

Domestic Fundamentals:

Market Outlook:

The Rajkot mandi price for variety Shankar 6 stood Rs.39,500/per candy (70.32 cents/lb). Despite stout weekly sales and exports numbers, as well as government confirmation of fewer acres, the cotton market still could not post a positive settlement Friday.

News: *According to the 2nd advance estimate released by the government recently, the total cotton production in India might reach upto 348.91 lakh bales against the target of 357.5 lakh bales. The 2nd advance estimate is higher by around 8% compared to the first advance estimate due to the higher arrivals this year. The total cotton arrivals stood around 210 lakh bales till Feb 2nd week according to the trade sources. Another 140 lakh bales are expected to arrive in the coming months.*

Cotton imports in India have come to a standstill as weak domestic prices have made overseas purchases economically unviable. *Since start of the season on Oct 1, traders have contracted 0.9-1.0 mln bales of cotton imports. Of the total contracts signed, 600,000-700,000 bales of extra-long staple cotton have reached the Indian ports so far. Mills in north India have contracted another 150,000 bales of Egyptian cotton, the consignments would arrive in Jun-Aug. India usually takes the shipments from US, West Africa and Australia especially for extra-long staple length cotton as India does not produces locally. Imports are currently muted as there is sufficient supply in the market due to bigger crop this year. In the domestic market, cotton is currently being sold in the range of 38,500-40,000 rupees per candy. And CCI is offering cotton at 46,500-46,900 rupees per candy procured in the current season. Due to which the spinners are willing to import cotton.*

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 (6.09lakh 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.

Weather Forecast for tomorrow:

During the next 24 hours, rain and thundershowers may continue in parts of Punjab, Haryana, West and Central Uttar Pradesh and Uttarakhand. Isolated snow is also likely in Uttarakhand. Rainfall activities will then shift towards East Uttar Pradesh, Bihar and parts of Jharkhand. Rains may increase in East Assam and Arunachal Pradesh. Isolated rain and snow may occur in Sikkim. Light rain is likely to commence in a few parts of South Tamil Nadu.

International Fundamentals:

Cotton futures moved 37 to 40 points lower in the deferred contracts, while March cotton closed Friday's session with an 18 point gain, Mar 20 Cotton closed at 68.93, up 18 points. The Cotlook A index firm for 02/19, and is still 76.95 cents/lb. The AWP for cotton is 58.82 cents/lb and will be updated tomorrow.

According to the National Cotton Council (NCC), US cotton producers are going to plant 13 million acres down by 5.5% from 2019. Upland cotton are estimated around 12.8 million acres, down 5.6% from 2019, while extra-long staple on 224,000 acres represent a 2.7% decline. According to the survey conducted by NCC, Southeast respondents indicate a 9.3 per cent decrease in the region's upland area to 2.7 million acres. All states in the Southeast show a decline in acreage. Mid-South growers intend to plant 2.2 million acres, a decline of 6.5 per cent from the previous year. Southwest growers intend to plant 7.6 million cotton acres, a 3.4 per cent decline.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Feb	90	19080	19180	19060	19070	2653	2173	3261	1098
20-Mar	100	19340	19480	19330	19350	2428	2061	5502	4219
20-Apr	50	19650	19740	19650	19660	347	-461	814	-726

Spread	19-Dec	20-Jan	20-Feb	20-Mar	--	--
Spot	-				-	-
19-Dec	-	-300	-	-	-	-
20-Jan	-	-	-260	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 20th Feb @ 5.30 pm

* Updated at as on 20-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Feb-20	20-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5350	5500	-150
	Gondal	Shankar-6	5455	5380	75
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	5140	5060	80
	Kadi	B.T. Cotton	5250	5300	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5310	-
Haryana	Bhiwani	B.T. Cotton	Closed	5250	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5200	5225	-25
	Fatehabad	B.T. Cotton	5200	5275	-75
	Jind	B.T. Cotton	5400	5350	50
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5270	5225	45
	Rawatsar	B.T. Cotton	5200	5200	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5200	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5300	5200	100
	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	NR	-
	Hubli	D.C.H.	NR	5350	-
	Hubli	B.T. Cotton	NR	6750	-
	Raichur	H-44 Cotton	NR	5150	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	22-Feb-20	20-Feb-20	
Punjab	Bhatinda	J-34	4080	4060	20
	Abohar	J-34	4080	4060	20
	Mansa	J-34	4080	4040	40
Haryana	Sirsa	J-34	4035	4010	25
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Feb-20	20-Feb-20	
Gujarat	Ahmedabad	Shankar-6	54400	57800	-3400
	Gondal	Shankar-6	3900	2664	1236
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	2153	2367	-214
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	796	-
Haryana	Bhiwani	B.T. Cotton	Closed	1500	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	850	850
	Fatehabad	B.T. Cotton	350	350	Unch
	Jind	B.T. Cotton	850	510	340
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1000	1300	-300
Rajasthan	Hanumangarh	B.T. Cotton	1500	1000	500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	1300	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	2000	1500	500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	2310	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	2265	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Feb-20	20-Feb-20	
Punjab	Bhatinda	J-34	32300	6800	25500
	Abohar	J-34	1700	2550	-850
	Mansa	J-34	1360	1700	-340
Haryana	Sirsa	J-34	340	850	-510
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	22-Feb-20	20-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	800	790	10
Delhi	New Delhi	Rs. /10 Kg.	778	778	Unch
Telangana	Hyderabad	Rs. /10 Kg.	795	795	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	815	810	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Feb-20	20-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1788	1788	Unch
Maharashtra	Akola	Rs./Qtl	1755	1753	2

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Feb-20	20-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35600	35600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36100	36100	Unch
J-34(202)	26mm	3.5 - 4.9	23	38200	38200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38800	38800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39700	39700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39700	39700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39600	39600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	40200	40200	Unch

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

Index	Unit	21-Feb-20	20-Feb-20	Change
CCIndex(328)	RMB/Ton	13489	13471	18
CCIndex(527)	RMB/Ton	12685	12662	23
CCIndex(229)	RMB/Ton	13833	13815	18

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Feb-20	20-Feb-20	Change
FC Index (S)	Cents/lb	84.11	83.86	0.25
FC Index (M)	Cents/lb	79.37	79.12	0.25
FC Index (L)	Cents/lb	78.48	78.23	0.25

Cotlook Index:

Cotlook Indices	Unit	20-Feb-20	19-Feb-20	Change
A-Index	Cents/Pound	78.3	77.5	0.80

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Feb-20	20-Feb-20	Bales
Southeast	cents/lb.	67.12	69.37	0
North Delta	cents/lb.	65.62	67.87	0
South Delta	cents/lb.	65.62	67.87	0
East TX-OK	cents/lb.	63.37	65.62	5584
West Texas	cents/lb.	63.12	65.62	6912
Desert SW	cents/lb.	61.12	65.12	2
SJ Valley	cents/lb.	61.62	70.52	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 20-Feb-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9050	160	9210
Equivalent	40 Kgs	9699	171	9870

Daily Futures Price Listing Fri February 21, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200221	68.75	68.99	68	68.93	0.18	9,243	9,634	-3,683
20-May	200221	69.05	69.36	68.45	69	-0.37	22,497	107,905	2,560
20-Jul	200221	70.13	70.19	69.3	69.84	-0.4	9,104	43,511	-225
20-Oct	200221	69.24	69.24	69.24	69.24	-0.4	53	79	43
20-Dec	200221	69.72	69.95	69.17	69.65	-0.39	4,722	38,279	1,529
21-Mar	200221	70.44	70.5	69.83	70.22	-0.48	374	5,781	137
Total Volume and Open Interest							46,548	207,560	670

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