

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.40,150/per candy (71.87 cents/lb). Cotton prices across India reported to showed mixed trend across. The cotton market finished sharply lower Thursday, as mounting worries over a coronavirus outbreak in China weighed on market sentiment and pushed equities and oil prices lower, while investors awaited for the weekly export sales report.*

**News:** *According to the trade sources, the Indian cotton exports for the Dec'19 were reported higher at 5.36 lakh bales against 3.47 lakh bales in the previous month. In Dec'19 also, Bangladesh was the largest importer, importing 3.82 lakh bales with an average FOB of 1.64 \$/Kg steady compared to previous month followed by China at an average FOB \$1.6/kg for 54,850 bales, Indonesia importing 42,672 bales at 1.51 \$/Kg and Vietnam (32,690 bales at an average FOB \$1.57/kg). China has started importing cotton from India and the quantity of purchasing is increasing gradually. Mauritius, Iran, Turkey, Philippines & Thailand also imported raw cotton from India in December contributing to the Indian exports of around 21,854 bales at an average FOB of 1.40-1.63\$/kg.*

**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.

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

During the next 24 hours, light to moderate rain and snow with an isolated heavy spell is expected in Arunachal Pradesh. While scattered rain and thundershower are likely in Assam and Nagaland. Isolated light rain and snow are expected in Jammu and Kashmir, Ladakh and Himachal Pradesh. The weather will remain dry over rest parts of the country. Moderate to strong north-westerlies will further drop the minimums in Northwest, Central, and East India. Cold day conditions are expected at isolated pockets of West Uttar Pradesh, Punjab, and Haryana.

### **International Fundamentals:**

**Cotton futures were down at least 100 points after Thursday's third consecutive triple digit day, Mar 20 Cotton closed at 70.03, down 110 points.** The 01/22 Cotlook A index was down by 180 points to 78.40 cents/lb. The updated Adjusted World Price for cotton is 61.29 following a drop of 11 points from the previous week.

**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
20-Jan	-130	19510	19570	19340	19510	1347	867	2508	345
20-Feb	-110	19820	19870	19650	19800	1414	1047	5105	3822
20-Mar	-120	20080	20130	19930	20080	298	-510	678	-862

Spread	19-Nov	19-Dec	20-Jan	20-Feb	--	--
Spot	-				-	-
19-Dec	-	-300	-	-	-	-
20-Jan	-	-	-260	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 24<sup>th</sup> Jan @ 5.30 pm

\* Updated at as on 24-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Jan-20	23-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5550	5600	-50
	Gondal	Shankar-6	5505	5530	-25
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	5395	5415	-20
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	4900	4950	-50
	Dhrol	B.T. Cotton	5510	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	5450	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5320	5330	-10
	Fatehabad	B.T. Cotton	5350	5360	-10
	Jind	B.T. Cotton	5510	5500	10
	Uchana	B.T. Cotton	5340	5320	20
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5470	5500	-30
	Rawatsar	B.T. Cotton	5300	5335	-35
Madhya Pradesh	Khandwa	Mech-1	5400	5400	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5350	5350	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	5025	NR	-
Karnataka	Bijapur	Bunny	5559	5570	-11
	Hubli	D.C.H.	5450	5400	50
	Hubli	B.T. Cotton	NR	6850	-
	Raichur	H-44 Cotton	NR	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Jan-20	23-Jan-20	
Punjab	Bhatinda	J-34	4110	4160	-50
	Abohar	J-34	4140	4160	-20
	Mansa	J-34	4150	4150	Unch
Haryana	Sirsa	J-34	4070	4090	-20
Rajasthan	Sri-Ganganagar	J-34	3770	3770	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Jan-20	23-Jan-20	
Gujarat	Ahmedabad	Shankar-6	76500	71400	5100
	Gondal	Shankar-6	2898	2625	273
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	5808	3892	1916
	Kadi	B.T. Cotton	70000	70000	Unch
	Deesa	B.T. Cotton	140	140	Unch
	Dhrol	B.T. Cotton	475	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	850	340
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	1020	935	85
	Uchana	B.T. Cotton	2500	3000	-500
	Dabwali	B.T. Cotton	600	1350	-750
Rajasthan	Hanumangarh	B.T. Cotton	1200	2000	-800
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	500	500	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	15400	15400	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	0	0	Unch
	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	344	NR	-
Karnataka	Bijapur	Bunny	2296	3655	-1359
	Hubli	D.C.H.	NR	38	-
	Hubli	B.T. Cotton	NR	NA	-
	Raichur	H-44 Cotton	NR	4357	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Jan-20	23-Jan-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1190	1020	170
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1190	850	340
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	24-Jan-20	23-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	860	870	-10
Delhi	New Delhi	Rs. /10 Kg.	825	834	-9
Telangana	Hyderabad	Rs. /10 Kg.	860	865	-5
Maharashtra	Mumbai	Rs. /10 Kg.	875	880	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Jan-20	23-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2003	2039	-36
Maharashtra	Akola	Rs./Qtl	2006	2050	-44

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Jan-20	22-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	39000	39000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39200	39200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39600	39400	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40100	40000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40100	40000	100
DCH-32(107)	34mm	3.0 - 3.8	33	40400	40300	100

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

Index	Unit	23-Jan-20	22-Jan-20	Change
CCIndex(328)	RMB/Ton	13833	13861	-28
CCIndex(527)	RMB/Ton	12941	12949	-8
CCIndex(229)	RMB/Ton	14155	14178	-23
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	85.42	83.68	1.74
FC Index (M)	Cents/lb	80.91	79.27	1.64
FC Index (L)	Cents/lb	79.27	77.66	1.61



**Cotlook Index:**

Cotlook Indices	Unit	23-Jan-20	22-Jan-20	Change
A-Index	Cents/Pound	80.2	78.4	1.80

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		23-Jan-20	23-Jan-20	Bales
Southeast	cents/lb.	68.78	71.03	0
North Delta	cents/lb.	67.28	69.53	0
South Delta	cents/lb.	67.28	69.53	0
East TX-OK	cents/lb.	64.78	67.03	0
West Texas	cents/lb.	64.78	67.28	662
Desert SW	cents/lb.	62.78	66.78	700
SJ Valley	cents/lb.	63.28	72.18	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 23-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 Thu January 23, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	200123	71	71	69.8	70.03	-1.1	31,895	123,217	986
<a href="#">20-May</a>	200123	71.7	71.7	70.59	70.75	-1.09	13,253	60,843	2,067
<a href="#">20-Jul</a>	200123	72.43	72.47	71.45	71.59	-1.15	3,998	37,763	1,066
<a href="#">20-Oct</a>	200123	71.3	71.3	69.4	69.79	-2.94	1	15	0
<a href="#">20-Dec</a>	200123	71.73	71.73	70.55	70.7	-1.35	1,381	32,293	118
<a href="#">21-Mar</a>	200123	71.32	71.43	70.79	70.91	-1.21	76	2,392	-14
Total Volume and Open Interest							50,728	258,018	4,281

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