

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.39,250/per candy (69.54 cents/lb). Cotton futures fell as much as 4% on Monday to touch a more than two month low as a rapid rise in cases of a novel coronavirus outside China alarmed investors, dragging riskier assets lower.

News: Due to heavy moisture and sluggish demand of cotton cake, nearly 60% cotton seed crushing units are closed since November last week in Gujarat. Of 1,000 cotton seed crushing units, nearly 400 mills are currently functional in the state as it is unviable to crush cotton seed in absence of cotton cake demand. 'In case of cotton seed crushing, millers get maximum 11% of oil, 80-85% cake and nearly 5-7% waste. Generally, cotton cake is purchased for cattle feed. As large quantity of groundnut cake is available this year, following bumper groundnut crop in the state, those who are in animal husbandry are preferring groundnut cake over cotton cake.

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 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 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.

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rain and thundershowers with isolated heavy spells may occur in Odisha, parts of Jharkhand and Chhattisgarh. Scattered light to moderate rain is likely in East Uttar Pradesh, Bihar, West Bengal, Assam and Arunachal Pradesh. Sikkim and Arunachal Pradesh may even receive isolated light snowfall. Isolated showers are likely in Uttarakhand. Isolated light rain and thunderstorm activity may occur in Northwest Rajasthan and West Punjab.

International Fundamentals:

Cotton futures ended Monday's sell off with a late rally to mitigate losses, Mar 20 Cotton closed at 67.53, down 140 points. The Cotlook A index for 02/21 was 25 points lower to 78.05 cents/lb. The AWP for cotton is 59.03 cents/lb.

Coronavirus outbreak in China is leading many countries to import sugar from other countries other than China. Several factories have been shut due to the outbreak of coronavirus. Many global buyers are finding new markets especially in sectors such as textile, garments and steel. Several buyers, especially in the textile sector, are expected to start purchasing products in Turkey after the coronavirus outbreak drove them away from China. Turkey is likely to bag the opportunity with increase in demand from textile industries. The cotton cultivation areas in Turkey increased 12% in 2019, reaching 4.8 million decares. The total production also increased by 5% in 2019, reaching up to 2.2 million tons. The Turkish cotton prices also expected to increase along with an increase in the global cotton prices.

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	90	19140	19280	19140	19080	536	56	7608	5445
20-Apr	90	19440	19560	19420	19350	47	-320	1033	-250
20-May	120	19730	19770	19730	19650	2	-806	8	-1532

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-280	-	-	-	-
20-Jan	-	-	-210	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 25th Feb @ 5.30 pm

* Updated at as on 25-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Feb-20	24-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5350	5400	-50
	Gondal	Shankar-6	5405	5480	-75
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	5155	5105	50
	Kadi	B.T. Cotton	5250	5300	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5095	-
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5150	5150	Unch
	Fatehabad	B.T. Cotton	5150	5175	-25
	Jind	B.T. Cotton	5350	5400	-50
	Uchana	B.T. Cotton	5405	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5200	5200	Unch
	Rawatsar	B.T. Cotton	5175	5200	-25
Madhya Pradesh	Khandwa	Mech-1	5200	5200	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5100	5100	Unch
	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	5389	-
	Hubli	D.C.H.	NR	5300	-
	Hubli	B.T. Cotton	NR	6700	-
	Raichur	H-44 Cotton	NR	5200	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Feb-20	24-Feb-20	
Punjab	Bhatinda	J-34	4030	4050	-20
	Abohar	J-34	4050	4070	-20
	Mansa	J-34	4040	4050	-10
Haryana	Sirsa	J-34	4000	4020	-20
Rajasthan	Sri-Ganganagar	J-34	3666	3690	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Feb-20	24-Feb-20	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	2976	3642	-666
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	2270	3153	-883
	Kadi	B.T. Cotton	15000	20000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	847	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	2040	-340
	Fatehabad	B.T. Cotton	450	450	Unch
	Jind	B.T. Cotton	850	1020	-170
	Uchana	B.T. Cotton	1612	NA	-
	Dabwali	B.T. Cotton	950	1200	-250
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	1000	1500	-500
Madhya Pradesh	Khandwa	Mech-1	1000	1200	-200
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	600	600	Unch
	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	2948	-
	Hubli	D.C.H.	NR	6	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	2377	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Feb-20	24-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	2550	2550	Unch
	Mansa	J-34	2210	2210	Unch
Haryana	Sirsa	J-34	850	1020	-170
Rajasthan	Sri-Ganganagar	J-34	1000	1500	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	25-Feb-20	24-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	790	815	-25
Delhi	New Delhi	Rs. /10 Kg.	775	778	-3
Telangana	Hyderabad	Rs. /10 Kg.	790	810	-20
Maharashtra	Mumbai	Rs. /10 Kg.	825	825	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Feb-20	24-Feb-20	
Gujarat	Maheana (Kadi)	Rs./Qtl	1722	1721	1
Maharashtra	Akola	Rs./Qtl	1700	1715	-15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Feb-20	22-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35500	35600	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36000	36100	-100
J-34(202)	26mm	3.5 - 4.9	23	38000	38200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	38800	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	39700	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39400	39700	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39500	39600	-100
DCH-32(107)	34mm	3.0 - 3.8	33	40000	40200	-200

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

Index	Unit	25-Feb-20	24-Feb-20	Change
CCIndex(328)	RMB/Ton	13365	13466	-101
CCIndex(527)	RMB/Ton	12576	12682	-106
CCIndex(229)	RMB/Ton	13717	13820	-103

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

China Foreign Cotton (FCE) Index :

Index	Unit	25-Feb-20	24-Feb-20	Change
FC Index (S)	Cents/lb	82.68	84.18	-1.50
FC Index (M)	Cents/lb	78.05	79.55	-1.50
FC Index (L)	Cents/lb	77.19	78.69	-1.50

Cotlook Index:

Cotlook Indices	Unit	24-Feb-20	21-Feb-20	Change
A-Index	Cents/Pound	77.7	78.05	-0.35

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		24-Feb-20	24-Feb-20	Bales
Southeast	cents/lb.	65.31	67.56	0
North Delta	cents/lb.	63.81	66.06	0
South Delta	cents/lb.	63.81	66.06	0
East TX-OK	cents/lb.	62.06	64.31	708
West Texas	cents/lb.	61.56	64.06	2002
Desert SW	cents/lb.	59.31	63.31	2850
SJ Valley	cents/lb.	59.81	68.71	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 24-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 Mon February 24, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200224	67.93	67.93	65.9	67.53	-1.4	7,816	3,219	-6,415
20-May	200224	68.1	68.3	66	67.56	-1.44	20,609	108,589	684
20-Jul	200224	69.25	69.25	66.84	68.32	-1.52	7,921	43,531	20
20-Oct	200224	66.95	67.72	66.95	67.72	-1.52	5	78	-1
20-Dec	200224	68.98	68.98	66.82	68.21	-1.44	3,501	38,692	413
21-Mar	200224	69.74	69.74	67.7	68.95	-1.27	195	5,888	107
Total Volume and Open Interest							40,150	202,450	-5,110

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