

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,500/per candy (70.53 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures edged lower on Monday, having slipped to a more than one-month low earlier in the session, weighed by growing fears about the spread of the coronavirus from China and its impact on global economy.

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, fairly widespread rain and snow may occur in Jammu and Kashmir, Himachal Pradesh, Uttarakhand and Ladakh. Rain is likely in many parts of Punjab, Haryana and Northwest Uttar Pradesh. Isolated hailstorm is also expected. Scattered rain is likely in North and West Rajasthan, Delhi, North Madhya Pradesh, Meghalaya and Assam. Isolated showers are likely in Coastal Andhra Pradesh and Coastal Karnataka.

International Fundamentals:

Cotton came out of the weekend with losses, front month futures were down 26 to 71 points, Mar 20 Cotton closed at 69.51, up 11 points. The Cotlook A index was back down 115 points and was 79.05 cents/lb for 01/24. 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	30	19450	19520	19430	19420	577	97	6138	3975
20-Feb	60	19740	19780	19700	19680	207	-160	949	-334
20-Mar	0	0	0	0	19820	0	-808	13	-1527

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-260	-	-	-	-
20-Jan	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 28th Jan @ 5.30 pm

* Updated at as on 28-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Jan-20	27-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5550	5500	50
	Gondal	Shankar-6	5505	5555	-50
	Rajkot	B.T. Cotton	5375	NR	-
	Patan	B.T. Cotton	5345	5305	40
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	NR	4750	-
	Dhrol	B.T. Cotton	NR	5520	-
Haryana	Bhiwani	B.T. Cotton	5400	5450	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5290	5300	-10
	Fatehabad	B.T. Cotton	5300	5325	-25
	Jind	B.T. Cotton	NA	5500	-
	Uchana	B.T. Cotton	NA	5274	-
	Dabwali	B.T. Cotton	NA	5300	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	5275	5325	-50
Madhya Pradesh	Khandwa	Mech-1	5300	5300	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5150	5250	-100
	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	NR	NR	-
	Hubli	D.C.H.	NR	5300	-
	Hubli	B.T. Cotton	NR	6850	-
	Raichur	H-44 Cotton	NR	5300	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	28-Jan-20	27-Jan-20	
Punjab	Bhatinda	J-34	4090	4120	-30
	Abohar	J-34	4090	4120	-30
	Mansa	J-34	4100	4120	-20
Haryana	Sirsa	J-34	4035	4070	-35
Rajasthan	Sri-Ganganagar	J-34	3784	3784	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jan-20	27-Jan-20	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	3243	3381	-138
	Rajkot	B.T. Cotton	5400	NR	-
	Patan	B.T. Cotton	4030	4605	-575
	Kadi	B.T. Cotton	50000	60000	-10000
	Deesa	B.T. Cotton	NR	80	-
	Dhrol	B.T. Cotton	NR	669	-
Haryana	Bhiwani	B.T. Cotton	1000	2000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	25	400	-375
	Jind	B.T. Cotton	NA	765	-
	Uchana	B.T. Cotton	NA	3500	-
	Dabwali	B.T. Cotton	NA	1300	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	1000	1500	-500
Madhya Pradesh	Khandwa	Mech-1	600	700	-100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	8000	8000	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	NR	NR	-
	Hubli	D.C.H.	NR	54	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	3870	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jan-20	27-Jan-20	
Punjab	Bhatinda	J-34	NA	5100	-
	Abohar	J-34	170	510	-340
	Mansa	J-34	510	680	-170
Haryana	Sirsa	J-34	170	340	-170
Rajasthan	Sri-Ganganagar	J-34	1000	1200	-200

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	28-Jan-20	27-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	870	-30
Delhi	New Delhi	Rs. /10 Kg.	875	880	-5
Telangana	Hyderabad	Rs. /10 Kg.	825	865	-40
Maharashtra	Mumbai	Rs. /10 Kg.	855	865	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Jan-20	27-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1999	2003	-4
Maharashtra	Akola	Rs./Qtl	1966	1981	-15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Jan-20	25-Jan-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36400	36600	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36900	37100	-200
J-34(202)	26mm	3.5 - 4.9	23	38600	39000	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38800	39100	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	39200	39500	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39900	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39500	39900	-400
DCH-32(107)	34mm	3.0 - 3.8	33	40000	40300	-300

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

Index	Unit	28-Jan-20	27-Jan-20	Change
CCIndex(328)	RMB/Ton	NR	NR	-
CCIndex(527)	RMB/Ton	NR	NR	-
CCIndex(229)	RMB/Ton	NR	NR	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	28-Jan-20	27-Jan-20	Change
FC Index (S)	Cents/lb	NR	NR	-
FC Index (M)	Cents/lb	NR	NR	-
FC Index (L)	Cents/lb	NR	NR	-

Cotlook Index:

Cotlook Indices	Unit	27-Jan-20	24-Jan-20	Change
A-Index	Cents/Pound	78.55	79.05	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Jan-20	27-Jan-20	Bales
Southeast	cents/lb.	68.26	70.51	89
North Delta	cents/lb.	66.76	69.01	0
South Delta	cents/lb.	66.76	69.01	0
East TX-OK	cents/lb.	64.26	66.51	1011
West Texas	cents/lb.	64.26	66.76	2220
Desert SW	cents/lb.	62.26	66.26	1250
SJ Valley	cents/lb.	62.76	71.66	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 27-Jan-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9050	160	9210
Equivalent	40 Kgs	9699	171	9870

Daily Futures Price Listing Mon January 27, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200127	69.25	69.81	68	69.51	0.11	19,121	120,858	-1,573
20-May	200127	69.99	70.33	68.43	69.94	-0.26	10,038	62,899	867
20-Jul	200127	70.89	71.12	69.3	70.68	-0.44	3,220	39,548	-231
20-Oct	200127	68.75	69.68	68.31	69.68	-0.71	42	52	37
20-Dec	200127	70.36	70.36	68.86	70.1	-0.44	898	32,224	-294
21-Mar	200127	70.65	70.65	69.27	70.42	-0.4	134	2,575	-62
Total Volume and Open Interest							33,794	259,961	-1,043

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