

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,200/per candy (70.15 cents/lb). Cotton futures rose on Monday ahead of the government's monthly supply and demand crop report, which investors expected to show declines in production and ending stock numbers.

News: *Cotton prices in China have fallen by 3-4% from 13,833 RMB/Ton to 13,437 RMB/Ton since 23rd Jan'20 to 7th Feb'20 while the Indian domestic prices also fallen (-1 to 2%) to Rs.39,500/ candy from Rs.40,000/candy due to the uncertainty after the outbreak of coronavirus in China. Prices are expected to remain volatile in the short-term before a clear picture emerges. Usually, India's 25% of its annual export of cotton and cotton yarn is to China. The halt in exports are the result in decline in domestic prices apart from exports to China, there is no increase in export demand from Vietnam and Bangladesh.*

CCI's activity slightly remained sluggish in last 10-15 days due to the decline in arrivals across India. In Gujarat, Maharashtra and MP, *final pickings have been started while the loss has been reported in the 3rd picking from Andhra Pradesh that overall resulted in the decline in domestic prices across India. CCI procured around 58 lakh bales so far which is around 27% of the total arrivals so far till 10th Feb'20. CCI made the maximum purchases from Telangana that procured 32.45 lakh bales (56% of the total CCI's procurement) followed by Maharashtra and Gujarat buying 10.8 lakh bales and 3.37 lakh bales respectively.*

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 (6.09lakh 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.

Weather Forecast for tomorrow:

During the next 24 hours, scattered light to moderate rain may continue in Rayalaseema, Coastal Andhra Pradesh, parts of Assam and Arunachal Pradesh. Isolated rains are likely in rest Northeast India, Sikkim, Telangana and Coastal Odisha. Light rain is expected in a few parts of Tamil Nadu. Rain activity is likely to commence by the late evening or night of February 11 in Jammu and Kashmir. Minimums of Northwest India may increase by 1-2 degrees Celsius.

International Fundamentals:

Cotton futures closed with gains ranging 37 to 60 points in the front months, Mar 20 Cotton closed at 68.19, up 44 points. The 02/07 Cotlook A index was 45 point higher to 77 flat. The 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Feb	50	19000	19100	19000	19020	226	-254	6447	4284
20-Mar	30	19290	19370	19290	19290	95	-272	2004	721
20-Apr	-	-	-	-	19550	-	-808	341	-1199

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 11th Feb @ 5.30 pm

* Updated at as on 11-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Feb-20	10-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5505	5530	-25
	Rajkot	B.T. Cotton	5370	5335	35
	Patan	B.T. Cotton	5255	5225	30
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	4850	-
	Dhrol	B.T. Cotton	5385	5325	60
Haryana	Bhiwani	B.T. Cotton	5350	5325	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5220	5225	-5
	Fatehabad	B.T. Cotton	5225	5200	25
	Jind	B.T. Cotton	5320	5300	20
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5350	5250	100
	Rawatsar	B.T. Cotton	5280	5300	-20
Madhya Pradesh	Khandwa	Mech-1	5300	5300	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5100	5100	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5403	5389	14
	Hubli	D.C.H.	5300	5300	Unch
	Hubli	B.T. Cotton	6750	6750	Unch
	Raichur	H-44 Cotton	5150	5250	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-Feb-20	10-Feb-20	
Punjab	Bhatinda	J-34	4040	4060	-20
	Abohar	J-34	4050	4070	-20
	Mansa	J-34	4050	4050	Unch
Haryana	Sirsa	J-34	3985	4000	-15
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Feb-20	10-Feb-20	
Gujarat	Ahmedabad	Shankar-6	59500	57800	1700
	Gondal	Shankar-6	2214	2790	-576
	Rajkot	B.T. Cotton	3100	4000	-900
	Patan	B.T. Cotton	2085	1789	296
	Kadi	B.T. Cotton	50000	30000	20000
	Deesa	B.T. Cotton	NA	100	-
	Dhrol	B.T. Cotton	532	507	25
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	300	400	-100
	Jind	B.T. Cotton	1360	1258	102
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	800	2300	-1500
Rajasthan	Hanumangarh	B.T. Cotton	2000	2500	-500
	Rawatsar	B.T. Cotton	1500	2000	-500
Madhya Pradesh	Khandwa	Mech-1	500	500	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	2000	1200	800
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	2830	3571	-741
	Hubli	D.C.H.	26	20	6
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	3142	3232	-90
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Feb-20	10-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	1020	-170
	Mansa	J-34	850	680	170
Haryana	Sirsa	J-34	850	850	Unch
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	11-Feb-20	10-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	840	Unch
Delhi	New Delhi	Rs. /10 Kg.	795	795	Unch
Telangana	Hyderabad	Rs. /10 Kg.	845	845	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	850	840	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	11-Feb-20	10-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1888	1901	-13
Maharashtra	Akola	Rs./Qtl	1827	1838	-11

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Feb-20	7-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36300	36300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36800	36800	Unch
J-34(202)	26mm	3.5 - 4.9	23	34200	38300	-4100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	39200	-600
Shankar-6(105)	29mm	3.5 - 4.9	28	39400	39400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39400	39400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39900	39900	Unch

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

Index	Unit	11-Feb-20	7-Feb-20	Change
CCIndex(328)	RMB/Ton	13438	13437	1
CCIndex(527)	RMB/Ton	12631	12637	-6
CCIndex(229)	RMB/Ton	13787	13791	-4
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	11-Feb-20	7-Feb-20	Change
FC Index (S)	Cents/lb	83.41	83.1	0.31
FC Index (M)	Cents/lb	78.64	78.35	0.29
FC Index (L)	Cents/lb	77.75	77.44	0.31

Cotlook Index:

Cotlook Indices	Unit	10-Feb-20	6-Feb-20	Change
A-Index	Cents/Pound	76.75	77	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Feb-20	10-Feb-20	Bales
Southeast	cents/lb.	66.94	69.19	155
North Delta	cents/lb.	65.44	67.69	0
South Delta	cents/lb.	65.44	67.69	0
East TX-OK	cents/lb.	63.19	65.44	1337
West Texas	cents/lb.	62.94	65.44	5668
Desert SW	cents/lb.	60.94	64.94	0
SJ Valley	cents/lb.	61.44	70.34	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 10-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 Mon February 10, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200210	67.62	68.36	67.62	68.19	0.44	25,014	92,138	-1,339
20-May	200210	68.03	68.86	68.03	68.74	0.6	19,856	80,661	5,519
20-Jul	200210	68.98	69.7	68.95	69.54	0.52	5,234	41,178	764
20-Oct	200210	68.92	68.92	68.74	68.74	0.37	1	77	-1
20-Dec	200210	68.86	69.37	68.79	69.25	0.39	2,775	32,123	151
21-Mar	200210	69.74	70.2	69.66	70.1	0.32	525	4,992	480
Total Volume and Open Interest							53,420	253,015	5,577

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