

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.39,300/per candy (70.34 cents/lb). Cotton prices across India reported to showed mixed trend across. Cotton futures rose more than 1% on Tuesday aided by a recovery in equity markets as China ramped up stimulus measures to mitigate the economic impact of the coronavirus outbreak.*

***News: The Chinese economy has broken down after the breakout of coronavirus in the country. Major markets were closed in the last week of January*** on Chinese New year but the manufacturing units have announced they will extend their shutdowns for at least another week. China alone accounts for 32% of all global cotton use, and then cotton yarn imports accounts for an additional 10% of global demand. The weaker internal cotton demand in China along with the extreme focus on bringing the virus under control, Chinese textile and apparel consumption is expected to be weaker. It will also impact the US cotton import shipments to accelerate to meet the obligations of the trade agreement.

***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 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.

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

During the next 24 hours, light to moderate rain with one or two intense spells may occur in East Madhya Pradesh and Chhattisgarh with chances of isolated hailstorm activities. Scattered rain and thundershowers are likely in North Coastal Andhra Pradesh, Odisha and in one or two pockets of South Jharkhand. Scattered light to moderate rain and snow may lash Jammu and Kashmir, Ladakh, Himachal Pradesh and Uttarakhand. Light showers are likely in Coastal Tamil Nadu. Minimums may increase marginally in the northwestern plains.

### **International Fundamentals:**

**Cotton traders moved prices up and the front months ended with gains of 51 to 66 points, while Oct and Dec were 101 and 91 points higher respectively** Mar 20 Cotton closed at 67.35, up 51 points. The Cotlook A index was 150 points lower to 76.65 cents/lb on 02/03. The AWP for cotton is 60.59 cents/lb for this week.

**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	130	19290	19440	19280	19270	721	241	6559	4396
20-Feb	120	19610	19700	19540	19540	204	-163	1478	195
20-Mar	120	19800	19920	19800	19800	20	-788	142	-1398

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-260	-	-	-	-
20-Jan	-	-	-220	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 5<sup>th</sup> Feb @ 5.30 pm

\* Updated at as on 05-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Feb-20	4-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5530	5480	50
	Rajkot	B.T. Cotton	NR	5375	-
	Patan	B.T. Cotton	5295	5285	10
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	4925	4900	25
	Dhrol	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5325	5325	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5250	5250	Unch
	Fatehabad	B.T. Cotton	5280	5240	40
	Jind	B.T. Cotton	5400	5400	Unch
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5400	5325	75
	Rawatsar	B.T. Cotton	5270	5250	20
Madhya Pradesh	Khandwa	Mech-1	5280	5300	-20
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5300	5290	10
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4850	4820	30
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	5400	-
	Hubli	B.T. Cotton	NR	6800	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Feb-20	4-Feb-20	
Punjab	Bhatinda	J-34	4070	4050	20
	Abohar	J-34	4080	4070	10
	Mansa	J-34	4080	4030	50
Haryana	Sirsa	J-34	4020	3990	30
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Feb-20	4-Feb-20	
Gujarat	Ahmedabad	Shankar-6	64600	62900	1700
	Gondal	Shankar-6	2700	2298	402
	Rajkot	B.T. Cotton	NR	3200	-
	Patan	B.T. Cotton	3085	3100	-15
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	200	130	70
	Dhrol	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	350	350	Unch
	Jind	B.T. Cotton	1360	1190	170
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	500	700	-200
Rajasthan	Hanumangarh	B.T. Cotton	2000	1000	1000
	Rawatsar	B.T. Cotton	1500	1500	Unch
Madhya Pradesh	Khandwa	Mech-1	700	500	200
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4000	4000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1820	3090	-1270
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	5-Feb-20	4-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	680	850	-170
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1020	850	170
Rajasthan	Sri-Ganganagar	J-34	2000	500	1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	5-Feb-20	4-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	830	10
Delhi	New Delhi	Rs. /10 Kg.	800	785	15
Telangana	Hyderabad	Rs. /10 Kg.	840	835	5
Maharashtra	Mumbai	Rs. /10 Kg.	842	842	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Feb-20	4-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1907	1903	4
Maharashtra	Akola	Rs./Qtl	1821	1823	-1

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Feb-20	3-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	34200	38300	-4100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	38500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39100	39100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39400	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39300	39200	100
DCH-32(107)	34mm	3.0 - 3.8	33	39700	39600	100

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

Index	Unit	5-Feb-20	4-Feb-20	Change
CCIndex(328)	RMB/Ton	13431	13437	-6
CCIndex(527)	RMB/Ton	12641	12650	-9
CCIndex(229)	RMB/Ton	13788	13790	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

**China Foreign Cotton (FCE) Index :**

Index	Unit	5-Feb-20	4-Feb-20	Change
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FC Index (S)	Cents/lb	82.6	81.96	0.64
FC Index (M)	Cents/lb	77.85	77.24	0.61
FC Index (L)	Cents/lb	76.94	76.3	0.64

**Cotlook Index:**

Cotlook Indices	Unit	3-Feb-20	3-Feb-20	Change
A-Index	Cents/Pound	76.65	76.65	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Feb-20	4-Feb-20	Bales
Southeast	cents/lb.	66.1	68.35	2218
North Delta	cents/lb.	64.6	66.85	0
South Delta	cents/lb.	64.6	66.85	0
East TX-OK	cents/lb.	62.1	64.35	1953
West Texas	cents/lb.	62.1	64.6	906
Desert SW	cents/lb.	60.1	64.1	0
SJ Valley	cents/lb.	60.6	69.5	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 4-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 Tue February 04, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	200204	66.85	68.23	66.85	67.35	0.51	27,610	120,131	-784
<a href="#">20-May</a>	200204	67.36	68.65	67.35	68.02	0.68	14,844	71,425	1,803
<a href="#">20-Jul</a>	200204	68.26	69.4	68.26	68.88	0.66	5,286	40,000	123
<a href="#">20-Oct</a>	200204	69.05	69.05	69.05	69.05	1.01	2	52	0
<a href="#">20-Dec</a>	200204	67.7	68.95	67.7	68.62	0.91	1,917	31,514	-521



<a href="#">21-Mar</a>	200204	69.27	69.82	69.27	69.53	0.93	465	2,623	50
Total Volume and Open Interest							50,407	267,548	626

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