

**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. 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:** The mills are not able to purchase cotton from CCI and the price quoted is very high compared to the present market price around Rs.46000/candy against the market price of Rs.40000/candy. So, The South India Mills' Association (SIMA) has urged the government to sell the cotton at market price on a regular basis to avoid the hike in prices and the spinning mills could procure the cotton at a competitive price. CCI is procuring around 50% of the total arrivals in the market under MSP and has accumulated the stock of around 38 lakh bales in the current season.

**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 8<sup>th</sup> 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 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.

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

Isolated rain and snowfall will continue in Uttarakhand for the next 24 hours. Isolated light rain is likely in North Madhya Pradesh, parts of Assam and Arunachal Pradesh. By January 15, isolated rain and snow will once again commence in Jammu and Kashmir and Himachal Pradesh during afternoon or evening hours. Scattered rain is very likely in North Madhya Pradesh and East Rajasthan.

### **International Fundamentals:**

**Cotton closed the Tuesday session posting losses of 13 to 27 points, Mar 20 Cotton closed at 71.38, down 15 points.** The Cotlook A index increased another 70 points to 79.90 for 01/13. The AWP for cotton was at 60.08 cents/lb, good for Thursday.

**The US Export Sales report from USDA showed 152,000 RB of 2019-20 upland cotton sold in the week ending 2<sup>nd</sup> 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 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	-130	19890	19950	19730	19930	992	625	4749	3466
20-Feb	-130	20130	20240	20020	20220	657	-151	2185	645

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	-110	-	-	-	-
20-Jan	-	-	-290	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 15<sup>th</sup> Jan @ 5.30 pm

\* Updated at as on 15-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Jan-20	14-Jan-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	5575	Closed	-
	Patan	B.T. Cotton	5430	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	5500	5500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5350	5360	-10
	Fatehabad	B.T. Cotton	5325	5350	-25
	Jind	B.T. Cotton	5500	5500	Unch
	Uchana	B.T. Cotton	5300	5370	-70
	Dabwali	B.T. Cotton	5350	5325	25
Rajasthan	Hanumangarh	B.T. Cotton	5515	Closed	-
	Rawatsar	B.T. Cotton	5350	5350	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5400	-
	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	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	5500	NR	-
	Hubli	B.T. Cotton	6950	NR	-
	Raichur	H-44 Cotton	NR	5400	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Jan-20	14-Jan-20	
Punjab	Bhatinda	J-34	4150	4160	-10
	Abohar	J-34	4160	4170	-10
	Mansa	J-34	4140	4160	-20
Haryana	Sirsa	J-34	4115	4130	-15
Rajasthan	Sri-Ganganagar	J-34	3807	3807	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Jan-20	14-Jan-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	2400	Closed	-
	Patan	B.T. Cotton	504	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1020	170
	Fatehabad	B.T. Cotton	700	60	640
	Jind	B.T. Cotton	230	350	-121
	Uchana	B.T. Cotton	5000	5000	Unch
	Dabwali	B.T. Cotton	300	230	70
Rajasthan	Hanumangarh	B.T. Cotton	1000	Closed	-
	Rawatsar	B.T. Cotton	1500	1000	500
Madhya Pradesh	Khandwa	Mech-1	Closed	1000	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	15000	16000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NA	NR	-
	Raichur	H-44 Cotton	NR	2212	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Jan-20	14-Jan-20	
Punjab	Bhatinda	J-34	5100	2550	2550
	Abohar	J-34	850	255	595
	Mansa	J-34	680	340	340
Haryana	Sirsa	J-34	340	170	170
Rajasthan	Sri-Ganganagar	J-34	1500	2000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
-----------	-----------------	-------	--------

State	Centre	Unit	15-Jan-20	14-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	885	910	-25
Delhi	New Delhi	Rs. /10 Kg.	875	875	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Closed	895	-
Maharashtra	Mumbai	Rs. /10 Kg.	915	925	-10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-Jan-20	14-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2102	2125	-23
Maharashtra	Akola	Rs./Qtl	2135	2140	-5

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Jan-20	13-Jan-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36500	36700	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37000	37200	-200
J-34(202)	26mm	3.5 - 4.9	23	39300	39400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39900	40100	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	40100	40300	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40700	40900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40500	40700	-200
DCH-32(107)	34mm	3.0 - 3.8	33	40900	41100	-200

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

Index	Unit	15-Jan-20	14-Jan-20	Change
CCIndex(328)	RMB/Ton	13949	13996	-47
CCIndex(527)	RMB/Ton	13028	13037	-9
CCIndex(229)	RMB/Ton	14253	14271	-18

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

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

Index	Unit	15-Jan-20	14-Jan-20	Change
FC Index (S)	Cents/lb	84.91	85.13	-0.22
FC Index (M)	Cents/lb	80.96	81.17	-0.21
FC Index (L)	Cents/lb	79.71	79.91	-0.20



**Cotlook Index:**

Cotlook Indices	Unit	14-Jan-20	13-Jan-20	Change
A-Index	Cents/Pound	0	79.9	<b>-79.90</b>

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-Jan-20	14-Jan-20	Bales
Southeast	cents/lb.	70.13	72.38	<b>0</b>
North Delta	cents/lb.	68.63	70.88	<b>0</b>
South Delta	cents/lb.	68.63	70.88	<b>0</b>
East TX-OK	cents/lb.	66.13	68.38	<b>6543</b>
West Texas	cents/lb.	66.13	68.63	<b>12522</b>
Desert SW	cents/lb.	64.13	68.13	<b>875</b>
SJ Valley	cents/lb.	64.63	73.53	<b>0</b>

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 14-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 Tue January 14, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	200114	71.5	71.75	70.9	71.38	<b>-0.15</b>	25,520	127,048	-32
<a href="#">20-May</a>	200114	72.67	72.84	72.03	72.46	<b>-0.21</b>	12,664	52,702	838
<a href="#">20-Jul</a>	200114	73.41	73.75	72.97	73.36	<b>-0.27</b>	5,677	31,996	3,140
<a href="#">20-Oct</a>	200114	73.26	73.26	73.26	73.26	<b>-0.13</b>	0	15	0
<a href="#">20-Dec</a>	200114	72.82	72.9	72.15	72.51	<b>-0.23</b>	2,153	30,256	480
<a href="#">21-Mar</a>	200114	73.16	73.21	72.83	72.94	<b>-0.16</b>	219	1,873	128
Total Volume and Open Interest							46,408	245,037	4,671

### **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.