

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,200/per candy (70.10 cents/lb). Cotton prices across India reported to showed mixed trend across. The cotton market finished moderate lower Monday. Several analysts and economists from top U.S. banks have indicated the coronavirus could stifle China's GDP growth for 2020, as well as impairs the US economy as well.

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 31st 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 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.

Weather Forecast for tomorrow:

During the next 24 hours, scattered light rain with one or two moderate spells may occur in East Madhya Pradesh, Chhattisgarh, parts of Odisha. Isolated rain may commence in Jammu and Kashmir, Ladakh and Himachal Pradesh by the evening of February 4. Light rain and snow may continue in Arunachal Pradesh while light showers are likely in East Assam. Minimums of North Punjab and the Western Himalayas may increase by 1-2 degrees.

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 23rd 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 ginneries. 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 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 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	50	19170	19290	19110	19180	778	298	6425	4262
20-Feb	50	19430	19540	19380	19440	404	37	1504	221
20-Mar	110	19750	19800	19700	19680	97	-711	116	-1424

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-250	-	-	-	-
20-Jan	-	-	-260	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 4th Feb @ 5.30 pm

* Updated at as on 04-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Feb-20	1-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5480	5455	25
	Rajkot	B.T. Cotton	5375	5325	50
	Patan	B.T. Cotton	5285	5280	5
	Kadi	B.T. Cotton	5250	5300	-50
	Deesa	B.T. Cotton	4900	NA	-
	Dhrol	B.T. Cotton	NR	5330	-
Haryana	Bhiwani	B.T. Cotton	5325	5400	-75
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5250	5275	-25
	Fatehabad	B.T. Cotton	5240	5305	-65
	Jind	B.T. Cotton	5400	5400	Unch
	Uchana	B.T. Cotton	NA	5264	-
	Dabwali	B.T. Cotton	5450	5440	10
Rajasthan	Hanumangarh	B.T. Cotton	5325	5280	45
	Rawatsar	B.T. Cotton	5250	5300	-50
Madhya Pradesh	Khandwa	Mech-1	5300	5400	-100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5290	5190	100
	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.	5400	5350	50
	Hubli	B.T. Cotton	6800	6800	Unch
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	4-Feb-20	1-Feb-20	
Punjab	Bhatinda	J-34	4050	4080	-30
	Abohar	J-34	4070	4090	-20
	Mansa	J-34	4030	4100	-70
Haryana	Sirsa	J-34	3990	4030	-40
Rajasthan	Sri-Ganganagar	J-34	3690	3713	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Feb-20	1-Feb-20	
Gujarat	Ahmedabad	Shankar-6	62900	64600	-1700
	Gondal	Shankar-6	2298	2161	137
	Rajkot	B.T. Cotton	3200	3200	Unch
	Patan	B.T. Cotton	3100	2828	272
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	130	NA	-
	Dhrol	B.T. Cotton	NR	387	-
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	689	-179
	Fatehabad	B.T. Cotton	350	600	-250
	Jind	B.T. Cotton	1190	1700	-510
	Uchana	B.T. Cotton	NA	3150	-
	Dabwali	B.T. Cotton	700	450	250
Rajasthan	Hanumangarh	B.T. Cotton	1000	500	500
	Rawatsar	B.T. Cotton	1500	1500	Unch
Madhya Pradesh	Khandwa	Mech-1	500	500	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4000	5000	-1000
	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	4-Feb-20	1-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	850	510	340
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	500	2000	-1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	4-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	4-Feb-20	1-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1903	1928	-25
Maharashtra	Akola	Rs./Qtl	1823	1884	-61

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Feb-20	1-Feb-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	38500	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	38800	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	39100	39400	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39400	39700	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39200	39500	-300
DCH-32(107)	34mm	3.0 - 3.8	33	39600	39900	-300

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

Index	Unit	4-Feb-20	1-Feb-20	Change
CCIndex(328)	RMB/Ton	13437	NR	-
CCIndex(527)	RMB/Ton	12650	NR	-
CCIndex(229)	RMB/Ton	13790	NR	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	4-Feb-20	1-Feb-20	Change
FC Index (S)	Cents/lb	81.96	NR	-
FC Index (M)	Cents/lb	77.24	NR	-
FC Index (L)	Cents/lb	76.3	NR	-

Cotlook Index:

Cotlook Indices	Unit	31-Jan-20	30-Jan-20	Change
A-Index	Cents/Pound	78.15	73.15	5.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		3-Feb-20	3-Feb-20	Bales
Southeast	cents/lb.	65.59	67.84	523
North Delta	cents/lb.	64.09	66.34	0
South Delta	cents/lb.	64.09	66.34	0
East TX-OK	cents/lb.	61.59	63.84	383
West Texas	cents/lb.	61.59	64.09	2292
Desert SW	cents/lb.	59.59	63.59	266
SJ Valley	cents/lb.	60.09	68.99	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 3-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 Mon February 03, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200203	67.29	68.06	66.75	66.84	-0.66	16,499	120,915	-1,299
20-May	200203	68.1	68.6	67.3	67.34	-0.97	8,827	69,622	561
20-Jul	200203	69.01	69.47	68.17	68.22	-0.97	2,206	39,877	86
20-Oct	200203	68.04	68.04	68.04	68.04	-0.88	0	52	0
20-Dec	200203	68.52	68.78	67.57	67.71	-1.02	1,174	32,035	81
21-Mar	200203	69.21	69.23	68.6	68.6	-0.82	44	2,573	-5
Total Volume and Open Interest							28,816	266,922	-583

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