

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.40,000/per candy (71.03 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures slipped on Tuesday as investors booked profits when prices hit a seven-month peak earlier in the session. The U.S. Department of Agriculture's supply and demand report remained in focus.

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.

Weather Forecast for tomorrow:

Moderate rain and snowfall with few heavy spells will occur in Jammu and Kashmir, Ladakh, Himachal Pradesh, and Uttarakhand. Light to moderate rain and thundershower with an isolated intense spell will occur in Punjab, Haryana, West Uttar Pradesh and scattered rain in Rajasthan, Delhi and isolated in Madhya Pradesh. Scattered light to moderate rain may continue in the South coast of Andhra Pradesh and parts of Tamil Nadu. Light rain and snow at one or two places in Sikkim and Arunachal are also very likely. Cold day conditions will continue over Punjab, Haryana and in isolated pockets of North Rajasthan.

International Fundamentals:

Cotton trades pushed the futures back up after midday lows, and the low volume Oct futures even ended the session with gains of 48 points, Mar 20 Cotton is at 69.83, down 21 points. The Cotlook A index gave back 5 points on 01/06 and was at 78.05 cents/. 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 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	30	19730	19810	19640	19760	764	397	4436	3153
20-Feb	10	19970	20050	19950	20040	416	-392	952	-588

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	30	-	-	-	-
20-Jan	-	-	-240	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 8th Jan @ 5.30 pm

* Updated at as on 08-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Jan-20	7-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5625	5650	-25
	Gondal	Shankar-6	5505	5455	50
	Rajkot	B.T. Cotton	5500	5460	40
	Patan	B.T. Cotton	5535	5500	35
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	5000	4980	20
	Dhrol	B.T. Cotton	5495	5475	20
Haryana	Bhiwani	B.T. Cotton	5450	5425	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5270	5250	20
	Fatehabad	B.T. Cotton	5250	5275	-25
	Jind	B.T. Cotton	5350	NA	-
	Uchana	B.T. Cotton	NA	5350	-
	Dabwali	B.T. Cotton	5450	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	5225	NA	-
Madhya Pradesh	Khandwa	Mech-1	5400	5400	Unch
	Khargaon	Mech-1	NR	5600	-
Maharashtra	Amravati	Mech-1	5250	5350	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5444	-
	Hubli	D.C.H.	5400	5450	-50
	Hubli	B.T. Cotton	6950	6950	Unch
	Raichur	H-44 Cotton	5250	5250	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Jan-20	7-Jan-20	
Punjab	Bhatinda	J-34	4080	4090	-10
	Abohar	J-34	4090	4100	-10
	Mansa	J-34	4070	4050	20
Haryana	Sirsa	J-34	4050	4050	Unch
Rajasthan	Sri-Ganganagar	J-34	3713	3713	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Jan-20	7-Jan-20	
Gujarat	Ahmedabad	Shankar-6	79900	85000	-5100
	Gondal	Shankar-6	2496	4613	-2117
	Rajkot	B.T. Cotton	4600	4900	-300
	Patan	B.T. Cotton	5590	7070	-1480
	Kadi	B.T. Cotton	60000	60000	Unch
	Deesa	B.T. Cotton	250	400	-150
	Dhrol	B.T. Cotton	667	554	113
Haryana	Bhiwani	B.T. Cotton	500	1500	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	125	15	110
	Jind	B.T. Cotton	502	NA	-
	Uchana	B.T. Cotton	NA	450	-
	Dabwali	B.T. Cotton	600	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	1000	NA	-
Madhya Pradesh	Khandwa	Mech-1	500	600	-100
	Khargaon	Mech-1	NR	1061	-
Maharashtra	Amravati	Mech-1	8000	10000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	4237	-
	Hubli	D.C.H.	NA	524	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	3323	3548	-225
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Jan-20	7-Jan-20	
Punjab	Bhatinda	J-34	850	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	340	NA	-
Rajasthan	Sri-Ganganagar	J-34	2000	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	8-Jan-20	7-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	900	900	Unch
Delhi	New Delhi	Rs. /10 Kg.	853	853	Unch
Telangana	Hyderabad	Rs. /10 Kg.	875	875	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	910	920	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	8-Jan-20	7-Jan-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2099	2096	3
Maharashtra	Akola	Rs./Qtl	2128	2124	4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Jan-20	6-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	38700	38500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39200	39000	200
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	39300	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40000	39800	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39900	39700	200
DCH-32(107)	34mm	3.0 - 3.8	33	40200	40000	200

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

Index	Unit	8-Jan-20	7-Jan-20	Change
CCIndex(328)	RMB/Ton	13806	13743	63
CCIndex(527)	RMB/Ton	12895	12817	78
CCIndex(229)	RMB/Ton	14093	14035	58

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

China Foreign Cotton (FCE) Index :

Index	Unit	8-Jan-20	7-Jan-20	Change
FC Index (S)	Cents/lb	83.62	84.2	-0.58

FC Index (M)	Cents/lb	79.53	79.99	-0.46
FC Index (L)	Cents/lb	78.37	78.73	-0.36

Cotlook Index:

Cotlook Indices	Unit	7-Jan-20	6-Jan-20	Change
A-Index	Cents/Pound	78.75	78.05	0.70

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		7-Jan-20	7-Jan-20	Bales
Southeast	cents/lb.	68.58	70.83	328
North Delta	cents/lb.	67.08	69.33	0
South Delta	cents/lb.	67.08	69.33	0
East TX-OK	cents/lb.	64.58	66.83	5078
West Texas	cents/lb.	64.58	67.08	12096
Desert SW	cents/lb.	62.58	66.58	1500
SJ Valley	cents/lb.	63.08	71.98	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 07-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 Tue January 07, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200107	70.07	70.25	69.46	69.83	-0.21	19,512	124,444	1,111
20-May	200107	71.09	71.25	70.63	70.97	-0.12	7,439	51,226	932
20-Jul	200107	71.84	71.97	71.42	71.84	unch	2,772	22,979	796
20-Oct	200107	72.58	72.58	72.27	72.27	0.48	0	14	0
20-Dec	200107	71.57	71.69	71.15	71.57	-0.01	1,375	28,789	180
21-Mar	200107	71.83	72.12	71.81	72.12	0.14	300	1,451	-24
Total Volume and Open Interest							31,440	229,873	3,016

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