

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

The Rajkot mandi price for variety Shankar 6 stood Rs.39,550/per candy (70.73 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton futures rose more than 1% on Tuesday following the recovery in the stock markets as concerns over major economic impact from China's coronavirus outbreak eased.

**News: All India arrivals of cotton stood around 201 lakh bales so far this season till 28<sup>th</sup> Jan'20 from the starting of the season (1<sup>st</sup> Oct'20).** Maximum arrivals are reported from Gujarat of around 44 lakh bales followed by Maharashtra with around 40 lakh bales, Telangana with 37 lakh bales and Rajasthan with 22 lakh bales till 28<sup>th</sup> Jan'20. Arrivals so increased by around 32% compared to the previous year arrivals of around 152 lakh bales in the same time last year.

**CCI procured around 24% of the total cotton arrived in the market till 28<sup>th</sup> Jan'20. CCI bought the major quantity of cotton (57% of total procurement) from Telangana about 27 lakh bales** out of total procurement of around 48 lakh bales. CCI procured 4.63 lakh bales from north zone (Punjab, Haryana and Rajasthan). CCI in Punjab procured 28% of the total arrived cotton as the central body introduced direct payment method in the state this season and disbursed Rs.430 crore to over 20,000 farmers in six districts of south Malwa belt. Payments were strictly made directly to bank accounts. After Telangana, CCI procured around 8 lakh bales from Maharashtra followed by Gujarat (2.57 lakh bales) till 28<sup>th</sup> Jan'20.

**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 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.

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

The intensity of rain and snow will increase in the Western Himalayas. A few heavy spells are also likely. Light to moderate rain with one or two heavy spells may occur in Punjab, Haryana, West Uttar Pradesh. Hailstorm is also likely in a few parts. Scattered rain is likely in North Rajasthan, parts of Delhi and NCR, East and Central Uttar Pradesh, Odisha Chattisgarh, parts of Vidarbha as well as in a few parts of Bihar, Gangetic West Bengal and in one or two pockets of North Telangana and Coastal Maharashtra.

### **International Fundamentals:**

**Cotton futures rallied back to erase Monday losses as the Tuesday session ended with gains of 85 to 96 points, Mar 20 Cotton closed at 70.36, up 85 points.** The Cotlook A index was another 50 points lower on 01/27, to 78.55 cents/lb for 01/24. The AWP for cotton is 61.29 cents/lb, good through Thursday.

**According to the data released by Pakistan Cotton Ginner's Association (PCGA), total of 8.33 million bales of cotton have been arrived on 15<sup>th</sup> 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 15<sup>th</sup> 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.

**The US Export Sales report from USDA showed 307,800 RB of 2019-20 upland cotton sold in the week ending 16<sup>th</sup> 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.

**MCX Cotton Futures\*: (Prices in Rs/170 kgs)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Jan	200	19570	19740	19570	19490	1045	565	6302	4139
20-Feb	230	19870	20030	19870	19750	233	-134	1049	-234
20-Mar	360	20210	20210	20180	19820	25	-783	37	-1503

  

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-290	-	-	-	-
20-Jan	-	-	-180	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 29<sup>th</sup> Jan @ 5.30 pm

\* Updated at as on 29-Jan- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Jan-20	28-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5550	5550	Unch
	Gondal	Shankar-6	5530	5505	25
	Rajkot	B.T. Cotton	5400	5375	25
	Patan	B.T. Cotton	5500	5345	155
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	NR	4810	-
	Dhrol	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5425	5400	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5325	5290	35
	Fatehabad	B.T. Cotton	5350	5300	50
	Jind	B.T. Cotton	5500	NA	-
	Uchana	B.T. Cotton	5240	NA	-
	Dabwali	B.T. Cotton	5300	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	5350	5275	75
Madhya Pradesh	Khandwa	Mech-1	5400	5300	100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5180	5150	30
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	4900	-
Karnataka	Bijapur	Bunny	5460	5489	-29
	Hubli	D.C.H.	5350	5400	-50
	Hubli	B.T. Cotton	6850	6900	-50
	Raichur	H-44 Cotton	5250	5300	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Jan-20	28-Jan-20	
Punjab	Bhatinda	J-34	4090	4090	Unch
	Abohar	J-34	4110	4090	20
	Mansa	J-34	4110	4100	10
Haryana	Sirsa	J-34	4050	4035	15
Rajasthan	Sri-Ganganagar	J-34	3770	3784	-14

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jan-20	28-Jan-20	
Gujarat	Ahmedabad	Shankar-6	71400	68000	3400
	Gondal	Shankar-6	3045	3243	-198
	Rajkot	B.T. Cotton	5300	5400	-100
	Patan	B.T. Cotton	4291	4030	261
	Kadi	B.T. Cotton	60000	50000	10000
	Deesa	B.T. Cotton	NR	100	-
	Dhrol	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	510	170
	Fatehabad	B.T. Cotton	250	25	225
	Jind	B.T. Cotton	850	NA	-
	Uchana	B.T. Cotton	1850	NA	-
	Dabwali	B.T. Cotton	1300	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	400	600	-200
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	9000	8000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	3230	-
Karnataka	Bijapur	Bunny	2735	4337	-1602
	Hubli	D.C.H.	14	6	8
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	3487	3615	-128
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jan-20	28-Jan-20	
Punjab	Bhatinda	J-34	5100	NA	-
	Abohar	J-34	510	170	340
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	85	170	-85
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	29-Jan-20	28-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	850	840	10
Delhi	New Delhi	Rs. /10 Kg.	880	875	5
Telangana	Hyderabad	Rs. /10 Kg.	840	825	15
Maharashtra	Mumbai	Rs. /10 Kg.	860	855	5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-Jan-20	28-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1981	1999	-17
Maharashtra	Akola	Rs./Qtl	1939	1966	-26

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Jan-20	27-Jan-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36400	36400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36900	36900	Unch
J-34(202)	26mm	3.5 - 4.9	23	38300	38600	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38800	38800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39400	39200	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39700	39600	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39600	39500	100
DCH-32(107)	34mm	3.0 - 3.8	33	40000	40000	Unch

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

Index	Unit	29-Jan-20	28-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	29-Jan-20	28-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	28-Jan-20	27-Jan-20	Change
A-Index	Cents/Pound	78.6	78.55	0.05

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-Jan-20	28-Jan-20	Bales
Southeast	cents/lb.	69.11	71.36	342
North Delta	cents/lb.	67.61	69.86	0
South Delta	cents/lb.	67.61	69.86	0
East TX-OK	cents/lb.	65.11	67.36	5132
West Texas	cents/lb.	65.11	67.61	4681
Desert SW	cents/lb.	63.11	67.11	500
SJ Valley	cents/lb.	63.61	72.51	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 28-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 Tue January 28, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">20-Mar</a>	200128	69.03	70.6	69.02	70.36	0.85	16,514	121,943	1,085
<a href="#">20-May</a>	200128	69.02	71.16	69.02	70.92	0.98	9,016	64,452	1553
<a href="#">20-Jul</a>	200128	70.31	71.88	70.31	71.64	0.96	2,692	40,320	772
<a href="#">20-Oct</a>	200128	70.24	70.24	70.24	70.24	0.56	2	52	0
<a href="#">20-Dec</a>	200128	69.9	70.95	69.81	70.65	0.55	530	32,165	-59
<a href="#">21-Mar</a>	200128	70.42	71.23	70.42	70.95	0.53	43	2,568	-7
Total Volume and Open Interest							28,815	263,299	3,338

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