

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.40,800/per candy (73.42 cents/lb). Cotton prices across India reported to showed mixed trend across. The market finished somewhat higher Monday, punching out eight-months highs. Of course, the focus of the trade is now laser focused on the U.S.-China signing treaty this Wednesday in Washington.

News: The cotton market across India showed mixed trend and the prices rose above MSP in the major markets while the arrivals started declining in northern cotton producing states. The export demand has started increasing since end of Dec'19 as the rupee currency started depreciating and prices in the overseas market has rallied encouraging the importing countries like China, Bangladesh and Vietnam to increase purchases from India and becoming competitive to US and Brazil. While this might put pressure on the global prices which are trading at their peak prices since last 5-6 months.

US expects further decline in production by around 0.61% than the previous estimates of 20.1 US million bales to 20.8 US million bales. Although, the production is still higher than previous year that stood at 18.37 US million bales (2018-19). The exports are also expected to increase to 16.5 US million bales in 2019-20 against 14.76 US million bales in 2018-19. According to the WASDE report, the cotton production in rest of the countries remained same in India (29.5 US million bales), Pakistan (6.2 US million bales) China (27.2 US million bales), and Brazil (12.5 US million bales) from previous month's estimates.

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%).

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rain or snowfall with gusty winds at many places, associated with heavy spells of rain and snowfall at isolated places is very likely in Jammu and Kashmir, Laddakh, Himachal Pradesh and Uttarakhand. Light to moderate rain or thundershower will affect scattered places in Punjab, Haryana, Delhi, North and West Uttar Pradesh, North and West Rajasthan with isolated places in Gujarat, Coastal parts of Tamil Nadu and Rayalseema.

International Fundamentals:

Cotton futures came back from midday highs, but still gained as much as 22 points to start the week off, Mar 20 Cotton closed at 71.53, up 22 points. The Cotlook A index was increased 70 points to 79.20 for 01/10. The AWP for cotton is at 60.08 cents/lb.

The US Export Sales report from USDA showed 152,000 RB of 2019-20 upland cotton sold in the week ending 2nd Jan'20 were down by 38% compared to previous week. Increases primarily for Vietnam (97,600 RB, including 6,900 RB switched from Hong Kong, 2,100 RB switched from South Korea, and 300 RB switched from Japan), Pakistan (24,000 RB), Turkey (19,000RB), South Korea (15,700 RB), and Bangladesh (12,800 RB, including decreases of 600 RB), reductions were from India (18,000RB), Hong Kong (6,900 RB). For 2020-21, net sales of 5,500 RB and were primarily for Turkey (4,400 RB) and Vietnam (1,100 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 | 30 | 20120 | 20180 | 20020 | 20000 | 1068 | 701 | 5096 | 3813 |
| 20-Feb | 20 | 20370 | 20430 | 20300 | 20280 | 396 | -412 | 1633 | 93 |

| Spread | 19-Nov | 19-Dec | 20-Jan | 20-Feb | -- | -- |
|--------|--------|--------|--------|--------|----|----|
| Spot | - | | | | - | - |
| 19-Dec | - | -340 | - | - | - | - |
| 20-Jan | - | - | -250 | - | - | - |

(NB: Spread Basis = Spot- Near Month Future) As updated on 13th Jan @ 5.30 pm

* Updated at as on 13-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 14-Jan-20 | 13-Jan-20 | |
| Gujarat | Ahmedabad | Shankar-6 | Closed | 5675 | - |
| | Gondal | Shankar-6 | Closed | Closed | - |
| | Rajkot | B.T. Cotton | Closed | 5675 | - |
| | Patan | B.T. Cotton | Closed | 5555 | - |
| | Kadi | B.T. Cotton | Closed | 5600 | - |
| | Deesa | B.T. Cotton | NA | 4950 | - |
| | Dhrol | B.T. Cotton | Closed | 5585 | - |
| Haryana | Bhiwani | B.T. Cotton | 5500 | 5500 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 5360 | 5375 | -15 |
| | Fatehabad | B.T. Cotton | 5350 | 5340 | 10 |
| | Jind | B.T. Cotton | 5500 | NA | - |
| | Uchana | B.T. Cotton | 5370 | 5370 | Unch |
| | Dabwali | B.T. Cotton | 5325 | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | Closed | NA | - |
| | Rawatsar | B.T. Cotton | 5350 | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | 5400 | 5400 | Unch |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 5300 | 5300 | Unch |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NR | 5025 | - |
| Karnataka | Bijapur | Bunny | NR | 5549 | - |
| | Hubli | D.C.H. | NR | 5500 | - |
| | Hubli | B.T. Cotton | NR | 6950 | - |
| | Raichur | H-44 Cotton | NR | 5400 | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 14-Jan-20 | 13-Jan-20 | |
| Punjab | Bhatinda | J-34 | 4160 | 4150 | 10 |
| | Abohar | J-34 | 4170 | 4175 | -5 |
| | Mansa | J-34 | 4160 | 4160 | Unch |
| Haryana | Sirsa | J-34 | 4130 | 4130 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | 3807 | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 14-Jan-20 | 13-Jan-20 | |
| Gujarat | Ahmedabad | Shankar-6 | Closed | 76500 | - |
| | Gondal | Shankar-6 | Closed | Closed | - |
| | Rajkot | B.T. Cotton | Closed | 4800 | - |
| | Patan | B.T. Cotton | Closed | 3198 | - |
| | Kadi | B.T. Cotton | Closed | 60000 | - |
| | Deesa | B.T. Cotton | NA | 30 | - |
| | Dhrol | B.T. Cotton | Closed | 512 | - |
| Haryana | Bhiwani | B.T. Cotton | 1500 | 500 | 1000 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 1020 | 510 | 510 |
| | Fatehabad | B.T. Cotton | 60 | 500 | -440 |
| | Jind | B.T. Cotton | 350 | NA | - |
| | Uchana | B.T. Cotton | 5000 | 5000 | Unch |
| | Dabwali | B.T. Cotton | 230 | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | Closed | NA | - |
| | Rawatsar | B.T. Cotton | 1000 | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | 1000 | 1500 | -500 |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 16000 | 16000 | Unch |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NR | 27020 | - |
| Karnataka | Bijapur | Bunny | NR | 2870 | - |
| | Hubli | D.C.H. | NR | 18 | - |
| | Hubli | B.T. Cotton | NR | NA | - |
| | Raichur | H-44 Cotton | NR | 3247 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 14-Jan-20 | 13-Jan-20 | |
| Punjab | Bhatinda | J-34 | 2550 | 850 | 1700 |
| | Abohar | J-34 | 255 | 340 | -85 |
| | Mansa | J-34 | 340 | 340 | Unch |
| Haryana | Sirsa | J-34 | 170 | 170 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | 2000 | NA | - |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 14-Jan-20 | 13-Jan-20 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 910 | 910 | Unch |
| Delhi | New Delhi | Rs. /10 Kg. | 875 | 888 | -13 |
| Telangana | Hyderabad | Rs. /10 Kg. | 895 | 910 | -15 |
| Maharashtra | Mumbai | Rs. /10 Kg. | 925 | 930 | -5 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 14-Jan-20 | 13-Jan-20 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2125 | 2130 | -5 |
| Maharashtra | Akola | Rs./Qtl | 2140 | 2164 | -24 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
| | | | | 13-Jan-20 | 11-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 | 39400 | 39100 | 300 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 40100 | 39800 | 300 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 40300 | 40000 | 300 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 40900 | 40600 | 300 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 40700 | 40400 | 300 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 41100 | 40800 | 300 |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index | Unit | 14-Jan-20 | 13-Jan-20 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 13996 | 13846 | 150 |
| CCIndex(527) | RMB/Ton | 13037 | 12912 | 125 |
| CCIndex(229) | RMB/Ton | 14271 | 14145 | 126 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 14-Jan-20 | 13-Jan-20 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 85.13 | 84.91 | 0.22 |

| | | | | |
|--------------|----------|-------|-------|------|
| FC Index (M) | Cents/lb | 81.17 | 80.97 | 0.20 |
| FC Index (L) | Cents/lb | 79.91 | 79.67 | 0.24 |

Cotlook Index:

| Cotlook Indices | Unit | 13-Jan-20 | 12-Jan-20 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 79.9 | #N/A | - |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|------------------------|------------------------|----------|
| | | 13-Jan-20 | 13-Jan-20 | Bales |
| Southeast | cents/lb. | 70.28 | 72.53 | 0 |
| North Delta | cents/lb. | 68.78 | 71.03 | 0 |
| South Delta | cents/lb. | 68.78 | 71.03 | 0 |
| East TX-OK | cents/lb. | 66.28 | 68.53 | 28394 |
| West Texas | cents/lb. | 66.28 | 68.78 | 15564 |
| Desert SW | cents/lb. | 64.28 | 68.28 | 1754 |
| SJ Valley | cents/lb. | 64.78 | 73.68 | 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 13-Jan-2019

(in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 9000 | 160 | 9160 |
| Equivalent | 40 Kgs | 9645 | 171 | 9816 |

Daily Futures Price Listing Mon January 13, 2020

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 20-Mar | 200113 | 71.31 | 71.96 | 71.18 | 71.53 | 0.22 | 22,487 | 127,080 | 1,400 |
| 20-May | 200113 | 72.25 | 73.08 | 72.25 | 72.67 | 0.21 | 9,611 | 51,864 | 412 |
| 20-Jul | 200113 | 73.42 | 74 | 73.36 | 73.63 | 0.21 | 4,792 | 28,856 | 2,202 |
| 20-Oct | 200113 | 73.39 | 73.39 | 73.39 | 73.39 | 0.21 | 0 | 15 | 0 |
| 20-Dec | 200113 | 72.5 | 73 | 72.41 | 72.74 | 0.26 | 1,797 | 29,776 | 421 |
| 21-Mar | 200113 | 73 | 73.57 | 72.8 | 73.1 | 0.31 | 193 | 1,745 | 36 |
| Total Volume and Open Interest | | | | | | | 38,982 | 240,366 | 4,500 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2020 Indian Agribusiness Systems Pvt. Ltd.