95% of the cotton. Maharashtra also faced bad weather this year which affected the crop and so far 18.84 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 13.47 lakh bales this year so far followed by Haryana (12.94 lakh bales) and Punjab (5.07 lakh bales).

Recent untimely rains in the last week of December for around 4 days in Vidarbha region of Maharashtra have affected some of the area under cotton and other crops. During Wed-Thu, Nagpur received 15.9 mm rainfall, 1,349% above normal, according to data from India Meteorological Department. The weather agency has forecast the minimum temperature to fall to 9 degrees Celsius on Saturday. According to the sources, 13,228 ha of area under cotton, 4,084 ha under oranges and sweet lime, 3,030 ha under tur, 740 ha under wheat and 286 ha under vegetables have been damaged.

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.

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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 came back from midday losses, but still finished in the red by 7 points in the nearby contracts, Mar 20 Cotton closed at 69.2, down 7 points. The 01/02 Cotlook A index was at 77.85 cents/lb following a by 50 point fall. The cotton AWP from 01/02 was 59.63 cents/lb, following a 78 point increase.

The US Export Sales report from USDA showed 246,200 RB of 2019-20 upland cotton sold in the week ending 26th Dec'19 were up by 82% compared to previous week. Increases primarily for Vietnam (114,300 RB, including 1,500 RB switched from South Korea, 1,300 RB switched from Hong Kong, and 800 RB switched from Japan), Turkey (36,100 RB), Pakistan (32,800 RB), Malaysia (16,200 RB), and Bangladesh (13,600 RB, including decreases of 8,800 RB), were offset by reductions for Japan (2,100 RB) and Hong Kong (1,300 RB). For 2020-21, net sales of 19,400 RB and were primarily for Vietnam (13,200 RB) and Bangladesh (6,000 RB).

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.

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 ginneries 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	4-Jan-20	3-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5625	5625	Unch
	Gondal	Shankar-6	5480	5555	-75
	Rajkot	B.T. Cotton	5530	5555	-25
	Patan	B.T. Cotton	5500	5500	Unch
	Kadi	B.T. Cotton	5300	5400	-100
	Deesa	B.T. Cotton	5025	5100	-75
	Dhrol	B.T. Cotton	5530	5475	55
Haryana	Bhiwani	B.T. Cotton	5450	5450	Unch
	Bhiwani	Desi	NA	6600	-
	Adampur	B.T. Cotton	5270	5300	-30
	Fatehabad	B.T. Cotton	5225	5300	-75
	Jind	B.T. Cotton	5300	5390	-90
	Uchana	B.T. Cotton	5300	5350	-50
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5400	5400	Unch
	Rawatsar	B.T. Cotton	5200	5350	-150
Madhya Pradesh	Khandwa	Mech-1	Closed	5400	-
	Khargaon	Mech-1	5500	5600	-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	4800	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5515	5946	-431
	Hubli	D.C.H.	5500	5500	Unch
	Hubli	B.T. Cotton	6950	7000	-50
	Raichur	H-44 Cotton	5350	5350	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Jan-20	3-Jan-20	
Punjab	Bhatinda	J-34	4065	4075	-10
	Abohar	J-34	4065	4070	-5
	Mansa	J-34	4050	4050	Unch
Haryana	Sirsa	J-34	4010	4030	-20
Rajasthan	Sri-Ganganagar	J-34	3666	3713	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Jan-20	3-Jan-20	
Gujarat	Ahmedabad	Shankar-6	81600	78200	3400
	Gondal	Shankar-6	2169	3081	-912
	Rajkot	B.T. Cotton	4150	4200	-50
	Patan	B.T. Cotton	8870	8230	640
	Kadi	B.T. Cotton	70000	60000	10000
	Deesa	B.T. Cotton	30	100	-70
	Dhrol	B.T. Cotton	440	398	42
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	NA	10	-
	Adampur	B.T. Cotton	1190	1700	-510
	Fatehabad	B.T. Cotton	1200	1000	200
	Jind	B.T. Cotton	750	706	44
	Uchana	B.T. Cotton	3200	3600	-400
	Dabwali	B.T. Cotton	1000	900	100
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	4000	3000	1000
Madhya Pradesh	Khandwa	Mech-1	Closed	600	-
	Khargaon	Mech-1	8215	5450	2765
Maharashtra	Amravati	Mech-1	10000	10000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	40	20	20
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	3740	4558	-818
	Hubli	D.C.H.	106	18	88
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	3915	3262	653
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Jan-20	3-Jan-20	
Punjab	Bhatinda	J-34	8500	10200	-1700
	Abohar	J-34	1700	1360	340
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	4000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	4-Jan-20	3-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	900	905	-5
Delhi	New Delhi	Rs. /10 Kg.	880	880	Unch
Telangana	Hyderabad	Rs. /10 Kg.	900	910	-10
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	4-Jan-20	3-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2160	2169	-9
Maharashtra	Akola	Rs./Qtl	2174	2189	-15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Jan-20	2-Jan-20	
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	38300	38200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38800	38700	100
Shankar-6(105)	29mm	3.5 - 4.9	28	39100	39000	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39500	39400	100
DCH-32(107)	34mm	3.0 - 3.8	33	39800	39700	100

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

Index	Unit	4-Jan-20	3-Jan-20	Change
CCIndex(328)	RMB/Ton	Closed	13619	-
CCIndex(527)	RMB/Ton	Closed	12645	-
CCIndex(229)	RMB/Ton	Closed	13922	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	4-Jan-20	3-Jan-20	Change
FC Index (S)	Cents/lb	Closed	83.45	-
FC Index (M)	Cents/lb	Closed	79.24	-

FC Index (L)	Cents/lb	Closed	77.98	-
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Cotlook Index:

Cotlook Indices	Unit	3-Jan-20	2-Jan-20	Change
A-Index	Cents/Pound	78.1	77.85	0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		3-Jan-20	3-Jan-20	Bales
Southeast	cents/lb.	67.95	70.2	0
North Delta	cents/lb.	66.45	68.7	0
South Delta	cents/lb.	66.45	68.7	0
East TX-OK	cents/lb.	63.95	66.2	3523
West Texas	cents/lb.	63.95	66.45	8370
Desert SW	cents/lb.	61.95	65.95	0
SJ Valley	cents/lb.	62.45	71.35	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 03-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 January 03, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200103	69.01	69.61	68.5	69.2	-0.07	14,440	120,663	-1,369
20-May	200103	70.31	70.77	69.67	70.38	-0.07	4,264	49,204	-30
20-Jul	200103	71.21	71.62	70.57	71.27	-0.07	1,992	21,379	313
20-Oct	200103	71.47	71.47	71.47	71.47	-0.07	0	14	0
20-Dec	200103	71.15	71.35	70.43	71.24	0.01	878	28,252	-8
21-Mar	200103	71.69	71.74	70.77	71.74	-0.14	48	1,335	37
Total Volume and Open Interest							21,651	221,797	-1,054

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