

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,150/per candy (70.06 cents/lb). Cotton futures inched up on Tuesday, as investor optimism about China's economy despite the coronavirus outbreak offset the U.S. Department of Agriculture's (USDA) increased forecasts for global ending stocks.

News: *Cotton production was reported unchanged at 20.1 million bales in Feb'20 forecast compared to the previous month by USDA. Domestic cotton ending supply was also steady, leaving U.S. ending stocks at 5.40 mln bales. USDA also remained the U.S. cotton exports at 16.50m bales, although the Feb revision increased Brazil's cotton export estimate to 8.90m bales while Indian cotton exports reduced to 3.6 mln bales from 3.8 mln bales. Australian export estimates were lowered 5 lakh bales to 1.3 million bales due to the drought ravaged country. World ending stocks of cotton were increased by 2.53 mln bales to 82.12 mln bales. World demand for cotton was 1.21 million bales lower against the Jan forecast with World use at 119.01m bales. Australian and Indian exports were lowered. USDA's Cotton Ginning's Report showed that cotton ginned through 1st Feb'20 was 18.934 mln Running Bales, which is 14% more than 2018-19's pace.*

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.

Weather Forecast for tomorrow:

During the next 24 hours, scattered rains expected in parts of Telangana, Coastal Andhra Pradesh and Coastal Tamil Nadu. Light rain with one or two moderate spells may occur. Isolated rain is likely in Assam, Meghalaya and Nagaland. Fairly widespread rain and snow may occur in Jammu and Kashmir. Scattered showers are likely in Himachal Pradesh and Ladakh. Isolated activities are expected in Uttarakhand. Minimums of Northwest India will rise by a couple of degrees.

International Fundamentals:

Cotton futures came back from double digit losses at midday to finish steady to plus 6 points on the day, Mar 20 Cotton closed at 68.23, up 4 points. The Cotlook A index was decreased 25 points to 76.75 for 02/11. FSA's weekly adjusted 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-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	12-Feb-20	11-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5480	5505	-25
	Rajkot	B.T. Cotton	5340	5370	-30
	Patan	B.T. Cotton	5225	5255	-30
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	0	NA	-
	Dhrol	B.T. Cotton	5400	5385	15
Haryana	Bhiwani	B.T. Cotton	5300	5350	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5250	5220	30
	Fatehabad	B.T. Cotton	5225	5225	Unch
	Jind	B.T. Cotton	5300	5320	-20
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5350	5350	Unch
	Rawatsar	B.T. Cotton	5250	5280	-30
Madhya Pradesh	Khandwa	Mech-1	5250	5300	-50
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5200	5100	100
	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	5390	5403	-13
	Hubli	D.C.H.	5300	5300	Unch
	Hubli	B.T. Cotton	6800	6750	50
	Raichur	H-44 Cotton	NR	5150	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	12-Feb-20	11-Feb-20	
Punjab	Bhatinda	J-34	4050	4040	10
	Abohar	J-34	4050	4050	Unch
	Mansa	J-34	4060	4050	10
Haryana	Sirsa	J-34	3900	3985	-85
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Feb-20	11-Feb-20	
Gujarat	Ahmedabad	Shankar-6	56100	59500	-3400
	Gondal	Shankar-6	1773	2214	-441
	Rajkot	B.T. Cotton	3000	3100	-100
	Patan	B.T. Cotton	2400	2085	315
	Kadi	B.T. Cotton	20000	50000	-30000
	Deesa	B.T. Cotton	0	NA	-
	Dhrol	B.T. Cotton	468	532	-64
Haryana	Bhiwani	B.T. Cotton	1200	1000	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	400	300	100
	Jind	B.T. Cotton	1190	1360	-170
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1200	800	400
Rajasthan	Hanumangarh	B.T. Cotton	1500	2000	-500
	Rawatsar	B.T. Cotton	2000	1500	500
Madhya Pradesh	Khandwa	Mech-1	500	500	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	3000	2000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	2160	-
Karnataka	Bijapur	Bunny	2328	2830	-502
	Hubli	D.C.H.	NR	26	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	3142	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Feb-20	11-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1020	850	170
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	680	850	-170
Rajasthan	Sri-Ganganagar	J-34	2000	1000	1000

Cotton Seed Oil Prices:

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

State	Centre	Unit	12-Feb-20	11-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	830	840	-10
Delhi	New Delhi	Rs. /10 Kg.	787	795	-8
Telangana	Hyderabad	Rs. /10 Kg.	825	845	-20
Maharashtra	Mumbai	Rs. /10 Kg.	840	850	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Feb-20	11-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1906	1888	17
Maharashtra	Akola	Rs./Qtl	1860	1827	33

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Feb-20	10-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36100	36300	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36800	-200
J-34(202)	26mm	3.5 - 4.9	23	38200	34200	4000
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38700	38600	100
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	39400	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39500	39400	100
DCH-32(107)	34mm	3.0 - 3.8	33	40000	39900	100

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

Index	Unit	12-Feb-20	11-Feb-20	Change
CCIndex(328)	RMB/Ton	13445	13438	7
CCIndex(527)	RMB/Ton	12639	12631	8
CCIndex(229)	RMB/Ton	13790	13787	3

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

China Foreign Cotton (FCE) Index :

Index	Unit	12-Feb-20	11-Feb-20	Change
FC Index (S)	Cents/lb	NR	83.41	-
FC Index (M)	Cents/lb	NR	78.64	-
FC Index (L)	Cents/lb	NR	77.75	-

Cotlook Index:

Cotlook Indices	Unit	11-Feb-20	7-Feb-20	Change
A-Index	Cents/Pound	77.2	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Feb-20	11-Feb-20	Bales
Southeast	cents/lb.	66.98	69.23	49
North Delta	cents/lb.	65.48	67.73	0
South Delta	cents/lb.	65.48	67.73	0
East TX-OK	cents/lb.	63.23	65.48	3695
West Texas	cents/lb.	62.98	65.48	3324
Desert SW	cents/lb.	60.98	64.98	0
SJ Valley	cents/lb.	61.48	70.38	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 11-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 Tue February 11, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200211	68	68.55	67.89	68.23	0.04	27,935	75,878	-16,260
20-May	200211	68.86	69.12	68.45	68.74	unch	23,913	83,712	3,051
20-Jul	200211	69.37	69.91	69.22	69.56	0.02	6,879	40,413	-765
20-Oct	200211	68.76	68.76	68.76	68.76	0.02	0	77	0
20-Dec	200211	69.3	69.65	69.01	69.31	0.06	3,597	32,470	347
21-Mar	200211	70.1	70.42	69.8	70.07	-0.03	760	5,578	586
Total Volume and Open Interest							63,262	240,086	-12,929

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2020 Indian Agribusiness Systems Pvt. Ltd.