

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 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).

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 9th 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 22nd 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	23-Jan-20	22-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5600	5600	Unch
	Gondal	Shankar-6	5530	5500	30
	Rajkot	B.T. Cotton	NR	5475	-
	Patan	B.T. Cotton	5415	5390	25
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	4950	5050	-100
	Dhrol	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	5450	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5330	5275	55
	Fatehabad	B.T. Cotton	5360	5300	60
	Jind	B.T. Cotton	5500	5520	-20
	Uchana	B.T. Cotton	5320	5335	-15
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5500	5450	50
	Rawatsar	B.T. Cotton	5335	Closed	-
Madhya Pradesh	Khandwa	Mech-1	5400	5400	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5350	5325	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	NR	5020	-
Karnataka	Bijapur	Bunny	5570	5569	1
	Hubli	D.C.H.	5400	5350	50
	Hubli	B.T. Cotton	6850	6800	50
	Raichur	H-44 Cotton	5300	5300	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Jan-20	22-Jan-20	
Punjab	Bhatinda	J-34	4160	4100	60
	Abohar	J-34	4160	4120	40
	Mansa	J-34	4150	4100	50
Haryana	Sirsa	J-34	4090	4050	40
Rajasthan	Sri-Ganganagar	J-34	3770	3770	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-20	22-Jan-20	
Gujarat	Ahmedabad	Shankar-6	71400	76500	-5100
	Gondal	Shankar-6	2625	2707	-82
	Rajkot	B.T. Cotton	NR	5000	-
	Patan	B.T. Cotton	3892	5668	-1776
	Kadi	B.T. Cotton	70000	60000	10000
	Deesa	B.T. Cotton	140	200	-60
	Dhrol	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	2500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	500	600	-100
	Jind	B.T. Cotton	935	425	510
	Uchana	B.T. Cotton	3000	3250	-250
	Dabwali	B.T. Cotton	1350	625	725
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	2000	Closed	-
Madhya Pradesh	Khandwa	Mech-1	500	400	100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	15400	15500	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	NR	25340	-
Karnataka	Bijapur	Bunny	3655	3418	237
	Hubli	D.C.H.	38	10	28
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4357	4402	-45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-20	22-Jan-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1020	1190	-170
	Mansa	J-34	850	510	340
Haryana	Sirsa	J-34	850	1190	-340
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Seed Oil Prices:

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

State	Centre	Unit	23-Jan-20	22-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	870	865	5
Delhi	New Delhi	Rs. /10 Kg.	834	834	Unch
Telangana	Hyderabad	Rs. /10 Kg.	865	865	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	880	885	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Jan-20	22-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2039	2011	28
Maharashtra	Akola	Rs./Qtl	2050	2085	-35

Date	22-Jan-20	21-Jan-20
------	-----------	-----------

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Jan-20	21-Jan-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	#N/A	#N/A	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	#N/A	#N/A	-
J-34(202)	26mm	3.5 - 4.9	23	#N/A	#N/A	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	#N/A	#N/A	-
Shankar-6(105)	29mm	3.5 - 4.9	28	#N/A	#N/A	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	#N/A	#N/A	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	#N/A	#N/A	-
DCH-32(107)	34mm	3.0 - 3.8	33	#N/A	#N/A	-

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

Index	Unit	23-Jan-20	22-Jan-20	Change
CCIndex(328)	RMB/Ton	#N/A	#N/A	-
CCIndex(527)	RMB/Ton	#N/A	#N/A	-
CCIndex(229)	RMB/Ton	#N/A	#N/A	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	23-Jan-20	22-Jan-20	Change
FC Index (S)	Cents/lb	#N/A	#N/A	-
FC Index (M)	Cents/lb	#N/A	#N/A	-

FC Index (L)	Cents/lb	#N/A	#N/A	-
--------------	----------	------	------	---

Cotlook Index:

Cotlook Indices	Unit	22-Jan-20	21-Jan-20	Change
A-Index	Cents/Pound	#N/A	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Jan-20	22-Jan-20	Bales
Southeast	cents/lb.	#N/A	#N/A	#N/A
North Delta	cents/lb.	#N/A	#N/A	#N/A
South Delta	cents/lb.	#N/A	#N/A	#N/A
East TX-OK	cents/lb.	#N/A	#N/A	#N/A
West Texas	cents/lb.	#N/A	#N/A	#N/A
Desert SW	cents/lb.	#N/A	#N/A	#N/A
SJ Valley	cents/lb.	#N/A	#N/A	#N/A

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 22-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 22, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200121	71.25	71.25	69.12	69.24	-2.01	15,939	122,142	-1,626
20-May	200121	72.07	72.07	70.21	70.32	-1.87	5,909	58,302	685
20-Jul	200121	73.66	73.66	71.18	71.27	-1.79	2,800	35,725	559
20-Oct	200121	71.84	71.84	71.45	71.45	-1.47	2	15	0
20-Dec	200121	72.12	72.12	70.5	70.9	-1.47	1,129	31,868	388
21-Mar	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

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.