

**Domestic Fundamentals:****Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,500/per candy (70.32 cents/lb). ICE cotton finished higher for the week ending Feb 21, with May and Dec each picking up 59 points to finish at 69.00 and 69.84, respectively.

**News:** According to the 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 produce 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 ginneries 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 ginneries 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 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 (6.09lakh 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.

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

During the next 24 hours, moderate to heavy rain and thundershowers with strong winds are likely to effect at some places in Odisha, and in parts of North Chhattisgarh. Light rain and thundershower with strong gusty winds may affect a few places in East Uttar Pradesh, Bihar, West Bengal, Odisha, Chhattisgarh, Sikkim, and Northeastern states. Hailstorm activities are likely to affect at isolated places in North Chhattisgarh, East Uttar Pradesh, Jharkhand, Bihar, and Sub-Himalayan West Bengal. Isolated places in the North Vidarbha region of Maharashtra and East Madhya Pradesh may also see light rain and thundershowers with strong gusty winds.

### **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-Mar	-320	19350	19350	19070	19410	2784	2304	7268	5105
20-Apr	-370	19550	19550	19350	19720	314	-53	961	-322
20-May	-140	19800	19800	19750	19890	2	-806	4	-1536

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-200	-	-	-	-
20-Jan	-	-	-250	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 24<sup>th</sup> Feb @ 5.30 pm

\* Updated at as on 24-Feb- 2020 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Feb-20	22-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5400	5350	50
	Gondal	Shankar-6	5480	5455	25
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	5105	5140	-35
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5095	5310	-215
Haryana	Bhiwani	B.T. Cotton	5200	Closed	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5150	5200	-50
	Fatehabad	B.T. Cotton	5175	5200	-25
	Jind	B.T. Cotton	5400	5400	Unch
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5200	5270	-70
	Rawatsar	B.T. Cotton	5200	5200	Unch
Madhya Pradesh	Khandwa	Mech-1	5200	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5100	5300	-200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5200	5200	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Feb-20	22-Feb-20	
Punjab	Bhatinda	J-34	4050	4080	-30
	Abohar	J-34	4070	4080	-10
	Mansa	J-34	4050	4080	-30
Haryana	Sirsa	J-34	4020	4035	-15
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Feb-20	22-Feb-20	
Gujarat	Ahmedabad	Shankar-6	59500	54400	5100
	Gondal	Shankar-6	3642	3900	-258
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	3153	2153	1000
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	847	796	51
Haryana	Bhiwani	B.T. Cotton	1000	Closed	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	450	350	100
	Jind	B.T. Cotton	1020	850	170
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1200	1000	200
Rajasthan	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	1500	1000	500
Madhya Pradesh	Khandwa	Mech-1	1200	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	600	2000	-1400
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	2377	1387	990
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Feb-20	22-Feb-20	
Punjab	Bhatinda	J-34	6800	32300	-25500
	Abohar	J-34	2550	1700	850
	Mansa	J-34	2210	1360	850
Haryana	Sirsa	J-34	1020	340	680
Rajasthan	Sri-Ganganagar	J-34	1500	1000	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	24-Feb-20	22-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	815	800	15
Delhi	New Delhi	Rs. /10 Kg.	778	778	Unch
Telangana	Hyderabad	Rs. /10 Kg.	810	795	15
Maharashtra	Mumbai	Rs. /10 Kg.	825	815	10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Feb-20	22-Feb-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1721	1788	-67
Maharashtra	Akola	Rs./Qtl	1715	1755	-40

**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	24-Feb-20	21-Feb-20	Change
CCIndex(328)	RMB/Ton	13466	13489	-23
CCIndex(527)	RMB/Ton	12682	12685	-3
CCIndex(229)	RMB/Ton	13820	13833	-13

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

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

Index	Unit	24-Feb-20	21-Feb-20	Change
FC Index (S)	Cents/lb	84.18	84.11	0.07
FC Index (M)	Cents/lb	79.55	79.37	0.18



FC Index (L)	Cents/lb	78.69	78.48	0.21
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**Cotlook Index:**

Cotlook Indices	Unit	21-Feb-20	20-Feb-20	Change
A-Index	Cents/Pound	78.05	78.3	-0.25

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Feb-20	21-Feb-20	Bales
Southeast	cents/lb.	66.75	69	0
North Delta	cents/lb.	65.25	67.5	0
South Delta	cents/lb.	65.25	67.5	0
East TX-OK	cents/lb.	63.5	65.75	2957
West Texas	cents/lb.	63	65.5	2455
Desert SW	cents/lb.	60.75	64.75	0
SJ Valley	cents/lb.	61.25	70.15	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 22-Feb-2019**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9000	160	9160
Equivalent	40 Kgs	9645	171	9816

**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)									
<a href="#">20-Mar</a>	200221	68.75	68.99	68	68.93	0.18	9,243	9,634	-3,683
<a href="#">20-May</a>	200221	69.05	69.36	68.45	69	-0.37	22,497	107,905	2,560
<a href="#">20-Jul</a>	200221	70.13	70.19	69.3	69.84	-0.4	9,104	43,511	-225
<a href="#">20-Oct</a>	200221	69.24	69.24	69.24	69.24	-0.4	53	79	43
<a href="#">20-Dec</a>	200221	69.72	69.95	69.17	69.65	-0.39	4,722	38,279	1,529
<a href="#">21-Mar</a>	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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