

Domestic Fundamentals:

Market Outlook:

The Rajkot mandi price for variety Shankar 6 stood Rs.39,250/per candy (70.19 cents/lb). Cotton futures inched up to a more than one-week high on Wednesday as Investors are positive on cotton as they are optimistic about the virus gradually fading away and the pre-coronavirus demand will pick up and that's keeping a strong support at mid-60 cents level.

News: Cotton output to rise in Telangana in 2019-20 due to favourable weather conditions that led to higher acreage and yields. The cotton yield is likely to increase by 7-9% this year leading to the total rise in cotton production to around 40-43 lakh bales this year. Whereas the state has released its 2nd advance estimate recently this week projecting to increase in production around 48 lakh bales up by 13 lakh bales compared to the previous year's production.

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 (6.09 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.

Weather Forecast for tomorrow:

During the next 24 hours, rain and snow may lash many parts of Jammu and Kashmir and a few parts of Himachal Pradesh. Uttarakhand will be almost dry with isolated light rain. Light rain is likely Arunachal Pradesh and in parts of Assam. Scattered light rain activity may continue in South Coastal Andhra Pradesh and Coastal Tamil Nadu. There will not be any improvement in Delhi pollution. Day and night temperatures of Northwest, Central India including Maharashtra may increase further.

International Fundamentals:

Cotton futures posted 35 to 51 point gains on Wednesday, with the March futures finishing the session 35 points higher, Mar 20 Cotton closed at 68.58, up 35 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.

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.

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	-70	19190	19210	19080	19170	534	54	6258	4095
20-Mar	-80	19440	19460	19340	19430	207	-160	2270	987
20-Apr	20	19700	19730	19650	19630	91	-717	389	-1151

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 13th Feb @ 5.30 pm

* Updated at as on 13-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Feb-20	12-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5505	5480	25
	Rajkot	B.T. Cotton	Closed	5340	-
	Patan	B.T. Cotton	5180	5225	-45
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5380	5400	-20
Haryana	Bhiwani	B.T. Cotton	5300	5300	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5250	5250	Unch
	Fatehabad	B.T. Cotton	5230	5225	5
	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	5350	-100
	Rawatsar	B.T. Cotton	5250	5250	Unch
Madhya Pradesh	Khandwa	Mech-1	5250	5250	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5250	5200	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	4850	-
Karnataka	Bijapur	Bunny	NR	5390	-
	Hubli	D.C.H.	5300	5300	Unch
	Hubli	B.T. Cotton	6800	6800	Unch
	Raichur	H-44 Cotton	5250	5200	50
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	13-Feb-20	12-Feb-20	
Punjab	Bhatinda	J-34	4045	4050	-5
	Abohar	J-34	4050	4050	Unch
	Mansa	J-34	4040	4060	-20
Haryana	Sirsa	J-34	3995	3990	5
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Feb-20	12-Feb-20	
Gujarat	Ahmedabad	Shankar-6	54400	56100	-1700
	Gondal	Shankar-6	2107	1773	334
	Rajkot	B.T. Cotton	Closed	3000	-
	Patan	B.T. Cotton	1911	2400	-489
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	491	468	23
Haryana	Bhiwani	B.T. Cotton	1200	1200	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	680	340
	Fatehabad	B.T. Cotton	325	400	-75
	Jind	B.T. Cotton	1190	1190	Unch
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1450	1200	250
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	1000	2000	-1000
Madhya Pradesh	Khandwa	Mech-1	500	500	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4000	3000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	2850	-
Karnataka	Bijapur	Bunny	NR	2328	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	2355	3427	-1072
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Feb-20	12-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1020	1020	Unch
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	850	680	170
Rajasthan	Sri-Ganganagar	J-34	1500	2000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	13-Feb-20	12-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	830	10
Delhi	New Delhi	Rs. /10 Kg.	797	787	10
Telangana	Hyderabad	Rs. /10 Kg.	830	825	5
Maharashtra	Mumbai	Rs. /10 Kg.	835	840	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Feb-20	12-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1910	1906	5
Maharashtra	Akola	Rs./Qtl	1870	1860	10

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Feb-20	11-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36100	36100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
J-34(202)	26mm	3.5 - 4.9	23	38200	38200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39700	38700	1000
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	39500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39500	39500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	40000	40000	Unch

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

Index	Unit	13-Feb-20	12-Feb-20	Change
CCIndex(328)	RMB/Ton	13419	13445	-26
CCIndex(527)	RMB/Ton	12603	12639	-36
CCIndex(229)	RMB/Ton	13769	13790	-21

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

China Foreign Cotton (FCE) Index :

Index	Unit	13-Feb-20	12-Feb-20	Change
FC Index (S)	Cents/lb	NR	NR	-
FC Index (M)	Cents/lb	NR	NR	-
FC Index (L)	Cents/lb	NR	NR	-

Cotlook Index:

Cotlook Indices	Unit	12-Feb-20	11-Feb-20	Change
A-Index	Cents/Pound	77.2	77.2	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Feb-20	12-Feb-20	Bales
Southeast	cents/lb.	67.33	69.58	0
North Delta	cents/lb.	65.83	68.08	0
South Delta	cents/lb.	65.83	68.08	1068
East TX-OK	cents/lb.	63.58	65.83	5364
West Texas	cents/lb.	63.33	65.83	3724
Desert SW	cents/lb.	61.33	65.33	326
SJ Valley	cents/lb.	61.83	70.73	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 12-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 Wed February 12, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200212	68.25	68.79	67.77	68.58	0.35	30,316	66,099	-9,779
20-May	200212	68.74	69.41	68.31	69.24	0.5	22,083	88,681	4,969
20-Jul	200212	69.69	70.24	69.07	70.07	0.51	4,110	40,087	-326
20-Oct	200212	70.16	70.32	70.16	70.17	1.41	2	76	-1
20-Dec	200212	69.46	69.99	68.92	69.82	0.51	2,116	32,839	369
21-Mar	200212	70.21	70.61	69.99	70.51	0.44	174	5,629	51
Total Volume and Open Interest							58,905	235,401	-4,685

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