

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,800/per candy (71.18 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures slipped on Friday, lead their worst week in four months as as disappointment over the phase-one trade deal which overshadowed the positive export sales report.

News: *According to the data released by Pakistan Cotton Ginner's Association (PCGA), total of 8.33 million bales of cotton have been arrived on 15th Jan'20 in 2019-20 season. The arrivals were down by 20.26 per cent which were over 10.45 million bales during the corresponding period of last season. Total cotton arrivals decreased by 22.99 per cent year-on-year to 4.87 million bales in the major state Punjab. While in Sindh province, cotton arrivals decreased 16.09 per cent to 3.46 million bales as on 15th Jan'20 during the ongoing cotton season 2019-20. The textile mills in Pakistan consumed 7.34 million bales, while another 55,984 bales of cotton were sold to exporters.*

CCI procured around 44.88 lakh bales so far this season out of 31% total arrivals of cotton in the market. CCI is likely to achieve atleast 80 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. CCI procured the major supply from Telangana purchasing around 25 lakh bales followed by Maharashtra (7.73 lakh bales), Punjab, Haryana and Punjab (4.57 lakh bales), Gujarat (2.43 lakh bales) & Karnataka (1.34 lakh bales). While, the procurement in Andhra Pradesh has been lower around 1.25 lakh bales only due to which the prices in the local market has not still touched the MSP.*

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 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.

Weather Forecast for tomorrow:

During the next 24 hours, scattered rain and thundershowers are expected in northern parts of Jammu and Kashmir and Arunachal Pradesh. Weather of Northwest India will remain dry. However, from the evening of January 27, scattered rain and thundershowers are likely in parts of Punjab, Haryana and North Rajasthan. Isolated light rain is likely in Sub Himalayan West Bengal and Sikkim.

International Fundamentals:

Cotton futures fell another 63 points on the last trade day of the week, which helped increase the weekly loss to 180 points, Mar 20 Cotton closed at 69.4, down 63 points. The Cotlook A index completely regained the 180 points and is back up to 80.20 cents/lb for 01/23. The AWP for cotton is 61.29 cents/lb.

The US Export Sales report from USDA showed 307,800 RB of 2019-20 upland cotton sold in the week ending 16th Jan'20 were up by 32% compared to previous week. Increases primarily for Turkey (82,700 RB), Pakistan (72,200 RB), Vietnam (70,800 RB), Indonesia (33,600 RB, including 800 RB switched from Japan and decreases of 200 RB), and Egypt (17,600 RB), were offset by reductions for India (25,000 RB). For 2020-21, total net sales of 13,200 RB were for Vietnam. Exports of 282,600 RB were down 6 percent from the previous week, but up 20 percent from the prior 4-week average. Exports were primarily to Vietnam (80,500 RB), Pakistan (44,700 RB), China (41,400 RB), Turkey (29,000 RB), and Mexico (20,600 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	-410	19600	19600	19220	19680	1808	1328	5873	3710
20-Feb	-370	19840	19840	19570	19950	372	5	817	-466
20-Mar	0	0	0	0	20320	0	-808	4	-1536

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-240	-	-	-	-
20-Jan	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 27th Jan @ 5.30 pm

* Updated at as on 27-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Jan-20	25-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5500	5550	-50
	Gondal	Shankar-6	5555	5530	25
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	5305	5360	-55
	Kadi	B.T. Cotton	5400	5450	-50
	Deesa	B.T. Cotton	4750	4905	-155
	Dhrol	B.T. Cotton	5520	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	5450	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5300	5320	-20
	Fatehabad	B.T. Cotton	5325	5350	-25
	Jind	B.T. Cotton	5500	5500	Unch
	Uchana	B.T. Cotton	5274	NA	-
	Dabwali	B.T. Cotton	5300	5320	-20
Rajasthan	Hanumangarh	B.T. Cotton	NA	5420	-
	Rawatsar	B.T. Cotton	5325	5300	25
Madhya Pradesh	Khandwa	Mech-1	5300	5300	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5250	5350	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	5450	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	5300	5400	-100
	Hubli	B.T. Cotton	6850	6800	50
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	27-Jan-20	25-Jan-20	
Punjab	Bhatinda	J-34	4120	4120	Unch
	Abohar	J-34	4120	4140	-20
	Mansa	J-34	4120	4140	-20
Haryana	Sirsa	J-34	4070	4080	-10
Rajasthan	Sri-Ganganagar	J-34	3784	3784	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jan-20	25-Jan-20	
Gujarat	Ahmedabad	Shankar-6	68000	71400	-3400
	Gondal	Shankar-6	3381	2448	933
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	4605	3745	860
	Kadi	B.T. Cotton	60000	60000	Unch
	Deesa	B.T. Cotton	80	80	Unch
	Dhrol	B.T. Cotton	669	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	1020	-510
	Fatehabad	B.T. Cotton	400	800	-400
	Jind	B.T. Cotton	765	935	-170
	Uchana	B.T. Cotton	3500	NA	-
	Dabwali	B.T. Cotton	1300	450	850
Rajasthan	Hanumangarh	B.T. Cotton	NA	800	-
	Rawatsar	B.T. Cotton	1500	2000	-500
Madhya Pradesh	Khandwa	Mech-1	700	300	400
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	8000	15500	-7500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	882	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	64	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jan-20	25-Jan-20	
Punjab	Bhatinda	J-34	5100	6800	-1700
	Abohar	J-34	510	850	-340
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	340	1360	-1020
Rajasthan	Sri-Ganganagar	J-34	1200	1000	200

Cotton Seed Oil Prices:

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

State	Centre	Unit	27-Jan-20	25-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	870	850	20
Delhi	New Delhi	Rs. /10 Kg.	880	825	55
Telangana	Hyderabad	Rs. /10 Kg.	865	845	20
Maharashtra	Mumbai	Rs. /10 Kg.	865	875	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Jan-20	25-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2003	2008	-5
Maharashtra	Akola	Rs./Qtl	1981	2011	-30

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Jan-20	24-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	39100	39100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	39500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39900	39900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39900	39900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	40300	40300	Unch

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

Index	Unit	27-Jan-20	25-Jan-20	Change
CCIndex(328)	RMB/Ton	Closed	Closed	-
CCIndex(527)	RMB/Ton	Closed	Closed	-
CCIndex(229)	RMB/Ton	Closed	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	27-Jan-20	25-Jan-20	Change
FC Index (S)	Cents/lb	Closed	Closed	-
FC Index (M)	Cents/lb	Closed	Closed	-
FC Index (L)	Cents/lb	Closed	Closed	-

Cotlook Index:

Cotlook Indices	Unit	24-Jan-20	23-Jan-20	Change
A-Index	Cents/Pound	79.05	80.2	-1.15

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		24-Jan-20	24-Jan-20	Bales
Southeast	cents/lb.	68.15	70.4	1140
North Delta	cents/lb.	66.65	68.9	0
South Delta	cents/lb.	66.65	68.9	0
East TX-OK	cents/lb.	64.15	66.4	6283
West Texas	cents/lb.	64.15	66.65	9499
Desert SW	cents/lb.	62.15	66.15	785
SJ Valley	cents/lb.	62.65	71.55	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 25-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 Fri January 24, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200124	69.98	70.25	69.35	69.4	-0.63	32,181	122,431	-786
20-May	200124	70.55	70.92	70.16	70.2	-0.55	16,951	62,032	1,189
20-Jul	200124	71.39	71.73	71.06	71.12	-0.47	5,345	39,779	2,016
20-Oct	200124	70.17	70.39	70.17	70.39	0.6	4	15	0
20-Dec	200124	70.53	70.91	70.46	70.54	-0.16	1,466	32,518	225
21-Mar	200124	70.76	70.94	70.7	70.82	-0.09	395	2,637	245
Total Volume and Open Interest							56,506	261,004	2,986

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.