

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,200/per candy (70.07 cents/lb). Cotton prices came under pressure after old crop futures traded up to 70 cents at midweek. Despite exceptional export sales and shipments, world concerns of China's inability to control the coronavirus pressured the market the remainder of the week.

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:

The remnants of the Western Disturbance may give isolated light rain in the upper reaches of Jammu and Kashmir during the next 24 hours. Rain and snow are also expected to commence in Arunachal Pradesh, while scattered rains are possible in East Assam, Nagaland and in parts of Meghalaya. The weather in rest other parts of the country will remain as dry. Delhi pollution will remain in the 'moderate' category during the next 48 hours.

International Fundamentals:

Cotton futures posted 23 to 34 point losses by Friday's close, Mar 20 Cotton closed at 67.41, down 34 points. The 02/13 Cotlook A index was 50 points higher to 77.70 cents/lb. The FAS Adjusted World Price for cotton is 58.82 cents/lb.

The US Export Sales report from USDA showed 350,900 RB of 2019-20 upland cotton sold in the week ending 6th 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 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 | -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 14th Feb @ 5.30 pm

* Updated at as on 14-Feb- 2020 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 15-Feb-20 | 14-Feb-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 5500 | 5500 | Unch |
| | Gondal | Shankar-6 | 5480 | 5480 | Unch |
| | Rajkot | B.T. Cotton | 5375 | NR | - |
| | Patan | B.T. Cotton | 5185 | 5200 | -15 |
| | Kadi | B.T. Cotton | 5250 | 5250 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 5330 | 5380 | -50 |
| Haryana | Bhiwani | B.T. Cotton | 5150 | 5150 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 5200 | 5225 | -25 |
| | Fatehabad | B.T. Cotton | 5220 | 5275 | -55 |
| | 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 | 5230 | 5230 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 5300 | - |
| | 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 | 4277 | 4423 | -146 |
| Karnataka | Bijapur | Bunny | NR | 5420 | - |
| | Hubli | D.C.H. | 5300 | 5300 | Unch |
| | Hubli | B.T. Cotton | 6800 | 6800 | Unch |
| | Raichur | H-44 Cotton | 5200 | 5200 | Unch |
| Commodity | Lint | | Prices (Rs./Maunder) | | Change |
| State | Centre | Variety | 15-Feb-20 | 14-Feb-20 | |
| Punjab | Bhatinda | J-34 | 4020 | 4035 | -15 |
| | Abohar | J-34 | 4020 | 4030 | -10 |
| | Mansa | J-34 | 4030 | 4035 | -5 |
| Haryana | Sirsa | J-34 | 3965 | 3980 | -15 |
| Rajasthan | Sri-Ganganagar | J-34 | 3690 | 3690 | Unch |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 15-Feb-20 | 14-Feb-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 51000 | 52700 | -1700 |
| | Gondal | Shankar-6 | 2244 | 2101 | 143 |
| | Rajkot | B.T. Cotton | 2900 | NR | - |
| | Patan | B.T. Cotton | 2088 | 2161 | -73 |
| | Kadi | B.T. Cotton | 30000 | 30000 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 619 | 636 | -17 |
| Haryana | Bhiwani | B.T. Cotton | 2000 | 2000 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 680 | 850 | -170 |
| | Fatehabad | B.T. Cotton | 600 | 300 | 300 |
| | Jind | B.T. Cotton | 1020 | 1105 | -85 |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 1650 | 1400 | 250 |
| Rajasthan | Hanumangarh | B.T. Cotton | 1500 | 1200 | 300 |
| | Rawatsar | B.T. Cotton | 1500 | 2000 | -500 |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 1300 | - |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 3000 | 4000 | -1000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | 2130 | 2550 | -420 |
| Karnataka | Bijapur | Bunny | NR | 2688 | - |
| | Hubli | D.C.H. | NR | 122 | - |
| | Hubli | B.T. Cotton | NR | NR | - |
| | Raichur | H-44 Cotton | 2250 | 2182 | 68 |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 15-Feb-20 | 14-Feb-20 | |
| Punjab | Bhatinda | J-34 | 6800 | 6800 | Unch |
| | Abohar | J-34 | 2040 | 1700 | 340 |
| | Mansa | J-34 | 1360 | 1190 | 170 |
| Haryana | Sirsa | J-34 | 850 | 1190 | -340 |
| Rajasthan | Sri-Ganganagar | J-34 | 1500 | 2000 | -500 |

Cotton Seed Oil Prices:

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

| State | Centre | Unit | 15-Feb-20 | 14-Feb-20 | |
|-------------|-----------|-------------|-----------|-----------|------|
| Gujarat | Rajkot | Rs. /10 Kg. | 820 | 835 | -15 |
| Delhi | New Delhi | Rs. /10 Kg. | 785 | 797 | -12 |
| Telangana | Hyderabad | Rs. /10 Kg. | 810 | 825 | -15 |
| 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 | 15-Feb-20 | 14-Feb-20 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 1902 | 1908 | -6 |
| Maharashtra | Akola | Rs./Qtl | 1856 | 1860 | -4 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
| | | | | 14-Feb-20 | 13-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 | 38100 | 38200 | -100 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 38600 | 38700 | -100 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 38500 | 39500 | -1000 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 39500 | 39600 | -100 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 39400 | 39500 | -100 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 39900 | 40000 | -100 |

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

| Index | Unit | 15-Feb-20 | 14-Feb-20 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | NR | 13411 | - |
| CCIndex(527) | RMB/Ton | NR | 12603 | - |
| CCIndex(229) | RMB/Ton | NR | 13759 | - |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 15-Feb-20 | 14-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 | 14-Feb-20 | 13-Feb-20 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 77.2 | 77.7 | -0.50 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 14-Feb-20 | 14-Feb-20 | Bales |
| Southeast | cents/lb. | 66.16 | 68.41 | 0 |
| North Delta | cents/lb. | 64.66 | 66.91 | 0 |
| South Delta | cents/lb. | 64.66 | 66.91 | 0 |
| East TX-OK | cents/lb. | 62.41 | 64.66 | 1607 |
| West Texas | cents/lb. | 62.16 | 64.66 | 772 |
| Desert SW | cents/lb. | 60.16 | 64.16 | 0 |
| SJ Valley | cents/lb. | 60.66 | 69.56 | 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 Fri February 14, 2020

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|---------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 20-Mar | 200214 | 67.76 | 67.93 | 67.21 | 67.41 | -0.34 | 22,534 | 36,085 | -12,368 |
| 20-May | 200214 | 68.56 | 68.9 | 68.08 | 68.41 | -0.22 | 25,469 | 101,686 | 6,869 |
| 20-Jul | 200214 | 69.47 | 69.74 | 68.96 | 69.28 | -0.22 | 6,246 | 40,312 | 194 |
| 20-Oct | 200214 | 69.36 | 69.36 | 69.36 | 69.36 | -0.23 | 52 | 36 | -40 |
| 20-Dec | 200214 | 69.21 | 69.51 | 68.74 | 69.06 | -0.28 | 3,041 | 34,563 | 1,098 |
| 21-Mar | 200214 | 69.99 | 70.19 | 69.45 | 69.75 | -0.31 | 125 | 5,644 | -24 |
| Total Volume and Open Interest | | | | | | | 57,552 | 220,310 | -4,300 |

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