

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,400/per candy (70.39 cents/lb). The market is steady to weak because of weaker demand. The ICE Mar contract held its own for the week, picking up 25 points to finish at 67.75.

News: As on 31st Jan'20 according to CAI, the cotton arrivals from all over India stood approximately 192.89 lakh bales this season so far. The arrivals in Gujarat reached around 44.7 lakh bales even after loss caused by the untimely rains in the state. The arrivals were delayed in South India, but now Telangana is leading 2nd position with 37 lakh bales arrivals with moisture content ranging between 8-12% and CCI is procuring 95% of the cotton. Maharashtra also faced bad weather this year which affected the crop and so far 37.6 lakh bales have been arrived in the state. While the arrivals from North India declined this month in Punjab and Haryana. Rajasthan is seen to have good crop growth that received 18.7 lakh bales this year so far followed by Haryana (15.35 lakh bales) and Punjab (6.09 lakh bales).

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 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).

Weather Forecast for tomorrow:

During the next 24 hours, light rain is likely in some parts of Odisha, South Chhattisgarh, Andhra Pradesh, Telangana, Tamil Nadu and in one or two pockets of Kerala, Karnataka, Marathwada and South Madhya Maharashtra. Light rain is expected in some parts of Tripura, Manipur, Mizoram and Arunachal Pradesh. One or two pockets of Nagaland and upper Assam may also experience the same. Shallow to moderate fog is likely in Punjab, Haryana, Delhi, West Uttar Pradesh and parts of Northeast India. Cold wave-like conditions may occur in some parts of Punjab, Haryana and North Rajasthan during the next 24 hours.

International Fundamentals:

Cotton futures fell 16 to 26 points on Friday with March futures the firmest, Mar 20 Cotton closed at 67.75, down 16 points. The 02/06 Cotlook A index was steady, and remains at 76.55 cents/lb. The updated AWP for cotton is 58.44 cents/lb.

The US cotton were firm by around 5% in January month compared to the previous month after a long period. The signing of phase one deal between the USA and China made the market stronger and firm in the expectation that the China would continue to buy cotton in large amounts and the export of cotton increased by 13 percent particularly China as the country has again started importing American cotton. According to the recent report, China has signed agreements for the import of one hundred and ninety thousand bales of American cotton. But unexpectedly, the outbreak of coronavirus has got negative impact on the on-going trade between the two countries as well as in the global market.

The US Export Sales report from USDA showed 332,300 RB of 2019-20 upland cotton sold in the week ending 30th Jan'20 were up by 28% compared to previous week. Increases primarily for (156,300 RB), Vietnam (57,400 RB, including 2,000

RB switched from South Korea and decreases of 3,300 RB), Pakistan (41,000 RB), Indonesia (29,900 RB, including decreases of 4,300 RB), and Bangladesh (23,700 RB). For 2020/2021, net sales of 4,800 RB were for Pakistan (4,400 RB) and Mexico (400 RB). Exports of 418,800 RB were primarily to Vietnam (113,200 RB), Pakistan (94,900 RB), China (48,200 RB), Turkey (44,500 RB), and Bangladesh (32,100 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Jan	-10	19050	19060	18960	19030	744	264	6526	4363
20-Feb	-20	19280	19310	19240	19310	366	-1	1933	650
20-Mar	-100	19530	19580	19490	19640	67	-741	332	-1208

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-250	-	-	-	-
20-Jan	-	-	-270	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 10th Feb @ 5.30 pm

* Updated at as on 10-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Feb-20	7-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5530	5555	-25
	Rajkot	B.T. Cotton	5335	5385	-50
	Patan	B.T. Cotton	5225	5270	-45
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5325	5340	-15
Haryana	Bhiwani	B.T. Cotton	5325	5350	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5225	5300	-75
	Fatehabad	B.T. Cotton	5200	5325	-125
	Jind	B.T. Cotton	5300	5300	Unch
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5250	5425	-175
	Rawatsar	B.T. Cotton	5300	5350	-50
Madhya Pradesh	Khandwa	Mech-1	5300	5280	20
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5100	5300	-200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	4830	-
Karnataka	Bijapur	Bunny	NR	5403	-
	Hubli	D.C.H.	5300	NR	-
	Hubli	B.T. Cotton	6750	NR	-
	Raichur	H-44 Cotton	5250	5200	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Feb-20	7-Feb-20	
Punjab	Bhatinda	J-34	4060	4080	-20
	Abohar	J-34	4070	4100	-30
	Mansa	J-34	4050	4080	-30
Haryana	Sirsa	J-34	4000	4040	-40
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Feb-20	7-Feb-20	
Gujarat	Ahmedabad	Shankar-6	57800	56100	1700
	Gondal	Shankar-6	2790	2454	336
	Rajkot	B.T. Cotton	4000	4000	Unch
	Patan	B.T. Cotton	1789	1575	214
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	507	468	39
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	400	450	-50
	Jind	B.T. Cotton	1258	1258	Unch
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2300	1350	950
Rajasthan	Hanumangarh	B.T. Cotton	2500	2000	500
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	500	700	-200
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	1200	4000	-2800
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	1750	-
Karnataka	Bijapur	Bunny	NR	2553	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	3232	2677	555
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Feb-20	7-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1020	1020	Unch
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	850	1020	-170
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	10-Feb-20	7-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	845	-5
Delhi	New Delhi	Rs. /10 Kg.	795	810	-15
Telangana	Hyderabad	Rs. /10 Kg.	845	840	5
Maharashtra	Mumbai	Rs. /10 Kg.	840	842	-2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Feb-20	7-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1901	1931	-30
Maharashtra	Akola	Rs./Qtl	1838	1873	-34

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Feb-20	6-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36300	36400	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36800	36900	-100
J-34(202)	26mm	3.5 - 4.9	23	38300	38400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39200	38800	400
Shankar-6(105)	29mm	3.5 - 4.9	28	39400	39500	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39700	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39400	39600	-200
DCH-32(107)	34mm	3.0 - 3.8	33	39900	40000	-100

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

Index	Unit	7-Feb-20	6-Feb-20	Change
CCIndex(328)	RMB/Ton	13437	13431	6
CCIndex(527)	RMB/Ton	12637	12629	8
CCIndex(229)	RMB/Ton	13791	13786	5
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	7-Feb-20	6-Feb-20	Change
FC Index (S)	Cents/lb	83.1	82.6	0.50
FC Index (M)	Cents/lb	78.35	77.85	0.50
FC Index (L)	Cents/lb	77.44	76.94	0.50

Cotlook Index:

Cotlook Indices	Unit	5-Feb-20	4-Feb-20	Change
A-Index	Cents/Pound	76.55	76.05	0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		6-Feb-20	6-Feb-20	Bales
Southeast	cents/lb.	66.66	68.91	0
North Delta	cents/lb.	65.16	67.41	0
South Delta	cents/lb.	65.16	67.41	0
East TX-OK	cents/lb.	62.91	65.16	2965
West Texas	cents/lb.	62.66	65.16	3784
Desert SW	cents/lb.	60.66	64.66	0
SJ Valley	cents/lb.	61.16	70.06	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 7-Feb-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9100	160	9260
Equivalent	40 Kgs	9752	171	9923

Daily Futures Price Listing Fri February 07, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200207	67.85	68	67.1	67.75	-0.16	24,834	93,477	-7,523
20-May	200207	68.24	68.51	67.66	68.14	-0.34	13,559	75,142	3,212
20-Jul	200207	69.18	69.34	68.56	69.02	-0.29	5,964	40,414	55
20-Oct	200207	68.37	68.37	68.37	68.37	-0.29	104	78	15
20-Dec	200207	68.97	69.12	68.4	68.86	-0.26	3,386	31,972	817
21-Mar	200207	69.51	69.92	69.34	69.78	-0.27	651	4,512	625
Total Volume and Open Interest							48,507	247,438	-2,804

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