

### Domestic Fundamentals:

#### **Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,350/per candy (70.37 cents/lb). Cotton futures fell more than 1% on Thursday after a sharp rise in coronavirus cases in China rekindled fears of its impact on the global economy, overshadowing positive export sales data from the U.S. government.

**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 2<sup>nd</sup> 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 23<sup>rd</sup> Jan'20 to 7<sup>th</sup> 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 3<sup>rd</sup> 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 10<sup>th</sup> 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 31<sup>st</sup> 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 2<sup>nd</sup> 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 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.

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

Isolated rain is also expected in Sub-Himalayan West Bengal, Sikkim, in extreme South Tamil Nadu and adjoining parts of Kerala. Strong winds will continue to blow with a speed of 35-40 kmph over northwest plains. In the wake of dry north-easterlies, Kerala and Tamil Nadu in South India may observe above normal temperatures. Thunderstorm activities may also occur in these areas towards early morning or evening hours. A marginal rise in the temperatures will continue over Northwest plains including Central and East India. The rest other parts of the country will witness dry and comfortable weather.

### **International Fundamentals:**

**Cotton futures finished 57 to 83 points lower in the front month contracts, Mar 20 Cotton closed at 67.75, down 83 points.** The 02/12 Cotlook A index was firm at 77.20. FAS added 38 points to the Adjusted World Price for cotton, it is updated at 58.82 cents/lb, and is good through next Thursday.

**The US Export Sales report from USDA showed 350,900 RB of 2019-20 upland cotton sold in the week ending 6<sup>th</sup> Feb'20 were up by 6% compared to previous week.** Increases primarily for Vietnam (152,000 MT, including 2,600 RB switched from South Korea), Turkey (74,000 RB), Pakistan (49,300 RB), Bangladesh (44,200 RB), and Indonesia (20,500 RB, including 1,200 RB switched from Japan), were offset by reductions primarily for China (48,400 RB). For 2020/2021, net sales of 57,300 RB were for Bangladesh (26,200 RB), Pakistan (18,500 RB), Malaysia (6,600 RB), Indonesia (5,300 RB), and Ecuador (700 RB). Exports of 400,500 RB were down 4 percent from the previous week, but up 20 percent from the prior 4-week average.

**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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Feb	-60	19060	19080	18970	19100	531	51	6180	4017
20-Mar	-30	19300	19370	19250	19360	278	-89	2387	1104
20-Apr	-10	19570	19620	19540	19610	100	-708	469	-1071

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-290	-	-	-	-
20-Jan	-	-	-250	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 14<sup>th</sup> Feb @ 5.30 pm

\* Updated at as on 14-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Feb-20	13-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5480	5505	-25
	Rajkot	B.T. Cotton	NR	Closed	-
	Patan	B.T. Cotton	5200	5180	20
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5380	5380	Unch
Haryana	Bhiwani	B.T. Cotton	5150	5300	-150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5225	5250	-25
	Fatehabad	B.T. Cotton	5275	5230	45
	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	5350	5250	100
	Rawatsar	B.T. Cotton	5230	5250	-20
Madhya Pradesh	Khandwa	Mech-1	5300	5250	50
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5250	5250	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	4860	-
Karnataka	Bijapur	Bunny	5420	5411	9
	Hubli	D.C.H.	NR	5300	-
	Hubli	B.T. Cotton	NR	6800	-
	Raichur	H-44 Cotton	NR	5250	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	14-Feb-20	13-Feb-20	
Punjab	Bhatinda	J-34	4035	4045	-10
	Abohar	J-34	4030	4050	-20
	Mansa	J-34	4035	4040	-5
Haryana	Sirsa	J-34	3980	3995	-15
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Feb-20	13-Feb-20	
Gujarat	Ahmedabad	Shankar-6	52700	54400	-1700
	Gondal	Shankar-6	2101	2107	-6
	Rajkot	B.T. Cotton	NR	Closed	-
	Patan	B.T. Cotton	2161	1911	250
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	636	491	145
Haryana	Bhiwani	B.T. Cotton	2000	1200	800
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	1020	-170
	Fatehabad	B.T. Cotton	300	325	-25
	Jind	B.T. Cotton	1105	1190	-85
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1400	1450	-50
Rajasthan	Hanumangarh	B.T. Cotton	1200	1500	-300
	Rawatsar	B.T. Cotton	2000	1000	1000
Madhya Pradesh	Khandwa	Mech-1	1300	500	800
	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	NR	2850	-
Karnataka	Bijapur	Bunny	2688	2148	540
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	2355	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-Feb-20	13-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1700	1020	680
	Mansa	J-34	1190	1020	170
Haryana	Sirsa	J-34	1190	850	340
Rajasthan	Sri-Ganganagar	J-34	2000	1500	500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	14-Feb-20	13-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	835	840	-5
Delhi	New Delhi	Rs. /10 Kg.	797	797	Unch
Telangana	Hyderabad	Rs. /10 Kg.	825	830	-5
Maharashtra	Mumbai	Rs. /10 Kg.	835	835	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	14-Feb-20	13-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1908	1910	-2
Maharashtra	Akola	Rs./Qtl	1860	1870	-9

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Feb-20	12-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	38700	39700	-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	14-Feb-20	13-Feb-20	Change
CCIndex(328)	RMB/Ton	13411	13419	-8
CCIndex(527)	RMB/Ton	12603	12603	Unch
CCIndex(229)	RMB/Ton	13759	13769	-10

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

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

Index	Unit	14-Feb-20	13-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	13-Feb-20	12-Feb-20	Change
A-Index	Cents/Pound	77.7	77.2	0.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		13-Feb-20	13-Feb-20	Bales
Southeast	cents/lb.	66.5	68.75	251
North Delta	cents/lb.	65	67.25	0
South Delta	cents/lb.	65	67.25	43
East TX-OK	cents/lb.	62.75	65	2114
West Texas	cents/lb.	62.5	65	2511
Desert SW	cents/lb.	60.5	64.5	47
SJ Valley	cents/lb.	61	69.9	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 13-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 Thu February 13, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Mar</a>	200213	68.57	68.57	67.72	67.75	-0.83	24,289	48,453	-17,646
<a href="#">20-May</a>	200213	69.13	69.29	68.51	68.63	-0.61	26,584	94,817	6,136
<a href="#">20-Jul</a>	200213	70.01	70.11	69.39	69.5	-0.57	5,568	40,118	31
<a href="#">20-Oct</a>	200213	69.59	69.59	69.59	69.59	-0.58	0	76	0
<a href="#">20-Dec</a>	200213	69.75	69.84	69.16	69.34	-0.48	2,300	33,465	626
<a href="#">21-Mar</a>	200213	70.46	70.46	69.89	70.06	-0.45	114	5,668	39
Total Volume and Open Interest							58,913	224,610	-10,791

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