

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 28th Jan'20 from the starting of the season (1st 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 28th 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 28th 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 28th 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 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.

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 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.

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.

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 29th Jan @ 5.30 pm

* Updated at as on 31-Jan- 2020 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	31-Jan-20	30-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5455	5505	-50
	Rajkot	B.T. Cotton	5375	5450	-75
	Patan	B.T. Cotton	5400	Closed	-
	Kadi	B.T. Cotton	5250	5400	-150
	Deesa	B.T. Cotton	4605	NA	-
	Dhrol	B.T. Cotton	5455	5470	-15
Haryana	Bhiwani	B.T. Cotton	5400	5400	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5280	5325	-45
	Fatehabad	B.T. Cotton	5275	5350	-75
	Jind	B.T. Cotton	5410	5500	-90
	Uchana	B.T. Cotton	5273	5315	-42
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5280	5400	-120
	Rawatsar	B.T. Cotton	5280	5290	-10
Madhya Pradesh	Khandwa	Mech-1	5400	5400	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5200	5200	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4850	4880	-30
Karnataka	Bijapur	Bunny	5449	5459	-10
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5250	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	31-Jan-20	30-Jan-20	
Punjab	Bhatinda	J-34	4090	4100	-10
	Abohar	J-34	4110	4130	-20
	Mansa	J-34	4090	4100	-10
Haryana	Sirsa	J-34	4050	4070	-20
Rajasthan	Sri-Ganganagar	J-34	3760	3765	-5

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	31-Jan-20	30-Jan-20	
Gujarat	Ahmedabad	Shankar-6	68000	71400	-3400
	Gondal	Shankar-6	1869	1782	87
	Rajkot	B.T. Cotton	3600	4200	-600
	Patan	B.T. Cotton	4240	Closed	-
	Kadi	B.T. Cotton	30000	50000	-20000
	Deesa	B.T. Cotton	60	NA	-
	Dhrol	B.T. Cotton	502	310	192
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	600	500	100
	Jind	B.T. Cotton	1700	850	850
	Uchana	B.T. Cotton	3000	2000	1000
	Dabwali	B.T. Cotton	350	1050	-700
Rajasthan	Hanumangarh	B.T. Cotton	500	100	400
	Rawatsar	B.T. Cotton	1500	1200	300
Madhya Pradesh	Khandwa	Mech-1	400	400	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4000	9000	-5000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1290	2020	-730
Karnataka	Bijapur	Bunny	3058	2631	427
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	3360	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	31-Jan-20	30-Jan-20	
Punjab	Bhatinda	J-34	6800	5100	1700
	Abohar	J-34	510	510	Unch
	Mansa	J-34	510	340	170
Haryana	Sirsa	J-34	850	680	170
Rajasthan	Sri-Ganganagar	J-34	2000	500	1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	31-Jan-20	30-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	830	830	Unch
Delhi	New Delhi	Rs. /10 Kg.	785	790	-5
Telangana	Hyderabad	Rs. /10 Kg.	810	825	-15
Maharashtra	Mumbai	Rs. /10 Kg.	848	855	-7

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	31-Jan-20	30-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1930	1965	-35
Maharashtra	Akola	Rs./Qtl	1895	1921	-26

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Jan-20	29-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	31-Jan-20	30-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	31-Jan-20	30-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	-
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Cotlook Index:

Cotlook Indices	Unit	30-Jan-20	29-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
		30-Jan-20	30-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 30-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 30, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200128	69.03	70.6	69.02	70.36	0.85	16,514	121,943	1,085
20-May	200128	69.02	71.16	69.02	70.92	0.98	9,016	64,452	1553
20-Jul	200128	70.31	71.88	70.31	71.64	0.96	2,692	40,320	772
20-Oct	200128	70.24	70.24	70.24	70.24	0.56	2	52	0
20-Dec	200128	69.9	70.95	69.81	70.65	0.55	530	32,165	-59
21-Mar	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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