

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

The Rajkot mandi price for variety Shankar 6 stood Rs.39,400/per candy (70.44 cents/lb). Cotton prices across India reported to showed mixed trend across. Cotton futures dropped 2% on Friday and were heading for their third consecutive week of losses as investors fretted over the impact on China's economy from a virus outbreak that could hurt demand for the natural fiber in China.

**News: Indian cotton prices went weaker 3-4% since the corona virus in China has spread its effect in different countries.** As India already booked for cotton export shipments in February of around 2-3 lakh bales which is likely to be affected due to the situation prevailing in China. Cotton exports in November were down in November while it gained supports in December with increasing demand, depreciation in rupee and higher international prices. But the exports in February likely to decline and it is unlikely to recover as soon as China recovers its present situation from virus.

**According to the trade sources, total arrivals stood around 156.93 lakh bales so far till 31<sup>st</sup> Jan'20 from the start of the season.** And a total of 12.92 lakh bales have arrived in this week ending on 31<sup>st</sup> Jan'20 around 7% lower compared 13.83 lakh bales. Of this, 7.36 lakh bales were from Central India, followed by 4.4 lakh bales from South India in this week. The arrivals from North India (in Haryana, Punjab & Rajasthan) have started so the arrivals stood around 1.09 lakh bales this week.

**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.

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

During the next 24 hours, scattered light to moderate rains and thundershowers are likely over Northeast India. Snowfall activities are likely over Sikkim. Short spells of rain and thundershowers are forecast for parts of Odisha and North-coastal Andhra Pradesh. Isolated rains are possible over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Minimum temperatures of Uttar Pradesh, Bihar, Odisha, Jharkhand, West Bengal, East India will drop further. Marginal fall in temperatures is likely over Northwest Plains.

### **International Fundamentals:**

**The cotton market ended the Friday session with losses of as much as 155 points in the nearby contracts, Mar 20 Cotton closed at 67.5, down 155 points.** The 01/30 Cotlook A index was up by 20 points to 79.15 cents/lb. The AWP for cotton was lowered by 70 points to 60.59 cents/lb.

**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	1-Feb-20	31-Jan-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5455	5455	Unch
	Rajkot	B.T. Cotton	5325	5375	-50
	Patan	B.T. Cotton	5280	5400	-120
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	NA	4605	-
	Dhrol	B.T. Cotton	5330	5455	-125
Haryana	Bhiwani	B.T. Cotton	5400	5400	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5275	5280	-5
	Fatehabad	B.T. Cotton	5305	5275	30
	Jind	B.T. Cotton	5400	5410	-10
	Uchana	B.T. Cotton	5264	5273	-9
	Dabwali	B.T. Cotton	5440	5450	-10
Rajasthan	Hanumangarh	B.T. Cotton	5280	5280	Unch
	Rawatsar	B.T. Cotton	5300	5280	20
Madhya Pradesh	Khandwa	Mech-1	5400	5400	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5190	5200	-10
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4840	4850	-10
Karnataka	Bijapur	Bunny	NR	5449	-
	Hubli	D.C.H.	5350	NR	-
	Hubli	B.T. Cotton	6800	NR	-
	Raichur	H-44 Cotton	NR	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Feb-20	31-Jan-20	
Punjab	Bhatinda	J-34	4080	4090	-10
	Abohar	J-34	4090	4110	-20
	Mansa	J-34	4100	4090	10
Haryana	Sirsa	J-34	4030	4050	-20
Rajasthan	Sri-Ganganagar	J-34	3713	3760	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Feb-20	31-Jan-20	
Gujarat	Ahmedabad	Shankar-6	64600	68000	-3400
	Gondal	Shankar-6	2161	1869	292
	Rajkot	B.T. Cotton	3200	3600	-400
	Patan	B.T. Cotton	2828	4240	-1412
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	60	-
	Dhrol	B.T. Cotton	387	502	-115
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	689	850	-162
	Fatehabad	B.T. Cotton	600	600	Unch
	Jind	B.T. Cotton	1700	1700	Unch
	Uchana	B.T. Cotton	3150	3000	150
	Dabwali	B.T. Cotton	450	350	100
Rajasthan	Hanumangarh	B.T. Cotton	500	500	Unch
	Rawatsar	B.T. Cotton	1500	1500	Unch
Madhya Pradesh	Khandwa	Mech-1	500	400	100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5000	4000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1850	1290	560
Karnataka	Bijapur	Bunny	NR	3058	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	3015	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Feb-20	31-Jan-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	680	510	170
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	1-Feb-20	31-Jan-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	830	10
Delhi	New Delhi	Rs. /10 Kg.	785	785	Unch
Telangana	Hyderabad	Rs. /10 Kg.	810	810	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	835	848	-13

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Feb-20	31-Jan-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1928	1930	-2
Maharashtra	Akola	Rs./Qtl	1884	1895	-12

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-Jan-20	30-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	38600	38600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38900	39100	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	39500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39800	40000	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39700	39900	-200
DCH-32(107)	34mm	3.0 - 3.8	33	40100	40300	-200

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

Index	Unit	1-Feb-20	31-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	1-Feb-20	31-Jan-20	Change
FC Index (S)	Cents/lb	NR	NR	-
FC Index (M)	Cents/lb	NR	NR	-



FC Index (L)	Cents/lb	NR	NR	-
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**Cotlook Index:**

Cotlook Indices	Unit	30-Jan-20	29-Jan-20	Change
A-Index	Cents/Pound	73.15	79.35	-6.20

**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.	67.8	70.05	363
North Delta	cents/lb.	66.3	68.55	58
South Delta	cents/lb.	66.3	68.55	0
East TX-OK	cents/lb.	63.8	66.05	3607
West Texas	cents/lb.	63.8	66.3	2308
Desert SW	cents/lb.	61.8	65.8	607
SJ Valley	cents/lb.	62.3	71.2	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 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 Fri January 31, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	200131	68.96	69.35	67.4	67.5	-1.55	13,506	122,214	373
<a href="#">20-May</a>	200131	69.49	69.87	68.2	68.31	-1.33	6,897	69,061	1605
<a href="#">20-Jul</a>	200131	70.41	70.73	69.09	69.19	-1.31	1,994	39,791	85
<a href="#">20-Oct</a>	200131	69.23	69.35	68.92	68.92	-1.38	80	52	0
<a href="#">20-Dec</a>	200131	70.03	70.03	68.55	68.73	-1.22	715	31,954	-163
<a href="#">21-Mar</a>	200131	70.37	70.37	69.24	69.42	-1	28	2,578	12
Total Volume and Open Interest							23,224	267,505	1,912

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