

**Domestic Fundamentals:****Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.40,450/per candy (72.57 cents/lb). Cotton prices across India reported to showed mixed trend across. The Mar contract finished very near unchanged on the week, giving up 6 points and finishing at 71.25 cent/lbs.

**News:** The cotton season in Maharashtra is coming to an end in rainfed areas. About 44 lakh hectares of land was the planted area and about four lakh hectares is yet to be harvested. The harvesting is hampered due to the lower availability of labour to pick cotton from the fields. This year, the rainfed areas received good amount of rainfall that encouraged the farmers to grow more cotton. But at present, the farmers have left their fields due to the labour shortage.

**CCI procured around 40 lakh bales so far this season out of 40% total arrivals of cotton in the market.** CCI is likely to achieve atleast 70 lakh bales of cotton this season against the target of procuring 100 lakh bales. The CCI has been buying in the regions, where private players were not actively buying but due to the improvement in the global prices that made the private traders to increase the purchase in last few days that could impact the CCI purchases. And now, Small and cooperative mills have been buying from CCI, but the big mills have not been participating in CCI's tenders as many mills are not willing to pay the price set by CCI (Rs.46,000/candy against Rs.40,000/candy).

**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).

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

During the next 24 hours, we expect fairly widespread rain and snow over Jammu and Kashmir, Himachal Pradesh, Ladakh and Uttarakhand. Isolated rain activities may also occur over Northwest Uttar Pradesh, northern parts of Punjab and Haryana. Scattered light to moderate rains are likely over Assam, Meghalaya, Nagaland, Arunachal Pradesh as well as over parts of South Tamil Nadu and Kerala. Minimum temperatures will increase by two to three degrees over most parts of Northwest Plains due to commencement of easterly winds over West Uttar Pradesh, Punjab, Haryana, North Rajasthan.

### **International Fundamentals:**

**Cotton futures rallied 49 to 103 points in the front month futures, Mar 20 Cotton closed at 71.25, up 103 points.** The Cotlook A index dropped a full penny to 79.20 on 01/16. The AWP for cotton was 61.40 cents/lb, and is good through Thursday.

**The US Export Sales report from USDA showed 232,900 RB of 2019-20 upland cotton sold in the week ending 9<sup>th</sup> Jan'20 were up by 53% compared to previous week.** Increases primarily for Vietnam (71,600 RB), Pakistan (34,800 RB), Turkey (29,500RB), Taiwan (27,500 RB), and Bangladesh (25,000 RB), reductions were from Malaysia (6,200RB), Japan (1,400 RB). For 2020-21, net upland sales of 14,500 RB and were primarily for Honduras (10,100 RB) and Vietnam (4,400 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	-110	19710	19710	19570	19710	626	259	3972	2689
20-Feb	-110	19970	19970	19860	20000	480	-328	3169	1629

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	130	-	-	-	-
20-Jan	-	-	-260	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 21<sup>st</sup> Jan @ 5.30 pm

\* Updated at as on 21-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Jan-20	20-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5625	5650	-25
	Gondal	Shankar-6	5580	5580	Unch
	Rajkot	B.T. Cotton	5535	5575	-40
	Patan	B.T. Cotton	5475	5555	-80
	Kadi	B.T. Cotton	5500	5400	100
	Deesa	B.T. Cotton	NA	5135	-
	Dhrol	B.T. Cotton	5590	5620	-30
Haryana	Bhiwani	B.T. Cotton	5500	5500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5320	5360	-40
	Fatehabad	B.T. Cotton	5325	5375	-50
	Jind	B.T. Cotton	5450	5500	-50
	Uchana	B.T. Cotton	5340	5400	-60
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5400	5400	Unch
	Rawatsar	B.T. Cotton	5400	5470	-70
Madhya Pradesh	Khandwa	Mech-1	5400	5400	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5325	5325	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	5569	5559	10
	Hubli	D.C.H.	5400	5450	-50
	Hubli	B.T. Cotton	6900	6900	Unch
	Raichur	H-44 Cotton	NR	5400	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Jan-20	20-Jan-20	
Punjab	Bhatinda	J-34	4150	4170	-20
	Abohar	J-34	4160	4180	-20
	Mansa	J-34	4160	4165	-5
Haryana	Sirsa	J-34	4100	4120	-20
Rajasthan	Sri-Ganganagar	J-34	3807	3807	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jan-20	20-Jan-20	
Gujarat	Ahmedabad	Shankar-6	76500	76500	Unch
	Gondal	Shankar-6	2382	2016	366
	Rajkot	B.T. Cotton	4600	4800	-200
	Patan	B.T. Cotton	6380	5022	1358
	Kadi	B.T. Cotton	70000	60000	10000
	Deesa	B.T. Cotton	NA	200	-
	Dhrol	B.T. Cotton	369	468	-99
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	765	850	-85
	Fatehabad	B.T. Cotton	500	600	-100
	Jind	B.T. Cotton	500	400	101
	Uchana	B.T. Cotton	3200	3200	Unch
	Dabwali	B.T. Cotton	650	1150	-500
Rajasthan	Hanumangarh	B.T. Cotton	1000	2000	-1000
	Rawatsar	B.T. Cotton	500	2000	-1500
Madhya Pradesh	Khandwa	Mech-1	500	1000	-500
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	15500	15500	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	3396	5363	-1967
	Hubli	D.C.H.	18	24	-6
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	4170	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jan-20	20-Jan-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	1020	-170
	Mansa	J-34	595	680	-85
Haryana	Sirsa	J-34	850	1190	-340
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	21-Jan-20	20-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	870	890	-20
Delhi	New Delhi	Rs. /10 Kg.	845	850	-5
Telangana	Hyderabad	Rs. /10 Kg.	870	880	-10
Maharashtra	Mumbai	Rs. /10 Kg.	890	900	-10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Jan-20	20-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2054	2098	-44
Maharashtra	Akola	Rs./Qtl	2089	2125	-36

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Jan-20	18-Jan-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37100	Unch
J-34(202)	26mm	3.5 - 4.9	23	39100	39000	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39700	39900	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39800	39900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40400	40600	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40500	40700	-200
DCH-32(107)	34mm	3.0 - 3.8	33	40800	40800	Unch

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

Index	Unit	21-Jan-20	20-Jan-20	Change
CCIndex(328)	RMB/Ton	13912	13901	11
CCIndex(527)	RMB/Ton	12967	12967	Unch
CCIndex(229)	RMB/Ton	14198	14193	5

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

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

Index	Unit	21-Jan-20	20-Jan-20	Change
FC Index (S)	Cents/lb	85.23	85.23	Unch
FC Index (M)	Cents/lb	80.82	80.82	Unch
FC Index (L)	Cents/lb	79.51	79.51	Unch



**Cotlook Index:**

Cotlook Indices	Unit	20-Jan-20	19-Jan-20	Change
A-Index	Cents/Pound	80.2	#N/A	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Jan-20	20-Jan-20	Bales
Southeast	cents/lb.	70	72.25	880
North Delta	cents/lb.	68.5	70.75	0
South Delta	cents/lb.	68.5	70.75	0
East TX-OK	cents/lb.	66	68.25	11263
West Texas	cents/lb.	66	68.5	3906
Desert SW	cents/lb.	64	68	220
SJ Valley	cents/lb.	64.5	73.4	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 20-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 Fri January 17, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	200117	70	71.37	69.95	71.25	1.03	19,480	123,768	-665
<a href="#">20-May</a>	200117	70.96	72.28	70.91	72.19	1	7,154	57,617	1,171
<a href="#">20-Jul</a>	200117	71.8	73.13	71.8	73.06	0.98	2,920	35,166	286
<a href="#">20-Oct</a>	200117	72.92	72.92	72.92	72.92	0.49	2	15	1
<a href="#">20-Dec</a>	200117	71.79	72.45	71.79	72.37	0.48	1,310	31,480	233
<a href="#">21-Mar</a>	200117	72.22	72.61	72.2	72.61	0.39	194	2,288	139
Total Volume and Open Interest							31,157	251,621	1,222

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