

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,950/per candy (71.56 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: According to the sources, 390 procurement centers are operational out of 426 across India. CCI procured 35.7 lakh bales (30% of total arrivals) as of 8th January'20 but in last year, CCI took only 10 lakh bales from the farmers in 2018-19 season. It is expected that CCI likely to procure around 50-6- lakh bales this year. So far, Out of the 35.7 lakh bales, around 19 lakh bales was procured from Telangana, with Maharashtra (6 lakh), Gujarat (3.5 lakh), Haryana (2.8 lakh), Punjab (2.2 lakh) and Rajasthan (2 lakh) being the other major contributors.

According to the trade sources, all India cotton arrivals stood around 117.62 lakh bales. Out of which, 57.33 lakh bales has been arrived from Maharashtra, MP and Gujarat, followed by 34.47 lakh bales from the southern states including Telangana, AP and Karnataka. The arrivals from North India reported around 25.38 lakh bales from Punjab, Haryana and Rajasthan. Slight decline have been reported from Gujarat and Maharashtra due to untimely rains.

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 851 million 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).

Weather Forecast for tomorrow:

During the next 24 hours, scattered rain and snow will continue in Jammu and Kashmir, Ladakh and Himachal Pradesh. Moderate to heavy rain and snow is expected in Uttarakhand until the afternoon of January 9. Rainfall activity will subside in Punjab, Haryana, Delhi, and Rajasthan, however, rains may intensify in Northwest Uttar Pradesh and will gradually cover most parts of East Uttar Pradesh, Jharkhand, parts of Bihar, Odisha and West Bengal. Light to moderate rain is likely in East Madhya Pradesh, Chhattisgarh, Vidarbha and parts of Telangana. Isolated light rain is likely in Tamil Nadu and Andhra Pradesh.

International Fundamentals:

Cotton traded 73 to 79 points higher ahead of report day, Mar 20 Cotton closed at 70.69, up 73 points. The Cotlook A index was down 25 points for 01/08, is at 78.50 cents. FSA's weekly adjusted world price of cotton was increased 45 points to 60.08 cents/lb, the previous update was an increase of 78 points.

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 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	170	19840	20030	19840	19800	1488	1121	4924	3641
20-Feb	180	20150	20270	20130	20060	555	-253	1358	-182

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	-190	-	-	-	-
20-Jan	-	-	-240	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 10th Jan @ 5.30 pm

* Updated at as on 10-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Jan-20	9-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5650	5625	25
	Gondal	Shankar-6	5580	5530	50
	Rajkot	B.T. Cotton	5560	5525	35
	Patan	B.T. Cotton	5685	5500	185
	Kadi	B.T. Cotton	5600	5500	100
	Deesa	B.T. Cotton	NA	4775	-
	Dhrol	B.T. Cotton	5555	5505	50
Haryana	Bhiwani	B.T. Cotton	5500	5460	40
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5400	5320	80
	Fatehabad	B.T. Cotton	5350	5340	10
	Jind	B.T. Cotton	5450	5400	50
	Uchana	B.T. Cotton	5290	5150	140
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5500	5400	100
	Rawatsar	B.T. Cotton	5360	5360	Unch
Madhya Pradesh	Khandwa	Mech-1	5400	5300	100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5250	5200	50
	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	5509	5471	38
	Hubli	D.C.H.	5400	5400	Unch
	Hubli	B.T. Cotton	6950	6950	Unch
	Raichur	H-44 Cotton	5350	5300	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Jan-20	9-Jan-20	
Punjab	Bhatinda	J-34	4090	4080	10
	Abohar	J-34	4120	4090	30
	Mansa	J-34	4100	4075	25
Haryana	Sirsa	J-34	4070	4050	20
Rajasthan	Sri-Ganganagar	J-34	3619	3713	-94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Jan-20	9-Jan-20	
Gujarat	Ahmedabad	Shankar-6	85000	79900	5100
	Gondal	Shankar-6	2232	1800	432
	Rajkot	B.T. Cotton	4050	4650	-600
	Patan	B.T. Cotton	4426	4773	-347
	Kadi	B.T. Cotton	70000	60000	10000
	Deesa	B.T. Cotton	NA	100	-
	Dhrol	B.T. Cotton	409	387	22
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1190	510
	Fatehabad	B.T. Cotton	900	300	600
	Jind	B.T. Cotton	850	520	330
	Uchana	B.T. Cotton	810	150	660
	Dabwali	B.T. Cotton	825	450	375
Rajasthan	Hanumangarh	B.T. Cotton	2500	1000	1500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	2000	3500	-1500
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	16000	18000	-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	3261	3350	-89
	Hubli	D.C.H.	64	520	-456
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	3037	3435	-398
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Jan-20	9-Jan-20	
Punjab	Bhatinda	J-34	6800	3400	3400
	Abohar	J-34	1190	850	340
	Mansa	J-34	680	340	340
Haryana	Sirsa	J-34	1020	510	510
Rajasthan	Sri-Ganganagar	J-34	3000	2000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	10-Jan-20	9-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	915	910	5
Delhi	New Delhi	Rs. /10 Kg.	885	870	15
Telangana	Hyderabad	Rs. /10 Kg.	910	900	10
Maharashtra	Mumbai	Rs. /10 Kg.	917	900	17

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Jan-20	9-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2186	2134	52
Maharashtra	Akola	Rs./Qtl	2187	2149	38

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Jan-20	8-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	38500	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39400	39100	300
Shankar-6(105)	29mm	3.5 - 4.9	28	39400	39400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40200	39900	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40000	39800	200
DCH-32(107)	34mm	3.0 - 3.8	33	40400	40200	200

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

Index	Unit	10-Jan-20	9-Jan-20	Change
CCIndex(328)	RMB/Ton	13823	13815	8
CCIndex(527)	RMB/Ton	12905	12896	9
CCIndex(229)	RMB/Ton	14116	14098	18
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	10-Jan-20	9-Jan-20	Change
FC Index (S)	Cents/lb	84.37	83.62	0.75

FC Index (M)	Cents/lb	80.28	79.53	0.75
FC Index (L)	Cents/lb	79.12	78.37	0.75

Cotlook Index:

Cotlook Indices	Unit	9-Jan-20	8-Jan-20	Change
A-Index	Cents/Pound	78.5	78.5	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		9-Jan-20	9-Jan-20	Bales
Southeast	cents/lb.	69.44	71.69	0
North Delta	cents/lb.	67.94	70.19	766
South Delta	cents/lb.	67.94	70.19	0
East TX-OK	cents/lb.	65.44	67.69	10926
West Texas	cents/lb.	65.44	67.94	16090
Desert SW	cents/lb.	63.44	67.44	740
SJ Valley	cents/lb.	63.94	72.84	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 08-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 09, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200109	69.96	70.85	69.56	70.69	0.73	14,186	126,964	955
20-May	200109	71.16	71.97	70.75	71.86	0.76	5,023	52,449	878
20-Jul	200109	71.9	72.92	71.73	72.83	0.79	2,608	24,824	978
20-Oct	200109	72.71	72.71	72.71	72.71	0.42	1	15	1
20-Dec	200109	71.42	72.2	71.41	72.11	0.57	1,442	29,625	459
21-Mar	200109	72.33	72.48	72.33	72.44	0.48	153	1,719	144
Total Volume and Open Interest							23,504	236,605	3,427

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