

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.40,600/per candy (73.13 cents/lb). Cotton prices across India reported to showed mixed trend across. The cotton market was lower Wednesday even as the phase one deal was signed at a lengthy White House ceremony.

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 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.

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rain is likely in Jammu and Kashmir, Himachal Pradesh, Ladakh, and Uttarakhand. Scattered rain and thundershower activities are expected in Southwest Uttar Pradesh, East Rajasthan, and West Madhya Pradesh. Isolated rainfall activities may occur in the northern parts of Punjab, Haryana and in parts of Delhi and NCR. Isolated rain is also likely in Assam and Arunachal Pradesh.

International Fundamentals:

Cotton futures closed with a triple digit give back in the front months, Mar 20 Cotton closed at 70.32, down 106 points. The Cotlook A index increased was 30 more points higher up to 80.20 on 01/14. The AWP for cotton was at 60.08 cents/lb, good through tomorrow.

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 104.1thousand 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	-120	19770	19800	19610	19750	1109	742	4595	3312
20-Feb	-130	20070	20070	19880	20040	577	-231	2396	856

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	40	-	-	-	-
20-Jan	-	-	-270	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 16th Jan @ 5.30 pm

* Updated at as on 16-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Jan-20	15-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5650	Closed	-
	Gondal	Shankar-6	5530	Closed	-
	Rajkot	B.T. Cotton	5540	5575	-35
	Patan	B.T. Cotton	5605	5430	175
	Kadi	B.T. Cotton	5500	Closed	-
	Deesa	B.T. Cotton	5150	NA	-
	Dhrol	B.T. Cotton	5560	Closed	-
Haryana	Bhiwani	B.T. Cotton	5400	5500	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5275	5350	-75
	Fatehabad	B.T. Cotton	5250	5325	-75
	Jind	B.T. Cotton	5425	5500	-75
	Uchana	B.T. Cotton	5330	5300	30
	Dabwali	B.T. Cotton	5300	5350	-50
Rajasthan	Hanumangarh	B.T. Cotton	5450	5515	-65
	Rawatsar	B.T. Cotton	5300	5350	-50
Madhya Pradesh	Khandwa	Mech-1	5400	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5250	5300	-50
	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	5575	NR	-
	Hubli	D.C.H.	5450	5500	-50
	Hubli	B.T. Cotton	6900	6950	-50
	Raichur	H-44 Cotton	NR	5400	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Jan-20	15-Jan-20	
Punjab	Bhatinda	J-34	4090	4150	-60
	Abohar	J-34	4120	4160	-40
	Mansa	J-34	4140	4140	Unch
Haryana	Sirsa	J-34	4060	4115	-55
Rajasthan	Sri-Ganganagar	J-34	3784	3807	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Jan-20	15-Jan-20	
Gujarat	Ahmedabad	Shankar-6	68000	Closed	-
	Gondal	Shankar-6	NA	Closed	-
	Rajkot	B.T. Cotton	3500	2400	1100
	Patan	B.T. Cotton	3076	504	2572
	Kadi	B.T. Cotton	50000	Closed	-
	Deesa	B.T. Cotton	340	NA	-
	Dhrol	B.T. Cotton	346	Closed	-
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1190	170
	Fatehabad	B.T. Cotton	700	700	Unch
	Jind	B.T. Cotton	500	230	270
	Uchana	B.T. Cotton	3200	5000	-1800
	Dabwali	B.T. Cotton	900	300	600
Rajasthan	Hanumangarh	B.T. Cotton	5000	1000	4000
	Rawatsar	B.T. Cotton	2000	1500	500
Madhya Pradesh	Khandwa	Mech-1	500	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	13000	15000	-2000
	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	2333	NR	-
	Hubli	D.C.H.	12	NR	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	787	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Jan-20	15-Jan-20	
Punjab	Bhatinda	J-34	6800	5100	1700
	Abohar	J-34	1020	850	170
	Mansa	J-34	510	680	-170
Haryana	Sirsa	J-34	680	340	340
Rajasthan	Sri-Ganganagar	J-34	2000	1500	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	16-Jan-20	15-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	900	885	15
Delhi	New Delhi	Rs. /10 Kg.	850	875	-25
Telangana	Hyderabad	Rs. /10 Kg.	Closed	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	910	915	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Jan-20	15-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2072	2102	-30
Maharashtra	Akola	Rs./Qtl	2103	2135	-32

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Jan-20	14-Jan-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36500	36500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37000	37000	Unch
J-34(202)	26mm	3.5 - 4.9	23	39000	39300	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39700	39900	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39800	40100	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40400	40700	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40500	40500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	40700	40900	-200

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

Index	Unit	16-Jan-20	15-Jan-20	Change
CCIndex(328)	RMB/Ton	13886	13949	-63
CCIndex(527)	RMB/Ton	12973	13028	-55
CCIndex(229)	RMB/Ton	14185	14253	-68

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

China Foreign Cotton (FCE) Index :

Index	Unit	16-Jan-20	15-Jan-20	Change
FC Index (S)	Cents/lb	83.91	84.91	-1.00
FC Index (M)	Cents/lb	79.96	80.96	-1.00
FC Index (L)	Cents/lb	78.71	79.71	-1.00

Cotlook Index:

Cotlook Indices	Unit	15-Jan-20	14-Jan-20	Change
A-Index	Cents/Pound	80.2	80.2	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Jan-20	15-Jan-20	Bales
Southeast	cents/lb.	69.07	71.32	0
North Delta	cents/lb.	67.57	69.82	0
South Delta	cents/lb.	67.57	69.82	0
East TX-OK	cents/lb.	65.07	67.32	4000
West Texas	cents/lb.	65.07	67.57	11512
Desert SW	cents/lb.	63.07	67.07	0
SJ Valley	cents/lb.	63.57	72.47	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 15-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 Wed January 15, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200115	71.38	71.38	70.1	70.32	-1.06	19,665	126,507	-541
20-May	200115	72.46	72.46	71.18	71.39	-1.07	7,261	53,834	1,132
20-Jul	200115	73.39	73.39	72.12	72.31	-1.05	3,757	33,274	1,278
20-Oct	200115	72.78	72.78	72.71	72.71	-0.55	0	15	0
20-Dec	200115	72.26	72.47	71.66	71.96	-0.55	2,911	30,840	584
21-Mar	200115	72.5	72.75	72.2	72.42	-0.52	386	2,058	185
Total Volume and Open Interest							34,169	247,730	2,693

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