

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,750/per candy (70.49 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: CAI retains the cotton crop estimates at 354 lakh bales from its earlier estimates for 2019-20 season. The CAI has reduced its cotton crop estimate of the Northern Zone (lower Rajasthan) by 2 lakh bales from its previous month's estimate to 61 lakh bales from 63 lakh bales. However, there is an increase of 2 lakh bales in the cotton crop estimate of Maharashtra State compared to the estimate. The total arrivals reached 125.89 lakh bales upto 31st December 2019 and the opening stock estimated by the CAI at 23.50 lakh bales at the beginning of the season.

According to CAI, shipment of imports from 1st October 2019 to 31st December 2019 which have reached Indian Ports are estimated at 6.50 lakh bales while balance 18.50 lakh bales are estimated to arrive Indian Ports till 30th September 2020. While cotton export shipments are estimated around 10 lakh bales from 1st October 2019 to 31st December 2019 and a balance of 32 lakh bales are expected to be shipped during the period from 1st January 2020 to 30th September 2020.

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 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.

Weather Forecast for tomorrow:

Now, we expect moderate to heavy rain and snow to occur over Western Himalayas. Widespread rain and thundershowers are likely over Punjab and Haryana. Scattered rains are likely over West Uttar Pradesh, Delhi and North Rajasthan. Isolated hailstorm activities are also possible over these regions. Light to moderate rain and thundershowers are likely to continue over coastal Andhra Pradesh and North Tamil Nadu. Isolated rain activities are possible over Northeast India and parts of Telangana.

International Fundamentals:

Cotton closed on Monday with 32 to 84 point gains, Mar 20 Cotton closed at 70.04, up 84 points. The 01/02 Cotlook A index was at 78.10 cents/lb after recovering 25 points. The cotton AWP is 59.63 cents/lb.

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 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	-10	19770	19860	19710	19740	1165	798	4515	3232
20-Feb	-30	20070	20120	19990	20020	214	-594	760	-780

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	-20	-	-	-	-
20-Jan	-	-	-260	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 7th Jan @ 5.30 pm

* Updated at as on 07-Jan- 2019 @ 5:00 PM



DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Jan-20	6-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5650	5625	25
	Gondal	Shankar-6	5455	5505	-50
	Rajkot	B.T. Cotton	5460	5475	-15
	Patan	B.T. Cotton	5500	5605	-105
	Kadi	B.T. Cotton	5500	5400	100
	Deesa	B.T. Cotton	4980	4980	Unch
	Dhrol	B.T. Cotton	5475	5475	Unch
Haryana	Bhiwani	B.T. Cotton	5425	5400	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5250	5250	Unch
	Fatehabad	B.T. Cotton	5275	5250	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	5350	5300	50
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	5400	-
	Rawatsar	B.T. Cotton	NA	5250	-
Madhya Pradesh	Khandwa	Mech-1	5400	5500	-100
	Khargaon	Mech-1	5600	5600	Unch
Maharashtra	Amravati	Mech-1	5350	5300	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	5450	-
	Hathras	Desi	NA	4900	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5489	-
	Hubli	D.C.H.	5450	5450	Unch
	Hubli	B.T. Cotton	6950	6950	Unch
	Raichur	H-44 Cotton	5250	5350	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	7-Jan-20	6-Jan-20	
Punjab	Bhatinda	J-34	4090	4060	30
	Abohar	J-34	4100	4070	30
	Mansa	J-34	4050	4050	Unch
Haryana	Sirsa	J-34	4050	4020	30
Rajasthan	Sri-Ganganagar	J-34	3713	3666	47

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Jan-20	6-Jan-20		
Gujarat	Ahmedabad	Shankar-6	85000	81600	3400	
	Gondal	Shankar-6	4613	3159	1454	
	Rajkot	B.T. Cotton	4900	4400	500	
	Patan	B.T. Cotton	7070	6943	127	
	Kadi	B.T. Cotton	60000	70000	-10000	
	Deesa	B.T. Cotton	400	40	360	
	Dhrol	B.T. Cotton	554	607	-53	
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	850	1020	-170	
	Fatehabad	B.T. Cotton	15	100	-85	
	Jind	B.T. Cotton	NA	NA	-	
	Uchana	B.T. Cotton	450	4235	-3785	
	Dabwali	B.T. Cotton	NA	NA	-	
Rajasthan	Hanumangarh	B.T. Cotton	NA	200	-	
	Rawatsar	B.T. Cotton	NA	1000	-	
Madhya Pradesh	Khandwa	Mech-1	600	2000	-1400	
	Khargaon	Mech-1	1061	3375	-2314	
Maharashtra	Amravati	Mech-1	10000	10000	Unch	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	NA	40	-	
	Hathras	Desi	NA	40	-	
Telangana	Adilabad	Un-Ginned	NA	NA	-	
Karnataka	Bijapur	Bunny	NA	2935	-	
	Hubli	D.C.H.	524	22	502	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	3548	4335	-787	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Jan-20	6-Jan-20		
Punjab	Bhatinda	J-34	NA	1700	-	
	Abohar	J-34	NA	340	-	
	Mansa	J-34	340	340	Unch	
Haryana	Sirsa	J-34	NA	340	-	
Rajasthan	Sri-Ganganagar	J-34	NA	1000	-	

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	7-Jan-20	6-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	900	900	Unch
Delhi	New Delhi	Rs. /10 Kg.	853	863	-10
Telangana	Hyderabad	Rs. /10 Kg.	875	880	-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	7-Jan-20	6-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2096	2086	10
Maharashtra	Akola	Rs./Qtl	2124	2131	-7

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Jan-20	4-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	38500	38300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	38800	200
Shankar-6(105)	29mm	3.5 - 4.9	28	39300	39100	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39800	39600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39700	39500	200
DCH-32(107)	34mm	3.0 - 3.8	33	40000	39800	200

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

Index	Unit	7-Jan-20	6-Jan-20	Change
CCIndex(328)	RMB/Ton	13743	13698	45
CCIndex(527)	RMB/Ton	12817	12708	109
CCIndex(229)	RMB/Ton	14035	13976	59

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	7-Jan-20	6-Jan-20	Change
FC Index (S)	Cents/lb	84.2	83.45	0.75
FC Index (M)	Cents/lb	79.99	79.24	0.75

FC Index (L)

Cents/lb

78.73

77.98

0.75

Cotlook Index:

Cotlook Indices	Unit	6-Jan-20	5-Jan-20	Change
A-Index	Cents/Pound	78.05	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		6-Jan-20	6-Jan-20	Bales
Southeast	cents/lb.	68.79	71.04	0
North Delta	cents/lb.	67.29	69.54	0
South Delta	cents/lb.	67.29	69.54	0
East TX-OK	cents/lb.	64.79	67.04	6164
West Texas	cents/lb.	64.79	67.29	22008
Desert SW	cents/lb.	62.79	66.79	0
SJ Valley	cents/lb.	63.29	72.19	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 06-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 Mon January 06, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200106	69.29	70.1	69.29	70.04	0.84	21,477	123,333	2,670
20-May	200106	70.48	71.16	70.45	71.09	0.71	6,818	50,294	1,090
20-Jul	200106	71.59	71.88	71.25	71.84	0.57	3,350	22,183	804
20-Oct	200106	71.79	71.79	71.79	71.79	0.32	0	14	0
20-Dec	200106	71.35	71.6	71.03	71.58	0.34	2,314	28,609	357
21-Mar	200106	71.78	72.02	71.43	71.98	0.24	180	1,475	140
Total Volume and Open Interest							34,167	226,857	5,060

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