

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

The Rajkot mandi price for variety Shankar 6 stood Rs.40,200/per candy (72.02 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures dropped 3% on Tuesday, close to a two-week low, as investors sought details about China buying more US agricultural goods after the initial trade deal between the two countries last week.

**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, rain and snow is likely in many parts of Jammu and Kashmir, Ladakh, Himachal Pradesh, Uttarakhand, Arunachal Pradesh and in isolated pockets of Nagaland and Assam. Scattered rain is also possible in Madhya Pradesh and Chhattisgarh while isolated in Karnataka and Coastal Tamil Nadu. Northern districts of Punjab and Haryana may also receive light to moderate rain and thundershower activities.

### **International Fundamentals:**

**Front month cotton futures dropped as much as 201 points on Tuesday, Mar 20 Cotton closed at 69.24, down 201 points.** The Cotlook A index grabbed a full penny on 01/20 and is up to 80.20. The AWP for cotton is 61.40 cents/lb. 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	-20	19650	19670	19450	19600	1468	1101	3686	2403
20-Feb	20	19850	19940	19730	19860	1629	821	3738	2198

  

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	170	-	-	-	-
20-Jan	-	-	-270	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 22<sup>nd</sup> Jan @ 5.30 pm

\* Updated at as on 22-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Jan-20	21-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5600	5625	-25
	Gondal	Shankar-6	5500	5580	-80
	Rajkot	B.T. Cotton	5475	5535	-60
	Patan	B.T. Cotton	5390	5475	-85
	Kadi	B.T. Cotton	5400	5500	-100
	Deesa	B.T. Cotton	5050	NA	-
	Dhrol	B.T. Cotton	NR	5590	-
Haryana	Bhiwani	B.T. Cotton	5450	5500	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5275	5320	-45
	Fatehabad	B.T. Cotton	5300	5325	-25
	Jind	B.T. Cotton	5520	5450	70
	Uchana	B.T. Cotton	5335	5340	-5
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5450	5400	50
	Rawatsar	B.T. Cotton	Closed	5400	-
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	0	NA	-
	Hathras	Desi	0	NA	-
Telangana	Adilabad	Un-Ginned	5020	NR	-
Karnataka	Bijapur	Bunny	5569	5569	Unch
	Hubli	D.C.H.	5350	5400	-50
	Hubli	B.T. Cotton	6800	6900	-100
	Raichur	H-44 Cotton	NR	5400	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	22-Jan-20	21-Jan-20	
Punjab	Bhatinda	J-34	4100	4150	-50
	Abohar	J-34	4120	4160	-40
	Mansa	J-34	4100	4160	-60
Haryana	Sirsa	J-34	4050	4100	-50
Rajasthan	Sri-Ganganagar	J-34	3770	3807	-38

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jan-20	21-Jan-20	
Gujarat	Ahmedabad	Shankar-6	76500	76500	Unch
	Gondal	Shankar-6	2707	2382	325
	Rajkot	B.T. Cotton	5000	4600	400
	Patan	B.T. Cotton	5668	6380	-712
	Kadi	B.T. Cotton	60000	70000	-10000
	Deesa	B.T. Cotton	200	NA	-
	Dhrol	B.T. Cotton	NR	369	-
Haryana	Bhiwani	B.T. Cotton	2500	1000	1500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	765	-85
	Fatehabad	B.T. Cotton	600	500	100
	Jind	B.T. Cotton	425	400	26
	Uchana	B.T. Cotton	3250	3200	50
	Dabwali	B.T. Cotton	625	650	-25
Rajasthan	Hanumangarh	B.T. Cotton	2000	1000	1000
	Rawatsar	B.T. Cotton	Closed	500	-
Madhya Pradesh	Khandwa	Mech-1	400	500	-100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	15500	15500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	0	NA	-
	Hathras	Desi	0	NA	-
Telangana	Adilabad	Un-Ginned	25340	NR	-
Karnataka	Bijapur	Bunny	3418	3396	22
	Hubli	D.C.H.	10	18	-8
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	4170	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jan-20	21-Jan-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1190	850	340
	Mansa	J-34	510	595	-85
Haryana	Sirsa	J-34	1190	850	340
Rajasthan	Sri-Ganganagar	J-34	1000	2000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	22-Jan-20	21-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	865	870	-5
Delhi	New Delhi	Rs. /10 Kg.	834	845	-11
Telangana	Hyderabad	Rs. /10 Kg.	865	870	-5
Maharashtra	Mumbai	Rs. /10 Kg.	885	890	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Jan-20	21-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2011	2054	-43
Maharashtra	Akola	Rs./Qtl	2085	2089	-4

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Jan-20	20-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	38900	39100	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39500	39700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39700	39800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40200	40400	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40300	40500	-200
DCH-32(107)	34mm	3.0 - 3.8	33	40600	40800	-200

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

Index	Unit	22-Jan-20	21-Jan-20	Change
CCIndex(328)	RMB/Ton	13861	13912	-51
CCIndex(527)	RMB/Ton	12949	12967	-18
CCIndex(229)	RMB/Ton	14178	14198	-20

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

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

Index	Unit	22-Jan-20	21-Jan-20	Change
FC Index (S)	Cents/lb	83.68	85.23	-1.55
FC Index (M)	Cents/lb	79.27	80.82	-1.55
FC Index (L)	Cents/lb	77.66	79.51	-1.85



**Cotlook Index:**

Cotlook Indices	Unit	21-Jan-20	20-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
		21-Jan-20	21-Jan-20	Bales
Southeast	cents/lb.	67.99	70.24	0
North Delta	cents/lb.	66.49	68.74	0
South Delta	cents/lb.	66.49	68.74	0
East TX-OK	cents/lb.	63.99	66.24	5971
West Texas	cents/lb.	63.99	66.49	9315
Desert SW	cents/lb.	61.99	65.99	2500
SJ Valley	cents/lb.	62.49	71.39	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 21-Jan-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9100	160	9260
Equivalent	40 Kgs	9752	171	9923

**Daily Futures Price Listing Tue January 21, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	200121	71.25	71.25	69.12	69.24	-2.01	15,939	122,142	-1,626
<a href="#">20-May</a>	200121	72.07	72.07	70.21	70.32	-1.87	5,909	58,302	685
<a href="#">20-Jul</a>	200121	73.66	73.66	71.18	71.27	-1.79	2,800	35,725	559
<a href="#">20-Oct</a>	200121	71.84	71.84	71.45	71.45	-1.47	2	15	0
<a href="#">20-Dec</a>	200121	72.12	72.12	70.5	70.9	-1.47	1,129	31,868	388
<a href="#">21-Mar</a>	200121	72.23	72.23	71.27	71.27	-1.34	212	2,306	18
Total Volume and Open Interest							31,157	251,621	1,222

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