

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,200/per candy (70.07 cents/lb). Cotton futures fell to a one-week low on Friday as investors tried to gauge the coronavirus epidemic's impact on China's economy, with cases continuing to mount.

News: CCI has released a tender to buy cotton bales from ginners across India (AP, Telangana, Karnataka, MP, Gujarat, Maharashtra, Orissa, West Bengal, Haryana, Punjab, Rajasthan) under reverse e- auction high grade ready cotton bales under commercial operations. The ginners who are interested to participate in the e-tender for purchase of ready bales by CCI, has to register itself with the Corporation. Total 10 Samples will be drawn randomly from each lot of 100 bales by Authorized representatives of the Corporation at the factory. The moisture content should not exceed 8% or the lot will be rejected.

Cotton seed oil cake price remained steady to firm compared to the last week amid a rising demand from cattle feed makers mainly influenced cottonseed oil cake prices. With growing animal feed prices in the country, animal feed manufacturers have called CCI to release cotton seed stock in the market. The releasing of cotton seed stock can ease the cotton oil prices as well as animal feed prices in the country, as animal feed manufacturers will get additional raw material for producing animal feed. As CCI has so far extracted over 200,000 tons of cottonseed, which has not been released on the market. Due to this aggressive behaviour of CCI, the market has been distorted. With a lower production, firm oil prices and high demand.

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, a light spell of rain or snowfall may occur in the higher reaches of Ladakh and adjoining parts of North Himachal Pradesh. Isolated rain or thundershowers may occur in one or two parts of Sikkim, Arunachal Pradesh and Kerala. Shallow to moderate fog is likely to continue in some parts of Northeast India and in one or two pockets of Bihar, Uttar Pradesh, Punjab and Haryana.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Feb	50	19110	19250	19070	19090	789	309	6078	3915
20-Mar	60	19410	19510	19370	19370	437	70	2541	1258
20-Apr	60	19650	19770	19650	19610	199	-609	545	-995

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-260	-	-	-	-
20-Jan	-	-	-260	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 17th Feb @ 5.30 pm

* Updated at as on 17-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Feb-20	15-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5430	5480	-50
	Rajkot	B.T. Cotton	5345	5375	-30
	Patan	B.T. Cotton	5105	5185	-80
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5305	5330	-25
Haryana	Bhiwani	B.T. Cotton	5250	5150	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5210	5200	10
	Fatehabad	B.T. Cotton	5225	5220	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	5225	5250	-25
	Rawatsar	B.T. Cotton	5230	5230	Unch
Madhya Pradesh	Khandwa	Mech-1	5300	Closed	-
	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	4850	4860	-10
Karnataka	Bijapur	Bunny	5443	5423	20
	Hubli	D.C.H.	NR	5300	-
	Hubli	B.T. Cotton	NR	6800	-
	Raichur	H-44 Cotton	NR	5200	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Feb-20	15-Feb-20	
Punjab	Bhatinda	J-34	4020	4020	Unch
	Abohar	J-34	4030	4020	10
	Mansa	J-34	4020	4030	-10
Haryana	Sirsa	J-34	3965	3965	Unch
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Feb-20	15-Feb-20	
Gujarat	Ahmedabad	Shankar-6	56100	51000	5100
	Gondal	Shankar-6	3072	2244	828
	Rajkot	B.T. Cotton	3200	2900	300
	Patan	B.T. Cotton	2835	2088	747
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	641	619	22
Haryana	Bhiwani	B.T. Cotton	500	2000	-1500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	680	-510
	Fatehabad	B.T. Cotton	250	600	-350
	Jind	B.T. Cotton	850	1020	-170
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1650	1650	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2000	1500	500
	Rawatsar	B.T. Cotton	2000	1500	500
Madhya Pradesh	Khandwa	Mech-1	1000	Closed	-
	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	1800	2130	-330
Karnataka	Bijapur	Bunny	3432	1859	1573
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	2250	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Feb-20	15-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	2550	2040	510
	Mansa	J-34	1700	1360	340
Haryana	Sirsa	J-34	850	850	Unch
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	17-Feb-20	15-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	820	820	Unch
Delhi	New Delhi	Rs. /10 Kg.	787	785	2
Telangana	Hyderabad	Rs. /10 Kg.	815	810	5
Maharashtra	Mumbai	Rs. /10 Kg.	832	835	-3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Feb-20	15-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1869	1902	-33
Maharashtra	Akola	Rs./Qtl	1823	1856	-33

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Feb-20	14-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35600	36100	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36100	36600	-500
J-34(202)	26mm	3.5 - 4.9	23	38000	38100	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	38600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	38500	1000
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	17-Feb-20	14-Feb-20	Change
CCIndex(328)	RMB/Ton	13411	13411	Unch
CCIndex(527)	RMB/Ton	12603	12603	Unch
CCIndex(229)	RMB/Ton	13759	13759	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	17-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 15-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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