

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

The Rajkot mandi price for variety Shankar 6 stood Rs.39,600/per candy (70.36 cents/lb). Cotton prices across India reported to showed mixed trend across. The Mar contract picked up 28 points for the week ending Jan 3, finishing at 69.20. ICE cotton found support on continued strength in equity markets, strengthening US export data, optimism over an official signing date (Jan 15) for the Phase One US – China trade accord, strengthening technical factors, and rumors of China considering large purchases of US cotton.

**News:** According to the trade sources, the Indian cotton exports for the Nov'19 were reported higher at 3.47 lakh bales against 1.33 lakh bales in the previous month. In Nov'19 also, Bangladesh was the largest importer, importing 2.69 lakh bales with an average FOB of 1.64 \$/Kg lower compared to 1.75 \$/kg previous month followed by Indonesia importing 26,857 bales at 1.48 \$/Kg, China at an average of 1.6\$/kg for 23,583 bales. China also has started importing cotton from India but in small quantities. Vietnam, Turkey and Iran also imported raw cotton from India in November contributing to the Indian exports of around 24,941 bales at an average FOB of 1.55-1.75\$/kg.

**As on 2<sup>nd</sup> 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 2<sup>nd</sup> 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 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.***

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

*Scattered rain and snow will continue over Jammu and Kashmir, Laddakh, Himachal Pradesh. Intensity will increase tomorrow wherein moderate rain and snow will be seen. Scattered rains are expected over Punjab, Haryana, parts of North Rajasthan, and Northwest Uttar Pradesh. Isolated rains may be seen in Arunachal Pradesh and East Assam. Scattered rains may be seen in South Coastal Andhra Pradesh with light showers over Tamil Nadu, and Kerala.*

### **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 26<sup>th</sup> 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 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.

**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	120	19640	19780	19640	19610	894	527	4146	2863
20-Feb	130	19920	20020	19920	19880	122	-686	622	-918

  

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	60	-	-	-	-
20-Jan	-	-	-240	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 6<sup>th</sup> Jan @ 5.30 pm

\* Updated at as on 06-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Jan-20	4-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5625	5625	Unch
	Gondal	Shankar-6	5505	5480	25
	Rajkot	B.T. Cotton	5475	5530	-55
	Patan	B.T. Cotton	5605	5500	105
	Kadi	B.T. Cotton	5400	5300	100
	Deesa	B.T. Cotton	4980	5025	-45
	Dhrol	B.T. Cotton	5475	5530	-55
Haryana	Bhiwani	B.T. Cotton	5400	5450	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5250	5270	-20
	Fatehabad	B.T. Cotton	5250	5225	25
	Jind	B.T. Cotton	NA	5300	-
	Uchana	B.T. Cotton	5300	5300	Unch
	Dabwali	B.T. Cotton	NA	5450	-
Rajasthan	Hanumangarh	B.T. Cotton	5400	5400	Unch
	Rawatsar	B.T. Cotton	5250	5200	50
Madhya Pradesh	Khandwa	Mech-1	5500	Closed	-
	Khargaon	Mech-1	5600	5500	100
Maharashtra	Amravati	Mech-1	5300	5250	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5450	5400	50
	Hathras	Desi	4900	4800	100
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5489	5515	-26
	Hubli	D.C.H.	5450	5500	-50
	Hubli	B.T. Cotton	6950	6950	Unch
	Raichur	H-44 Cotton	5350	5350	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Jan-20	4-Jan-20	
Punjab	Bhatinda	J-34	4060	4065	-5
	Abohar	J-34	4070	4065	5
	Mansa	J-34	4050	4050	Unch
Haryana	Sirsa	J-34	4020	4010	10
Rajasthan	Sri-Ganganagar	J-34	3666	3666	Unch

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Jan-20	4-Jan-20		
Gujarat	Ahmedabad	Shankar-6	81600	81600	Unch	
	Gondal	Shankar-6	3159	2169	990	
	Rajkot	B.T. Cotton	4400	4150	250	
	Patan	B.T. Cotton	6943	8870	-1927	
	Kadi	B.T. Cotton	70000	70000	Unch	
	Deesa	B.T. Cotton	40	30	10	
	Dhrol	B.T. Cotton	607	440	167	
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	1020	1190	-170	
	Fatehabad	B.T. Cotton	100	1200	-1100	
	Jind	B.T. Cotton	NA	750	-	
	Uchana	B.T. Cotton	4235	3200	1035	
	Dabwali	B.T. Cotton	NA	1000	-	
Rajasthan	Hanumangarh	B.T. Cotton	200	2000	-1800	
	Rawatsar	B.T. Cotton	1000	4000	-3000	
Madhya Pradesh	Khandwa	Mech-1	2000	Closed	-	
	Khargaon	Mech-1	3375	8215	-4840	
Maharashtra	Amravati	Mech-1	10000	10000	Unch	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	40	NA	-	
	Hathras	Desi	40	40	Unch	
Telangana	Adilabad	Un-Ginned	NA	NA	-	
Karnataka	Bijapur	Bunny	2935	3740	-805	
	Hubli	D.C.H.	22	106	-84	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	4335	3915	420	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Jan-20	4-Jan-20		
Punjab	Bhatinda	J-34	1700	8500	-6800	
	Abohar	J-34	340	1700	-1360	
	Mansa	J-34	340	680	-340	
Haryana	Sirsa	J-34	340	850	-510	
Rajasthan	Sri-Ganganagar	J-34	1000	4000	-3000	

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	6-Jan-20	4-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	900	900	Unch
Delhi	New Delhi	Rs. /10 Kg.	863	880	-17
Telangana	Hyderabad	Rs. /10 Kg.	880	900	-20
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	6-Jan-20	4-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2086	2160	-74
Maharashtra	Akola	Rs./Qtl	2131	2174	-43

**Cotton Association of India Spot Rates:**

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

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

Index	Unit	6-Jan-20	4-Jan-20	Change
CCIndex(328)	RMB/Ton	13698	Closed	-
CCIndex(527)	RMB/Ton	12708	Closed	-
CCIndex(229)	RMB/Ton	13976	Closed	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	6-Jan-20	4-Jan-20	Change
FC Index (S)	Cents/lb	83.45	Closed	-
FC Index (M)	Cents/lb	79.24	Closed	-



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

Cotlook Indices	Unit	4-Jan-20	3-Jan-20	Change
A-Index	Cents/Pound	Closed	78.1	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Jan-20	4-Jan-20	Bales
Southeast	cents/lb.	Closed	Closed	Closed
North Delta	cents/lb.	Closed	Closed	Closed
South Delta	cents/lb.	Closed	Closed	Closed
East TX-OK	cents/lb.	Closed	Closed	Closed
West Texas	cents/lb.	Closed	Closed	Closed
Desert SW	cents/lb.	Closed	Closed	Closed
SJ Valley	cents/lb.	Closed	Closed	Closed

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 04-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)									
<a href="#">20-Mar</a>	200103	69.01	69.61	68.5	69.2	-0.07	14,440	120,663	-1,369
<a href="#">20-May</a>	200103	70.31	70.77	69.67	70.38	-0.07	4,264	49,204	-30
<a href="#">20-Jul</a>	200103	71.21	71.62	70.57	71.27	-0.07	1,992	21,379	313
<a href="#">20-Oct</a>	200103	71.47	71.47	71.47	71.47	-0.07	0	14	0
<a href="#">20-Dec</a>	200103	71.15	71.35	70.43	71.24	0.01	878	28,252	-8
<a href="#">21-Mar</a>	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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