

**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. The Mar contract was set back 155 points for the month of January. The coronavirus (Wuhan virus) outbreak in China was the source of the setback in ICE cotton. Also, the China's annual holiday has been extended one more week due to the outbreak of coronavirus.

**News:** The Indian government in the mid of January has announced that it might impose anti- dumping duty on certain type of yarn so as to avoid importing cheap imports from China, Vietnam and Indonesia. DGTR has initiated an investigation that dumped imports from these countries are causing material injury to the domestic industry or not. It has been reported that the cheap imports has affected the quality of the fabric for eventual use in garments. As the prices of yarn declined to a significant low in the previous months last year, therefore, government is ensuring to support the yarn prices in India by improving the quality measures.

**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 31st 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.

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

During the next 24 hours, light to moderate rains and snow will be continuing at scattered places over Arunachal Pradesh and at one or two places over upper Assam and Nagaland. Light spell of rains and thundershowers will be affecting scattered places over southern parts of Odisha and North Andhra Pradesh as well as at one or two places over Telangana and Vidarbha and Lakshadweep Islands. Moderate fog might be seen at scattered places over Punjab, Haryana, Delhi, Uttar Pradesh and Bihar. Patchy fog will be seen in the Northeast states. Night temperatures will remain quite below normal over the Indo Gangetic 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.

**The US Export Sales report from USDA showed 347,100 RB of 2019-20 upland cotton sold in the week ending 23<sup>rd</sup> Jan'20 were up by 13% compared to previous week.** Increases primarily for China (1,09,900 RB, including decreases of 17,600 RB), Vietnam (78,400 RB), Pakistan (56,800RB), Turkey (45,600 RB), and Indonesia (30,200 RB, including 300 RB switched from Malaysia and 200 RB switched from Japan), were offset by reductions for India (15,100 RB), El Salvador (1,200 RB), Honduras (700 RB), and Malaysia (300 RB). For 2020-2021, net UPLAND sales of 50,200 RB were primarily for China (30,800 RB), Vietnam (8,800 RB), and Pakistan (7,000 RB). Exports were primarily to Vietnam (73,600 RB), China (71,400 RB), Pakistan (49,000 RB), Turkey (32,600 RB), and Bangladesh (21,500 RB).

**The prices in the local market in Pakistan is declining due to the cautious buying from the textile mills and due to the decreasing of the stock of good quality cotton.** The country is importing large amount of cotton and the mills that are not able to import cotton are buying cotton from local ginners. Due to the improper supply of the raw material, many ginning mills were closed. The Spot Rate Committee of Karachi Cotton Association has decreased the spot rate by Rs 100 per maund and closed it at Rs 9000 per maund. Also, the local market has been affected due to the coronavirus. Therefore, the market showed a bearish trend.

**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 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.

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

| Contract | +/-  | Open  | High  | Low   | Close | Volume | Change | OI   | Change |
|----------|------|-------|-------|-------|-------|--------|--------|------|--------|
| 20-Jan   | -220 | 19280 | 19290 | 18840 | 19310 | 2042   | 1562   | 6421 | 4258   |
| 20-Feb   | -220 | 19530 | 19540 | 19130 | 19590 | 472    | 105    | 1338 | 55     |
| 20-Mar   | -180 | 19560 | 19720 | 19470 | 19850 | 32     | -776   | 77   | -1463  |

| Spread | 19-Dec | 20-Jan | 20-Feb | 20-Mar | -- | -- |
|--------|--------|--------|--------|--------|----|----|
| Spot   | -      |        |        |        | -  | -  |
| 19-Dec | -      | -250   | -      | -      | -  | -  |
| 20-Jan | -      | -      | -180   | -      | -  | -  |

(NB: Spread Basis = Spot- Near Month Future) As updated on 3<sup>rd</sup> Feb @ 5.30 pm

\* Updated at as on 03-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity      | Kapas          |               | Prices (Rs./Quintal) |          | Change |
|----------------|----------------|---------------|----------------------|----------|--------|
| State          | Centre         | Variety       | 3-Feb-20             | 1-Feb-20 |        |
| Gujarat        | Ahmedabad      | Shankar-6     | 5500                 | 5500     | Unch   |
|                | Gondal         | Shankar-6     | 5480                 | 5455     | 25     |
|                | Rajkot         | B.T. Cotton   | 5350                 | 5325     | 25     |
|                | Patan          | B.T. Cotton   | 5225                 | 5280     | -55    |
|                | Kadi           | B.T. Cotton   | 5250                 | 5300     | -50    |
|                | Deesa          | B.T. Cotton   | NA                   | NA       | -      |
|                | Dhrol          | B.T. Cotton   | NR                   | 5330     | -      |
| Haryana        | Bhiwani        | B.T. Cotton   | 5400                 | 5400     | Unch   |
|                | Bhiwani        | Desi          | NA                   | NA       | -      |
|                | Adampur        | B.T. Cotton   | 5250                 | 5275     | -25    |
|                | Fatehabad      | B.T. Cotton   | 5265                 | 5305     | -40    |
|                | Jind           | B.T. Cotton   | 5390                 | 5400     | -10    |
|                | Uchana         | B.T. Cotton   | NA                   | 5264     | -      |
|                | Dabwali        | B.T. Cotton   | 5450                 | 5440     | 10     |
| Rajasthan      | Hanumangarh    | B.T. Cotton   | 5280                 | 5280     | Unch   |
|                | Rawatsar       | B.T. Cotton   | 5275                 | 5300     | -25    |
| Madhya Pradesh | Khandwa        | Mech-1        | 5300                 | 5400     | -100   |
|                | Khargaon       | Mech-1        | NR                   | NR       | -      |
| Maharashtra    | Amravati       | Mech-1        | 5250                 | 5190     | 60     |
|                | Jamner         | Medium Staple | NA                   | NA       | -      |
| Uttar Pradesh  | Hathras        | B.T. Cotton   | NA                   | NA       | -      |
|                | Hathras        | Desi          | NA                   | NA       | -      |
| Telangana      | Adilabad       | Un-Ginned     | NR                   | 4840     | -      |
| Karnataka      | Bijapur        | Bunny         | NR                   | NR       | -      |
|                | Hubli          | D.C.H.        | 5300                 | 5350     | -50    |
|                | Hubli          | B.T. Cotton   | 6750                 | 6800     | -50    |
|                | Raichur        | H-44 Cotton   | NR                   | NR       | -      |
| Commodity      | Lint           |               | Prices (Rs./Maund)   |          | Change |
| State          | Centre         | Variety       | 3-Feb-20             | 1-Feb-20 |        |
| Punjab         | Bhatinda       | J-34          | 4050                 | 4080     | -30    |
|                | Abohar         | J-34          | 4070                 | 4090     | -20    |
|                | Mansa          | J-34          | 4160                 | 4100     | 60     |
| Haryana        | Sirsa          | J-34          | 4000                 | 4030     | -30    |
| Rajasthan      | Sri-Ganganagar | J-34          | 3690                 | 3713     | -24    |

Cotton Arrivals in Key Centers:

| Commodity      | Kapas          |               | Arrivals (Quintal) |          | Change |
|----------------|----------------|---------------|--------------------|----------|--------|
| State          | Centre         | Variety       | 3-Feb-20           | 1-Feb-20 |        |
| Gujarat        | Ahmedabad      | Shankar-6     | 64600              | 64600    | Unch   |
|                | Gondal         | Shankar-6     | 2709               | 2161     | 548    |
|                | Rajkot         | B.T. Cotton   | 3600               | 3200     | 400    |
|                | Patan          | B.T. Cotton   | 2893               | 2828     | 65     |
|                | Kadi           | B.T. Cotton   | 30000              | 30000    | Unch   |
|                | Deesa          | B.T. Cotton   | NA                 | NA       | -      |
|                | Dhrol          | B.T. Cotton   | NR                 | 387      | -      |
| Haryana        | Bhiwani        | B.T. Cotton   | 1500               | 1500     | Unch   |
|                | Bhiwani        | Desi          | NA                 | NA       | -      |
|                | Adampur        | B.T. Cotton   | 850                | 689      | 162    |
|                | Fatehabad      | B.T. Cotton   | 500                | 600      | -100   |
|                | Jind           | B.T. Cotton   | 1445               | 1700     | -255   |
|                | Uchana         | B.T. Cotton   | NA                 | 3150     | -      |
|                | Dabwali        | B.T. Cotton   | 700                | 450      | 250    |
| Rajasthan      | Hanumangarh    | B.T. Cotton   | 500                | 500      | Unch   |
|                | Rawatsar       | B.T. Cotton   | 1500               | 1500     | Unch   |
| Madhya Pradesh | Khandwa        | Mech-1        | 500                | 500      | Unch   |
|                | Khargaon       | Mech-1        | NR                 | NR       | -      |
| Maharashtra    | Amravati       | Mech-1        | 2000               | 5000     | -3000  |
|                | Jamner         | Medium Staple | NA                 | NA       | -      |
| Uttar Pradesh  | Hathras        | B.T. Cotton   | NA                 | NA       | -      |
|                | Hathras        | Desi          | NA                 | NA       | -      |
| Telangana      | Adilabad       | Un-Ginned     | NR                 | 1850     | -      |
| Karnataka      | Bijapur        | Bunny         | NR                 | NR       | -      |
|                | Hubli          | D.C.H.        | NR                 | NR       | -      |
|                | Hubli          | B.T. Cotton   | NR                 | NR       | -      |
|                | Raichur        | H-44 Cotton   | NR                 | NR       | -      |
| Commodity      | Lint           |               | Arrivals (Quintal) |          | Change |
| State          | Centre         | Variety       | 3-Feb-20           | 1-Feb-20 |        |
| Punjab         | Bhatinda       | J-34          | 6800               | 6800     | Unch   |
|                | Abohar         | J-34          | 850                | 680      | 170    |
|                | Mansa          | J-34          | 680                | 510      | 170    |
| Haryana        | Sirsa          | J-34          | 510                | 850      | -340   |
| Rajasthan      | Sri-Ganganagar | J-34          | 500                | 2000     | -1500  |

Cotton Seed Oil Prices:

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

| State       | Centre    | Unit        | 3-Feb-20 | 1-Feb-20 |      |
|-------------|-----------|-------------|----------|----------|------|
| Gujarat     | Rajkot    | Rs. /10 Kg. | 830      | 840      | -10  |
| Delhi       | New Delhi | Rs. /10 Kg. | 785      | 785      | Unch |
| Telangana   | Hyderabad | Rs. /10 Kg. | 835      | 810      | 25   |
| Maharashtra | Mumbai    | Rs. /10 Kg. | 842      | 835      | 7    |

**Cotton Seed Oil Seed Cake Prices:**

| Commodity   | Cotton Seed Oil Seed Cake |         | Price    |          | Change |
|-------------|---------------------------|---------|----------|----------|--------|
| State       | Centre                    | Unit    | 3-Feb-20 | 1-Feb-20 |        |
| Gujarat     | Mahesana (Kadi)           | Rs./Qtl | 1925     | 1928     | -3     |
| Maharashtra | Akola                     | Rs./Qtl | 1865     | 1884     | -19    |

**Cotton Association of India Spot Rates:**

| Trade Name                            | Staple     | Micronaire | Strength/<br>GPT | Rs. Per<br>Candy | Rs. Per<br>Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
|                                       |            |            |                  | 1-Feb-20         | 31-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               | 38500            | 38600            | -100   |
| H-4/ MECH-1(105)                      | 28mm       | 3.5 - 4.9  | 27               | 38800            | 38900            | -100   |
| Shankar-6(105)                        | 29mm       | 3.5 - 4.9  | 28               | 39400            | 39500            | -100   |
| Bunny/ Brahma(105)                    | 31mm       | 3.5 - 4.9  | 30               | 39700            | 39800            | -100   |
| MCU-5/ Surabhi(106)                   | 32mm       | 3.3 - 4.9  | 31               | 39500            | 39700            | -200   |
| DCH-32(107)                           | 34mm       | 3.0 - 3.8  | 33               | 39900            | 40100            | -200   |

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

| Index        | Unit    | 3-Feb-20 | 1-Feb-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     | 3-Feb-20 | 1-Feb-20 | Change |
|--------------|----------|----------|----------|--------|
| FC Index (S) | Cents/lb | 82.71    | NR       | -      |
| FC Index (M) | Cents/lb | 78.04    | NR       | -      |
| FC Index (L) | Cents/lb | 77.18    | NR       | -      |



**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 |
|-------------|-----------|---------------------|---------------------|----------|
|             |           | 31-Jan-20           | 31-Jan-20           | Bales    |
| Southeast   | cents/lb. | 66.25               | 68.5                | 0        |
| North Delta | cents/lb. | 64.75               | 67                  | 0        |
| South Delta | cents/lb. | 64.75               | 67                  | 0        |
| East TX-OK  | cents/lb. | 62.25               | 64.5                | 1221     |
| West Texas  | cents/lb. | 62.25               | 64.75               | 1736     |
| Desert SW   | cents/lb. | 60.25               | 64.25               | 400      |
| SJ Valley   | cents/lb. | 60.75               | 69.65               | 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 1-Feb-2019**

|            |           |              |                  | (in Pakistan Rupees) |
|------------|-----------|--------------|------------------|----------------------|
| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi    |
| Cotton     | 37.32 Kgs | 9000         | 160              | 9160                 |
| Equivalent | 40 Kgs    | 9645         | 171              | 9816                 |

**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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