

Domestic market summary

Domestic market Scenario : Significantly firm sentiments were reported in the Indian cotton market across India except few markets in Haryana due to inactive CCI procurement. The prices rose by around Rs.100 to 300/q in different areas. Although the markets in Gujarat were firm except in Patan and Kadi because of lower quality and lower demand. CCI so far procured around 24 lakh bales and major procurement has been done from Telangana with total all India arrivals stood 116 lakh bales so far. Slight damage was reported in Gujarat due to which the production is expected to be lower than expected. The cotton arrivals in December month were of moisture content ranging between 8-10%. Average price of Lint at Sirsa during the month was Rs. 3960 per maund (of 37.32 Kg each), slightly weaker compared to the previous month price of Rs 3870. Average price was weaker at Rs 38832 per candy (of 355.6 kg each) of premium quality during the month, which was Rs 39075 per candy previous month.

Monthly Price Outlook : Good export demand is still lacking due to which the prices are not as expected to increase as of last year in the same period. Although the quality of cotton has improved from 3rd picking in all the areas due to which the prices are expected to improve compared to the previous month. The price band of Rs 5200-5600 per quintal in the Rajkot market for the coming month. Lint price at Sirsa is likely to be in range of Rs 3850-4200 per maund.

Major Market Highlights:

As on 2nd Jan'20 according to CCI, the cotton arrivals from all over India stood approximately 116.95 lakh bales this season so far. The arrivals in Gujarat reached around 25.68 lakh bales even after loss caused by the untimely rains in the state. The state is expecting 10% less production from the earlier estimates of 100 lakh bales. The arrivals were delayed in South India, but now Telangana is leading 2nd position with 23.41 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 18.84 lakh bales have been arrived in the state. While the arrivals from North India declined this month after the sowing of wheat crop has started in the previous month (November) in Punjab and Haryana. Rajasthan is seen to have good crop growth that received 13.47 lakh bales this year so far followed by Haryana (12.94 lakh bales) and Punjab (5.07 lakh bales).

As on 25th Dec'19, CCI procured 23.65 lakh bales in total across India, buying the large quantity of 13.5 lakh bales from Telangana followed by 3.46 lakh bales from Maharashtra and 3.34 lakh bales from Punjab, Haryana and Rajasthan. Around 1 lakh bales from Gujarat and the minimum purchases of 22000 bales were reported from Orissa. Cotton farmers in Punjab, Haryana and Rajasthan have sold over 3.85 lakh bales at minimum support prices directly to the Cotton Corporation of India (CCI) in the kharif season, as the government's move to cut out the middlemen is helping cultivators of the natural fibre take advantage of what promises to be a bumper harvest this year.



In Adilabad district of Telangana, 95% of the arrivals are being purchased by CCI this year. The purchases made by the Corporation in the 10 market yards in Adilabad district, one of the major cotton growing areas in the country, alone come up to nearly 10 lakh bales as on 2nd Jan'20. The yield is between 8-10 quintals per acre this year. The produce is dry making it qualitatively good and within CCI norms this month. The arrivals will pick up in the coming weeks as cotton picking in the interior areas has picked up speed. The government is expecting that Adilabad district alone can produce 30 lakh quintals until the end of the season in February-March.

According to the Chandigarh government, Punjab is likely to produce 49% larger crop of around 18 lakh bales as against 12 lakh bales produced last year. The average production per acre crossing the 10 quintals per acre mark as against last year's 9.31 quintals per acre. As this year the farmers were encouraged to shift to cotton cultivation in the view to diversification of crops. Therefore, the area under cotton cultivation from 6.70 lakh acres last year to 9.80 lakh acres during this year. CCI had purchased around 4.36 lakh quintals of cotton, which is about 20% of the total arrivals so far.

Higher domestic cotton prices have slowed down the cotton exports so far this new season. India shipped only 15 lakh bales so far that started on 1st Oct'19 due to the hike in MSP compared to the depressed global prices. According to the trade sources, another 200,000-300,000 bales have been contracted especially from China and Bangladesh and contracts are being signed for January-February deliveries. The global prices are hovering around 66-70 cent/pound whereas the Indian cotton was ranging between 71-75 cent/pound. All the cotton exported were contracted at a price ranging between 73-75 cents/pound of which 75% were from Bangladesh, and the rest from China and Vietnam. Also, one of the reasons for lower exports this season were due to poor quality in the wake of excessive and prolonged rains, and trade ban between India and Pakistan.

Cotton productivity in India usually ranges between 500-600kg/ha far lower compared to the yield in the other countries. Cotton in Australia yields highest of 2028kg/ha. Even smaller countries like Syria, Myanmar, Pakistan have higher cotton productivity than India. India produces around 21% of the world's total cotton production. Although, India is a surplus in cotton production, yet its surplus cotton availability is decreasing year after year due to the inefficient way of monitoring the crop. The government is focusing on to increase the productivity under cotton cultivation so as to benefit the farmer's source of income.

World Trade Organization (WTO) panel has determined that India's export subsidies are inconsistent with WTO requirements based on the complaint lodged by US. India has appealed against the decision. The panel decision against the Indian subsidy measures, in particular, the Merchandise Exports from India Scheme (MEIS). Government has announced two initiatives to incentivize producers and exporters in India so as to smoothen the exports as the Indian cotton prices are higher than other in the competitive countries.

The higher domestic prices and a sharp fall in exports has impacted domestic cotton yarn spinners and expected to shrink by 2-4 percentage points in the 2020 fiscal year. Cotton and yarn prices are likely to remain range-bound at around Rs.110-115/Kg and Rs.195-205/Kg respectively in the 2nd half of financial year 2020. Higher domestic cotton prices compared with international prices during April-October 2019, a sharp fall in exports mainly to China and Pakistan and the resultant domestic oversupply is likely to lead to this squeeze. The US-China trade war has impacted demand for yarn in China, while the Indian government has banned yarn exports to Pakistan. Both the countries have reduced the imports by 50-60% from India this year.

According to the latest data released by the textile industry, the Indian cotton yarn exports declined drastically by 30.2% till Nov'19 from the starting of the financial year in April'19. India exported 851million kg in 2018 while only 594 million kg in 2019 during April to November'19. The top importers of cotton yarn were China (-49%) importing 160 mln kg followed by Bangladesh 102 mln kg (-37.9%) and Egypt importing 35 mln kg however higher compared to previous year by 1.64% so far in 2019 although the exports to China, Bangladesh, Pakistan, Vietnam were lesser compared to the previous year (2018) because of disparity between domestic and international cotton prices. However, Iran is importing significantly large quantity of yarn this year of 9.28 mln kg compared to 1.57 mln kg in the same time previous year (+493%). Decline in raw cotton exports have reported to Bangladesh (-27%), Vietnam (-78.4%), China (-86%), and Taiwan (-54%) due to lower demand while the exports increased to Iran (896%), Oman (893%) and Nepal (15.7%).

Cotton Balance Sheet (India):

| Cotton Balance Sheet | | | | | | | | | | |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| In Lakh Bales(170 KGS) | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19* | 2019-20* | Oct-Dec | Jan-Mar | Apr-June | July-Sept |
| Supply | | | | | | | | | | |
| Opening stock | 33 | 66.23 | 36.67 | 48.04 | 24.04 | 13.12 | 13.12 | 58.76 | 63.02 | 33.26 |
| Cotton production | 386 | 332 | 345 | 365 | 321.05 | 351.61 | 160.46 | 147.42 | 30.09 | 13.64 |
| Imports | 14.39 | 22.79 | 30.94 | 15 | 26 | 20 | 2.03 | 3.31 | 6.45 | 8.21 |
| Total supply | 433.39 | 421.02 | 412.61 | 428.04 | 371.09 | 384.73 | 175.61 | 209.49 | 99.56 | 55.11 |
| Demand | | | | | | | | | | |
| Mill consumption | 278.06 | 270.2 | 262.66 | 288 | 265 | 260 | 92.51 | 107.12 | 43.82 | 16.56 |
| Consumption by SSI | 26.38 | 27.08 | 26.2 | 27 | 27 | 26.46 | 5.77 | 10.10 | 7.70 | 2.89 |
| Non Mill consumption | 5 | 18 | 17.5 | 19 | 19.5 | 19.5 | 4.11 | 5.13 | 5.13 | 5.13 |
| Exports | 57.72 | 69.07 | 58.21 | 70 | 46.47 | 52 | 14.47 | 24.12 | 9.65 | 3.76 |
| Total Demand | 367.16 | 384.35 | 364.57 | 404 | 357.97 | 357.96 | 116.86 | 146.47 | 66.30 | 28.34 |
| Ending Stock | 66.23 | 36.67 | 48.04 | 24.04 | 13.12 | 26.77 | 58.76 | 63.02 | 33.26 | 26.77 |

All figures in Lakh Bales (of 170 Kgs. Each) Source: CAI& Agriwatch *: estimated

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 321.05 lakh bales (of 170 kg each) whereas 351.61 lakh bales is expected in 2019-20.

Following lower production, imports will rise marginally to 26 lakh bales and around 20 lakh bales is expected to import in the new season.

Due to lower opening stock but estimation of higher production of cotton would increase the availability the new season at 384.74 lakh bales.

Total domestic consumption (Including mill, small mill and non-mill consumption) in 2019-20 would be around 305.96 lakh bales compared to 311.5 lakh bales during the previous season due to lower demand from textile industries.

Cotton exports are expected to remain higher as that of previous year. It is expected that country would export around 52 lakh bales of cotton in the season 2019-20 due to slightly higher crop compared to 2018-19.

Ending stocks are expected to be around 26.77 lakh bales, it is higher compared to the ending stocks of previous season.

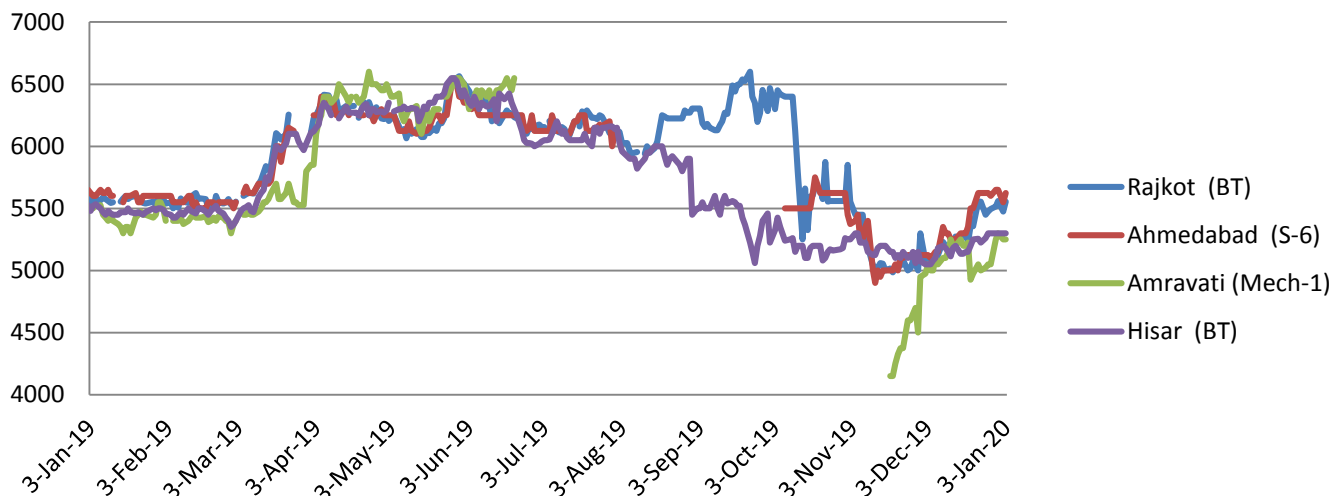
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

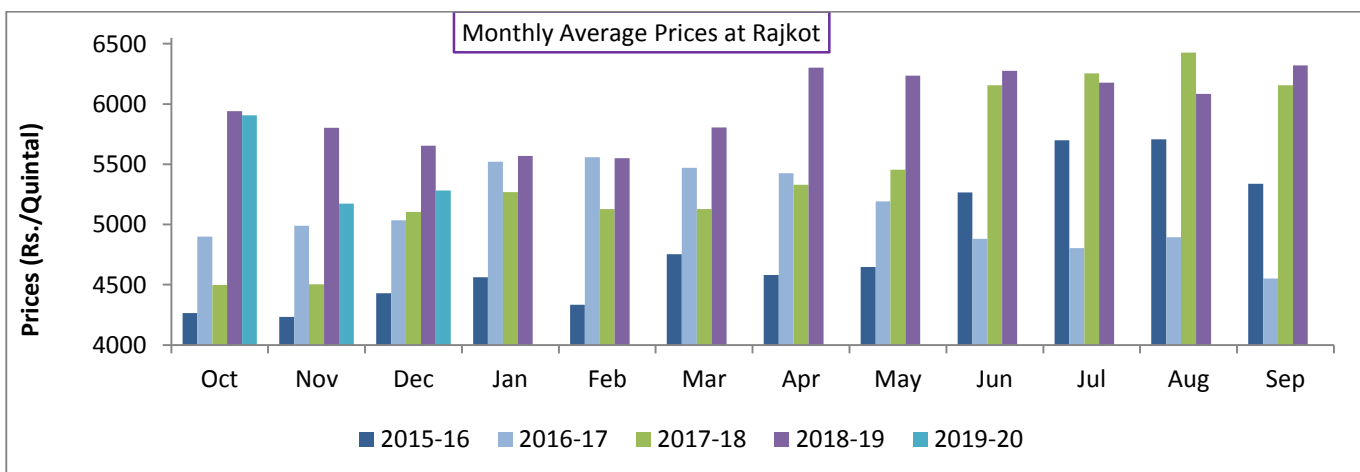
Monthly Price Review: Monthly kapas average price at Rajkot stood firm at Rs 5281 /quintal this month compared to the previous month because of good quality arrivals.

Monthly Price Outlook: Kapas prices are expected to remain steady to firm in coming month compared to last month as the new arrivals with demand for good quality likely to increase in the market from Gujarat. The expected range for Kapas at Rajkot is Rs 5250-5700 per quintal for the coming month.

Variety wise Kapas Price trend (Rs/Qtl)



Kapas Monthly M-o-M Price Scenario

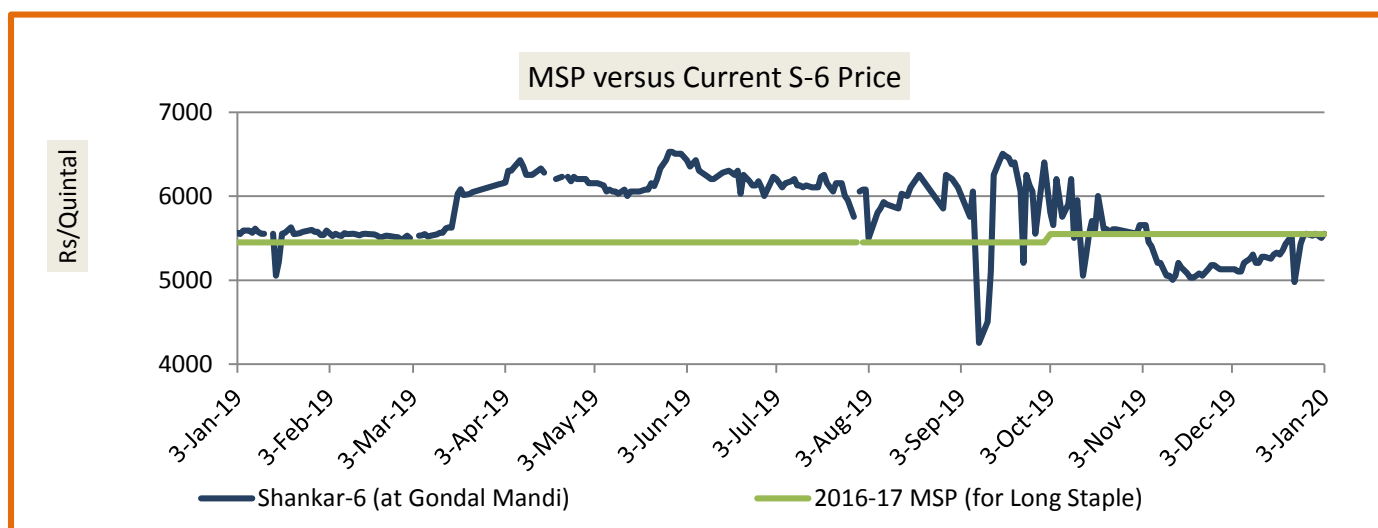


Kapas(seed cotton) prices in country noticed firm during the Dec when compared to the previous month, but the same is ruling lower compared to the prices during the corresponding month of the previous season due to the lower demand this year.

Monthly average price of Kapas at Rajkot remained Rs. 5281 per quintal during Nov, which was Rs 5172/quintal during previous month and Rs.5654 per quintal during the corresponding month last year. We expect Kapas prices to remain steady to firm further in the coming month due to the new arrivals which is expected to be of good quality.

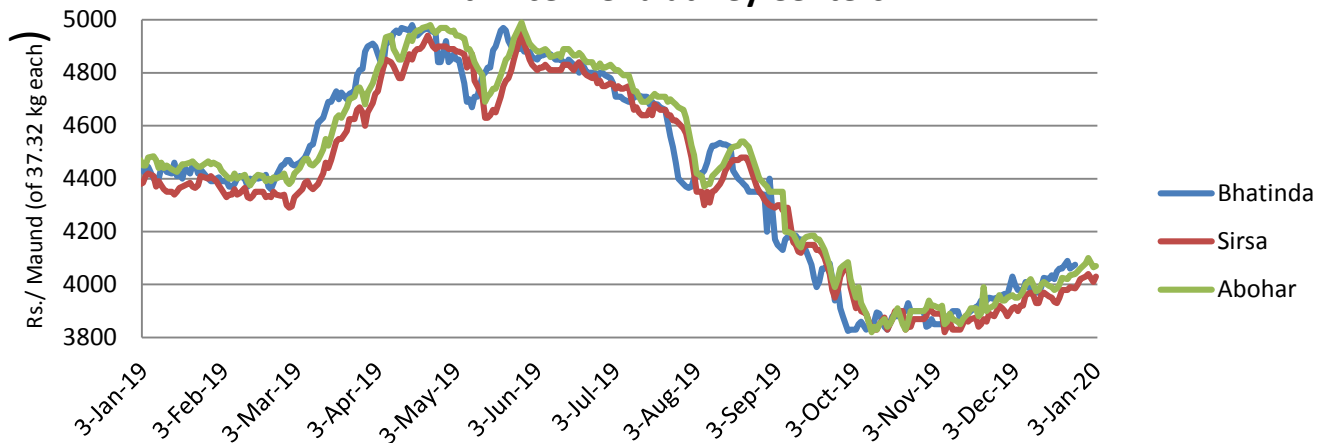
Spot Price versus MSP

The Kapas prices ruled below the MSP so far since end of the December month and likely to take correction from January as the quality improved already and active procurement of cotton by CCI. The gap between the two prices has declined in the month of Dec due to weak market. The average gap between the prices slightly decreased to Rs. 238 below MSP from Rs. 354 in the previous month.



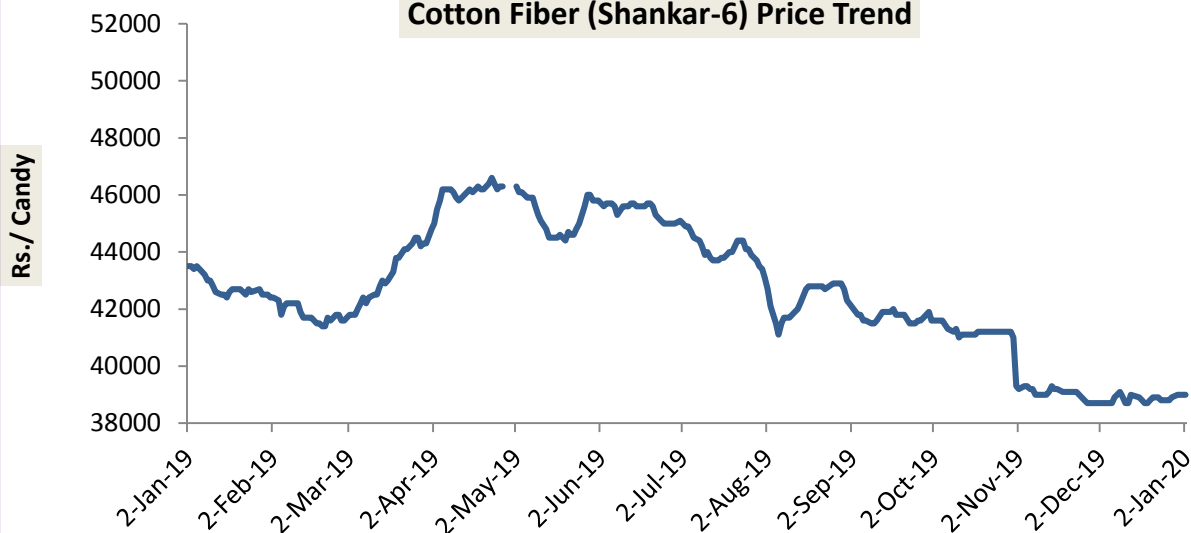
Lint price Outlook

Lint prices stood firm during the month owing to the improvement in the quality of cotton. From January onwards, the demand is likely to improve. Monthly average price of Lint at Sirsa increased to Rs. 3960 per maund of 37.32 kg each, compared to the previous month price of Rs. 3870 per maund whereas the prices were hovering higher around Rs. 4404 per maund in the corresponding period last year.

Lint Price Trend at Key Centers

Cotton Fiber price Outlook

Cotton fiber noticed weak this month compared to the previous month. Indian basis is attractive and will attract export demand at present rate. If NY future still gain some more points from here, definitely Indian cotton export will get a boost. Average price was Rs. 38832 per candy (of 355.6 kg each) during the month, which was Rs. 39075 per candy previous month. And around Rs.45216 per candy during the corresponding month previous season. We expect cotton fiber to remain bearish in range of Rs. 39000 -44000 per candy in the coming month candy due lack of export demand.

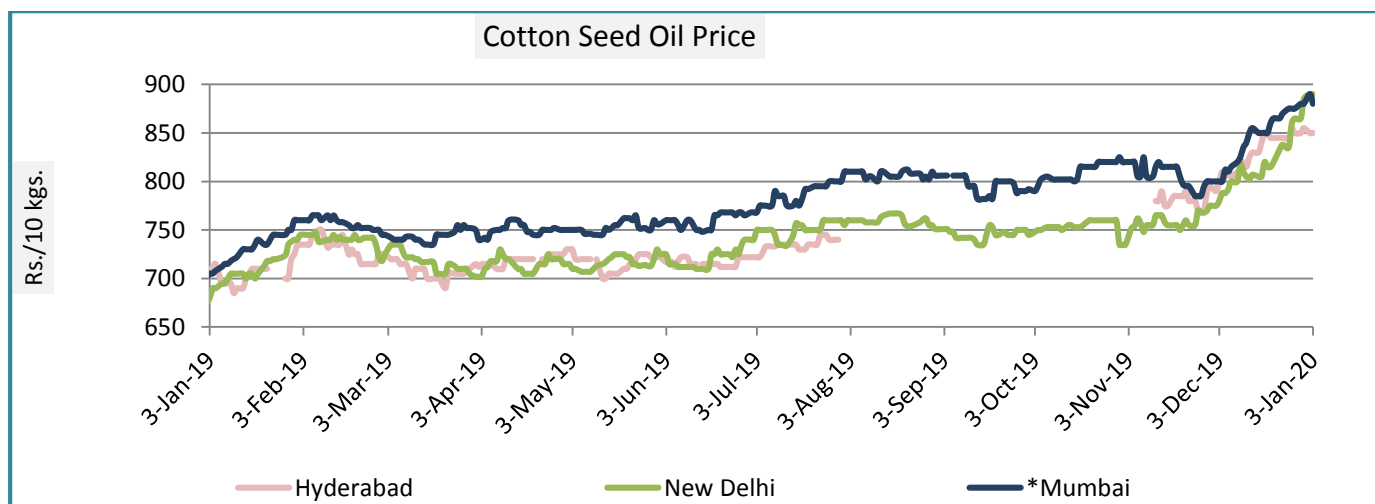
Cotton Fiber (Shankar-6) Price Trend

Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil prices showed firm trend with the exceeding arrivals in the market. Monthly average price in New Delhi is Rs 821.6 per 10 Kg, slightly higher compared to the monthly average price of Rs 759.11 per 10 Kg in previous month.

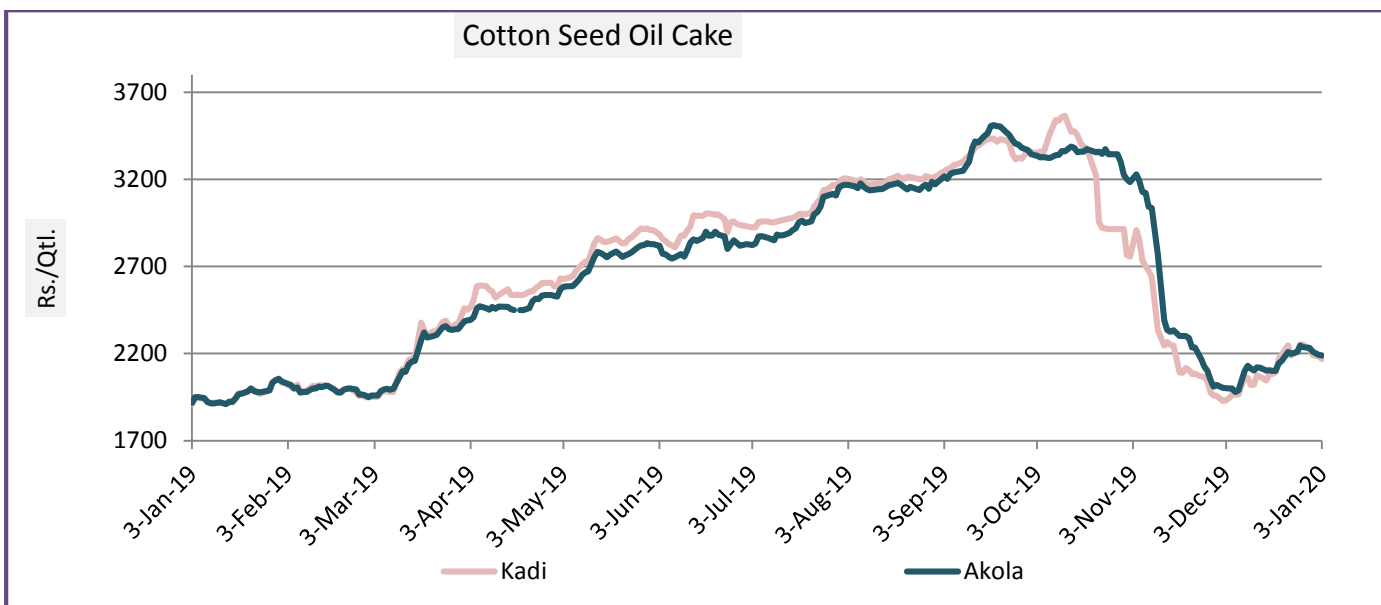
| Centers | Monthly Average Price as on (Rs/10 kg.) | | % Change |
|-----------|---|--------|----------|
| | Dec | Nov | |
| New Delhi | 821.6 | 759.11 | 8.23 |
| Rajkot | 848.2 | 790.19 | 7.34 |
| Hyderabad | 848.4 | 789 | 7.53 |
| Mumbai* | 855.8 | 804.5 | 6.38 |



Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake spot price noticed significantly weaker during the Dec month. Cocudakl dropped on late profit booking after prices gained due to an overall shortage in animal feed. The lower crop crop last year had led to flare-up in cotton seed prices. Monthly average price in Akola stood at Rs. 2116 per quintal, lower compared to the month average price of Rs 2537 per quintal in the previous month. Cotton oil seed cakes is likely to gain a slight support in the coming month as the consumption is increasing slowly due to the cheapness in Rajasthan, Punjab and Haryana.

| Centers | Monthly Average Price as on (Rs/quintal.)* | | % Change |
|----------------|--|---------|----------|
| | Dec | Nov | |
| Kadi | 2089.9 | 2320.44 | -9.94 |
| Akola | 2116 | 2537 | -16.59 |
| *Source: NCDEX | | | |



International Market Scenario

International cotton prices were noticed slightly firm in December after US President Donald Trump said that Phase 1 of trade deal with China would be signed on Jan. 15. International prices have fallen by 15% after a bumper crop in the US and Brazil, domestic cotton prices dipped by about 10%. Cotlook A index monthly average stood 75.83 cents/pound this month, which was 73.86 cents/pound during last month. The ICE contract rose as much as 2% to 67 cents/lbs (average), the highest since last month stood at 69.56 cents/lbs in the hope that trade war would progress after China's initial acceptance of a partial trade deal.

Major Market Highlights:

U.S. upland cotton ginnings continue to run ahead of the 2018 pace because of a bigger crop. According to USDA as of December 15th, ginnings are 152.29 lakh bales, compared to 118.68 lakh bales this time last year. Texas is in the lead at 53.55 lakh bales ginned, more than 3 million ahead of second place Georgia (21.83 lakh bales). Also,



Arkansas ginned 1,231,600 bales, compared to 1,103,600 followed by Missouri ginning 673,300 bales, compared to 705,400 and Tennessee that ginned 858,950 bales, compared to 731,250 a year ago.

US expects further decline in production by around 0.61% than the previous estimates of 20.8 US million bales to 20.2 US million bales. Although, the production is still higher than previous year that stood at 18.37 US million bales (2018-19). The exports are also expected to increase to 16.5 US million bales in 2019-20 against 14.76 US million bales in 2018-19. According to the WASDE report, cotton production also declined in India and Pakistan at 29.5 US million bales (-0.5%) and 6.2 US million bales (-0.8%) from previous month's estimates.

The US Export Sales report from USDA showed 135,100 RB of 2019-20 upland cotton sold in the week ending 19th Dec'19 were down by 46% compared to previous week. With major buyers including Vietnam (46,400RB), Turkey (29,700 RB), Indonesia (17,900RB), Colombia (11,000RB) and Bangladesh (8,900RB). Reductions were from China (12,900RB). For 2020-21, net upland sales reductions of 9,300 RB resulting in increases for Costa Rica 4,200 RB and Thailand 1,300 RB and reduction from Indonesia (14,900RB). Net upland shipments were to Pakistan (34,100 RB), Bangladesh (29,000 RB), Vietnam (24,800RB), China (22,100RB) and India (21,300RB).

Pakistan has estimated the country's cotton output at 6-8 million bales against the production target from the earlier estimate of 12 million bales for the current season. The cotton output in Punjab was expected to hit 6.671 million bales and in Sindh, it was assessed at 2.68 million bales. The crop output in Balochistan was estimated at 0.098 million bales as these areas have faced high temperature in critical stages of development. Also, severe attack of pink bollworm both in Punjab and Sindh, white fly attack and lower cottonseed prices with rising input costs were the key elements impacting cotton production.

According to the data released by Pakistan Cotton Ginner's Association (PCGA), total of 8.13 million bales of cotton have been arrived on 1st Jan'20 in 2019-20 season. The arrivals were down by 20.77 per cent which were over 10.27 million bales during the corresponding period of last season. Total cotton arrivals decreased by 23.84 per cent year-on-year to 4.69 million bales in the major state Punjab. While in Sindh province, cotton arrivals decreased 16.18 per cent to 3.44 million bales as on 1st Jan'20 during the ongoing cotton season 2019-20. The textile mills in Pakistan consumed 6.98 million bales, while another 54,630 bales of cotton were sold to exporters.

Pakistan exported around 343 kt cotton yarn down by 8-9% in Jan-Sep'19 compared to the previous year, out of which the exports to China remained steady or slightly increased. China's imports of cotton yarn originate from



Pakistan accounted for 240kt in Jan-Sep 2019, down by 10.5% compared to the previous year. Overall China and Pakistani cotton yarn trade conducted normally, and China's imports were mainly stable. The exports to China is likely to increase as according to the recent news, the new FTA agreement has been signed, and all Chinese companies imported Pakistani yarn will be entitled to zero-tariff treatment (not verified). Also, due to high cotton prices and the stagnant trade between India and Pakistan, Pakistan' imports of US cotton and Vietnamese yarns increased boycotting Indian cotton.

Brazil is the second largest exporter with a 17% share of the world exports at 1.5 million tons. China's increased import needs will likely be provided by Brazil, followed by West Africa and India. Brazil exports for October have increased to 12.56 lakh bales, with 5.01 lakh bales exported to China followed by Vietnam importing 1.88 lakh bales. Brazil also shipped 1.40 lakh bales to Bangladesh in Oct'19. Harvest has finished in Oct, the 2019 crop is being ginned. In Mato Grosso, planting of the first crop cotton will occur in December. Acreage is expected to be near unchanged from last year at 155,759 hectares out of total acreage of 1,139,871 hectares, a new record.

Vietnam imported 104.1 thousand tons of cotton in Nov'19, down 0.2% year on year and 2.9% month on month.

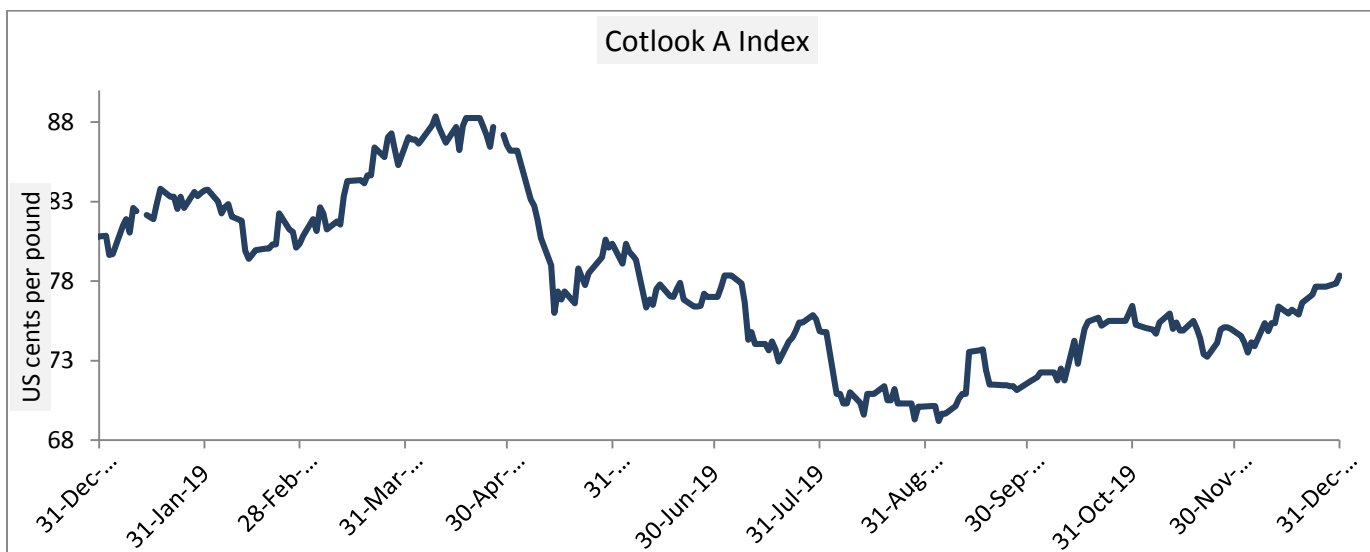
In Jan-Nov, 2019, cotton imports totaled 1.351 million tons, down 6% year on year. Based on current growth rate, the imports may total 1.463 million tons in 2019, a fall of 93 thousand tons from 2018. Vietnam imported 104.1kt of cotton in Nov, 2019, down 0.2% year on year and 2.9% month on month. In Jan-Nov, 2019, cotton imports totaled 1.351 million tons, down 6% year on year.

In China, the cotton yarn imports expected to increase by around 13% at 1.75 lakh tonnes in November compared to the previous year. The overall market demand seemed better than expected and the price of USD and exchange rate provided some momentum for the traders, therefore, the yarn imports in November surged. According to the shipments in overseas market in Oct, the imports from Vietnam is estimated at 81,000 tonnes, from India about 20,300 tonnes.

Cotlook A Index

President Donald Trump announced there would be a formal signing of the phase one deal in a White House ceremony on Jan. 15 that rose supported the market. The Cotlook A Index started the month at 74.55 US cents per lb, before rising to a high point of 78.35 cents whereas the average price stood around 75.83 cent/lbs in December month.

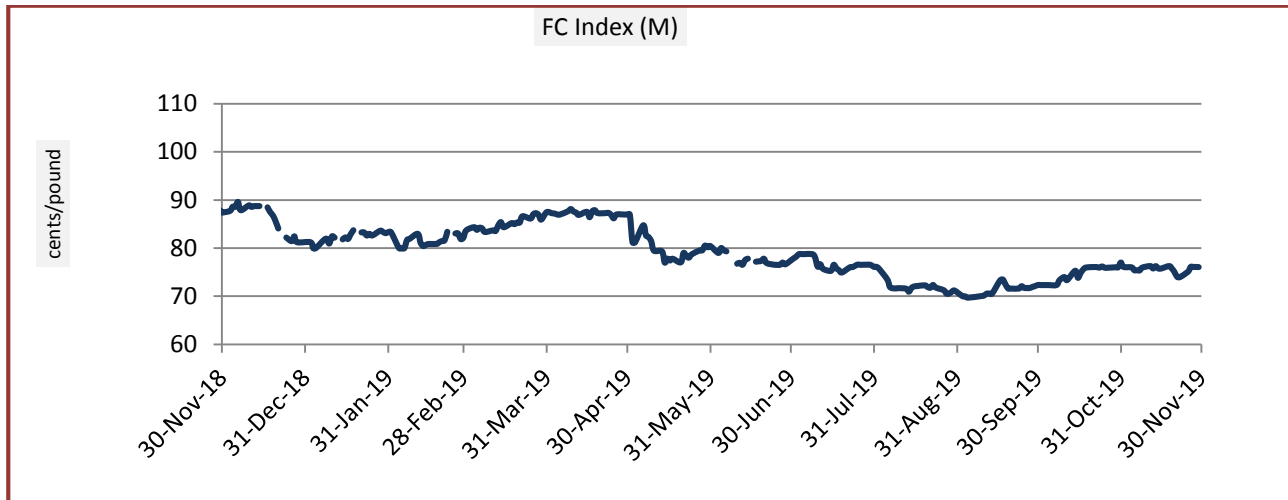
| Cotlook A Index | Monthly Average Price as on | | % Change |
|------------------------------|-----------------------------|-------|----------|
| | Dec | Nov | |
| Prices | 75.83 | 74.85 | 1.31 |
| Prices in US cents per Pound | | | |



China Cotton Index and Foreign Cotton Index

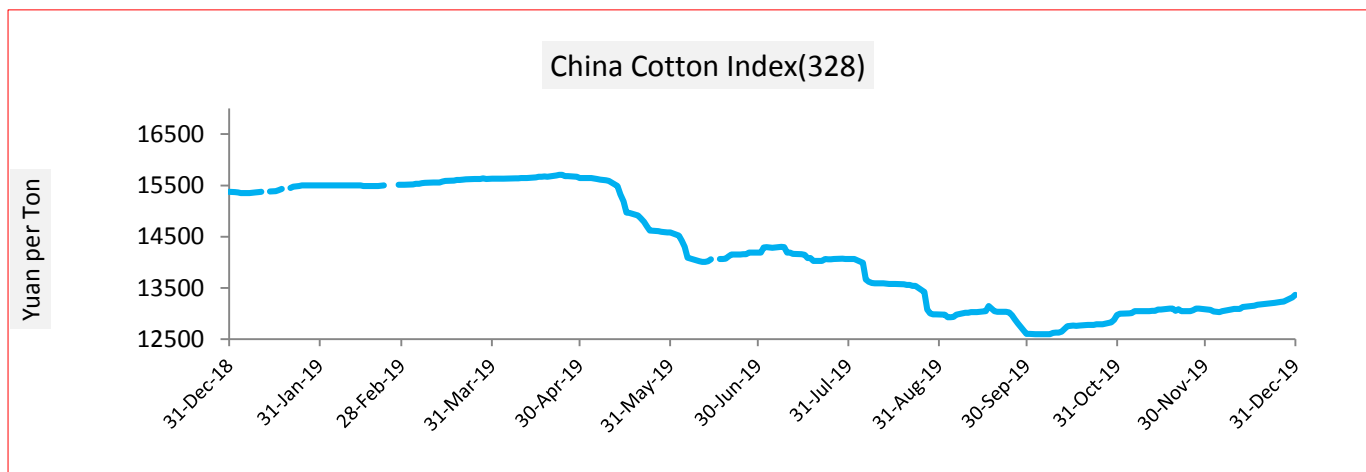
China's cotton output stood at 5.89 million tonnes, down 3.5 percent year on year, according to the National Bureau of Statistics (NBS). China's imports of cotton yarn originate from Pakistan accounted for 240kt in Jan-Sep 2019, down by 10.5% compared to the previous year. China's cotton prices improved compared to the previous month because of optimism in trade between US-China.

| Cotton Index | Monthly Average Price as on | | % Change |
|------------------------------|-----------------------------|-------|----------|
| | Dec | Nov | |
| FC (S) | 81.16 | 79.75 | 1.77 |
| FC (M) | 77.04 | 75.55 | 1.97 |
| FC (L) | 75.90 | 74.64 | 1.69 |
| Prices in US cents per Pound | | | |



China Index was firm during the Month. CC Index (328) remained 13149 Yuan per ton during the month. Average was 13063 Yuan per ton during previous month.

| Cotton Index | Monthly Average Price as on | | % Change |
|------------------------|-----------------------------|-------|----------|
| | Dec | Nov | |
| CCIndex(328) | 13149 | 13063 | 0.66 |
| CCIndex(527) | 12175 | 12099 | 0.63 |
| CCIndex(229) | 13492 | 13320 | 1.29 |
| Prices in Yuan per ton | | | |

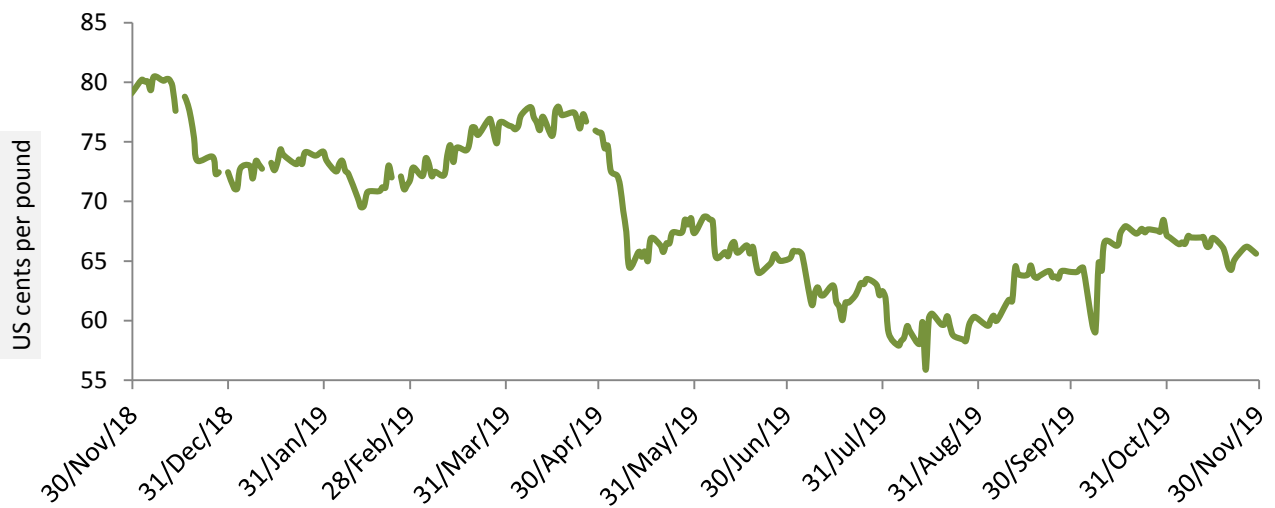


USA Spot Prices

US President Donald Trump said that Phase 1 of trade deal with China would be signed on Jan. 15. International prices have fallen by 15% after a bumper crop in the US and Brazil, domestic cotton prices dipped by about 10%. U.S. upland cotton ginnings continue to run ahead of the 2018 pace because of a bigger crop. According to USDA as of December 15th, ginnings are 152.29 lakh bales, compared to 118.68 lakh bales this time last year. The US Export Sales report from USDA showed 135,100 RB of 2019-20 upland cotton sold in the week ending 19th Dec'19 were down by 46% compared to previous week.

| USA Spot Prices | Monthly Average Price as on | | % Change |
|------------------------------|-----------------------------|-------|----------|
| | Dec | Nov | |
| Prices | 67.82 | 66.17 | 2.49 |
| Prices in US cents per Pound | | | |

Daily Movement of USA Spot Price



Pakistan Spot Prices

According to the market sources, some main spinners indulged in buying of fine type ahead of banks closing on Dec 31. The cotton market generally lacked normal trading activity. Also, thick fog in the Punjab has halted the cotton picking process which in turn has also led to ginneries slowing down their operation. Other brokers also observed that there are speculations that the government likely to remove import duty on cotton.

total of 8.13 million bales of cotton have been arrived on 1st Jan'20 in 2019-20 season. The arrivals were down by 20.77 per cent which were over 10.27 million bales during the corresponding period of last season. Of total, 46.9 lakh bales arrived from the Punjab and 34.44 lakh bales from Sindh, according to the report released by the Pakistan Cotton Ginners Association (PCGA).

| Karachi Spot Prices | Monthly Average Price as on | | % Change |
|---------------------------|-----------------------------|------|----------|
| | Dec | Nov | |
| Prices | 8962 | 9288 | -3.51 |
| Prices in Rs per 37.32 Kg | | | |

Commodity: Cotton
Contract: Dec

Exchange: MCX
Expiry: Dec 30, 2019

Cotton

COTTON 2001(MXCTNF01)2020/01/03 - Daily B:19660.00 A:19670.00
O 19670.00 H 19680.00 L 19640.00 C 19670.00 ↑ V 93 T 45,720 I 3,623 -20 -0.10%
EMA(9) 19539 (18) 19459



Technical Commentary:

- Cotton 29 mm MCX Jun contract faces resistance at 19750.
- Relative strength indicator (RSI) is in neutral region.
- Price increased & open interest increased indicating long buildup.

We will advise traders to sell today.

Strategy: **Sell**

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-----|-----|-------------|-------|-------|-------|-------|
| Cotton | MCX | Jan | 19240 | 19390 | 19690 | 20028 | 20178 |
| | | | Call | Entry | T1 | T2 | SL |
| Cotton | MCX | Jan | Sell | 19790 | 19660 | 19550 | 19868 |

* Do not carry-forward the position next day.

Commodity: Cotton Seed oil Cake

Contract: Dec

Exchange: NCDEX

Expiry: Dec 20, 2019

Cotton



Technical Commentary:

- Overall Candlestick pattern depicts steady to weak movement.
- RSI reached neutral region.
- Prices above 9 and 18 days EMAs.
- Price increased while open interest decreased indicating short cover.

We will advise traders to sell today.

Strategy: **Sell**

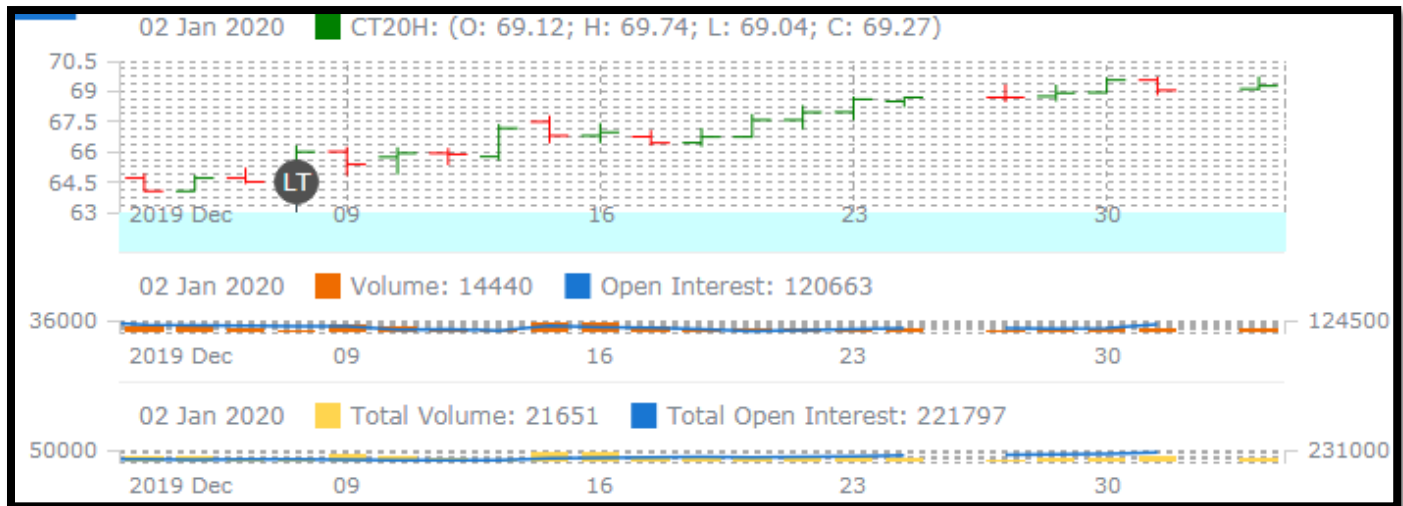
| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|-----|-------------|-------|------|------|------|
| Cotton oil cake | NCDEX | Jan | 2047 | 2087 | 2167 | 2255 | 2295 |
| Intraday Trade Call | | | Call | Entry | T1 | T2 | SL |
| Cotton oil cake | NCDEX | Jan | Sell | 2187 | 2157 | 2137 | 2205 |

* Do not carry-forward the position next day.



Monthly Technical Outlook:

Technical Analysis of Cotton Future ('Mar 19 Contract) at ICE



- Candlesticks denote bullish movement in the market but could be steady in the coming month.
- Both Volume & Open Interest increased.
- We expect cotton prices to remain firm in the coming month.

Expected Price Range During Coming month

| Expected Trend | Expected Trading Band |
|---------------------------------|-----------------------|
| Range bound to Bearish Momentum | 65-72 |

Expected Support and Resistance

| Support 1 | Support 2 | Resistance 1 | Resistance 2 |
|-----------|-----------|--------------|--------------|
| 56 | 60 | 67 | 70 |

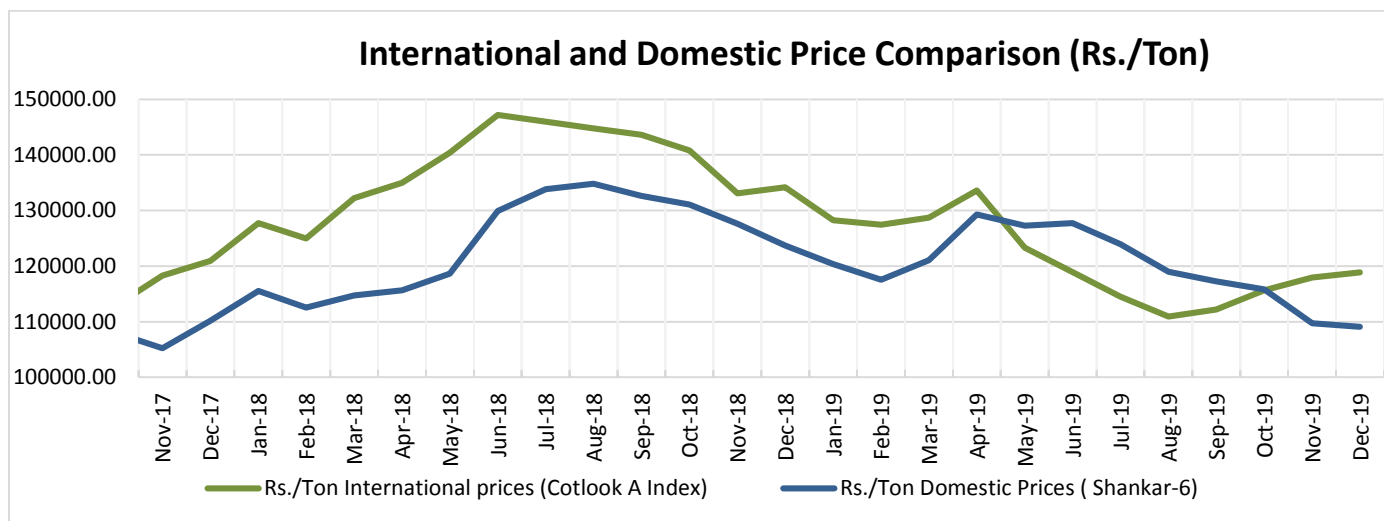
Figures in US cents/pound

Cotton Future Prices at ICE

Future Price Trend (Active Contract):

| Cotton Prices in Future Contract on ICE | | | | | | Prices in cents/Lb | |
|---|-----------|---------------------------|----------------------------|----------------------------|---------------------------|-----------------------|-----------------------------|
| Contracts | 31-Dec-19 | 1-Dec-19 (1 month ago) | 2-Oct-19 (3 months ago) | 4-Jul-19 (6 months ago) | 31-Dec-18 (a year ago) | % Change over a month | % Change over previous year |
| 1-Mar-20 | 69.05 | 64.80 | NA | 68.11 | 74.26 | 6.56 | -7.02 |
| 1-May-20 | 70.18 | 65.91 | NA | 68.81 | 73.5 | 6.48 | -4.52 |
| 1-Jul-20 | 70.95 | 66.86 | NA | 69.29 | 74.63 | 6.12 | -4.93 |
| 1-Oct-20 | 70.90 | 67.13 | NA | NA | 73.58 | 5.62 | -3.64 |
| 1-Dec-20 | 70.36 | 67.33 | NA | NA | 73.30 | 4.50 | -4.01 |

International and Domestic Price Comparison



Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Monthly Prices Average (Rs./Quintal) | | Change |
|----------------|-------------|---------------|--------------------------------------|--------|--------|
| State | Centre | Variety | Dec'19 | Nov'19 | |
| Gujarat | Ahmedabad | Shankar-6 | 5365 | 5141 | 224 |
| | Gondal | Shankar-6 | 5312 | 5196 | 116 |
| | Rajkot | B.T. Cotton | 5281 | 5141 | 140 |
| | Patan | B.T. Cotton | 5282 | 5321 | -39 |
| | Kadi | B.T. Cotton | 5318 | 5362 | -44 |
| | Deesa | B.T. Cotton | 4950 | 4628 | 322 |
| | Dhrol | B.T. Cotton | 5238 | 5034 | 204 |
| Haryana | Bhiwani | B.T. Cotton | 5371 | 5322 | 49 |
| | Bhiwani | Desi | 6390 | 6182 | 208 |
| | Adampur | B.T. Cotton | 5180 | 5168 | 12 |
| | Fatehabad | B.T. Cotton | 5163 | 5169 | -6 |
| | Jind | B.T. Cotton | 5367 | 5487 | -120 |
| | Uchana | B.T. Cotton | 5241 | 5281 | -40 |
| | Dabwali | B.T. Cotton | 5377 | 5136 | 241 |
| Rajasthan | Hanumangarh | B.T. Cotton | 5187 | 5190 | -3 |
| | Rawatsar | B.T. Cotton | 5108 | 5111 | -3 |
| Madhya Pradesh | Khandwa | Mech-1 | 5373 | 5449 | -76 |
| | Khargaon | Mech-1 | 5283 | 5299 | -16 |
| Maharashtra | Amravati | Mech-1 | 5170 | 4908 | 262 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 5295 | 5634 | -339 |
| | Hathras | Desi | 4618 | 5100 | -482 |
| Telangana | Adilabad | Un-Ginned | 5037 | 4998 | 39 |
| Karnataka | Bijapur | Bunny | 5392 | 5354 | 38 |
| | Hubli | D.C.H. | 5500 | 5468 | 32 |
| | Hubli | B.T. Cotton | 6674 | 6550 | 124 |
| | Raichur | H-44 Cotton | 5176 | 5034 | 142 |
| Commodity | Lint | | Prices (Rs./Maund of 37.32kg each) | | Change |
| State | Centre | Variety | Dec'19 | Nov'19 | |

| | | | | | |
|-----------|----------------|------|------|------|-----|
| Punjab | Bhatinda | J-34 | 3999 | 3890 | 109 |
| | Abohar | J-34 | 4006 | 3905 | 101 |
| | Mansa | J-34 | 3997 | 3874 | 123 |
| Haryana | Sirsa | J-34 | 3960 | 3870 | 90 |
| Rajasthan | Sri-Ganganagar | J-34 | 3655 | 3641 | 14 |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Monthly Sum Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------------------|---------|--------|
| State | Centre | Variety | Dec'19 | Nov'19 | |
| Gujarat | Ahmedabad | Shankar-6 | 1989000 | 1422900 | 566100 |
| | Gondal | Shankar-6 | 69208 | 110341 | -41133 |
| | Rajkot | B.T. Cotton | 130510 | 119950 | 10560 |
| | Patan | B.T. Cotton | 396438 | 443115 | -46677 |
| | Kadi | B.T. Cotton | 1770000 | 847500 | 922500 |
| | Deesa | B.T. Cotton | 24160 | 4200 | 19960 |
| | Dhrol | B.T. Cotton | 7503 | 6549 | 954 |
| Haryana | Bhiwani | B.T. Cotton | 76500 | 146500 | -70000 |
| | Bhiwani | Desi | 740 | 930 | -190 |
| | Adampur | B.T. Cotton | 38760 | 43180 | -4420 |
| | Fatehabad | B.T. Cotton | 23325 | 19375 | 3950 |
| | Jind | B.T. Cotton | 17377 | 26194 | -8817 |
| | Uchana | B.T. Cotton | 77100 | 73369 | 3731 |
| | Dabwali | B.T. Cotton | 50120 | 41205 | 8915 |
| Rajasthan | Hanumangarh | B.T. Cotton | 60700 | 70015 | -9315 |
| | Rawatsar | B.T. Cotton | 114000 | 110000 | 4000 |
| Madhya Pradesh | Khandwa | Mech-1 | 12250 | 9866 | 2384 |
| | Khargaon | Mech-1 | 131295 | 117545 | 13750 |
| Maharashtra | Amravati | Mech-1 | 329000 | 87500 | 241500 |
| | Jamner | Medium Staple | 0 | 0 | Unch |
| Uttar Pradesh | Hathras | B.T. Cotton | 205 | 2315 | -2110 |
| | Hathras | Desi | 461 | 698 | -237 |
| Telangana | Adilabad | Un-Ginned | 420880 | 511830 | -90950 |
| Karnataka | Bijapur | Bunny | 133160 | 112363 | 20797 |
| | Hubli | D.C.H. | 3016 | 350 | 2666 |
| | Hubli | B.T. Cotton | 58 | 0 | 58 |

| | Raichur | H-44 Cotton | 92516 | 28138 | 64378 |
|-----------|----------------|-------------|--------------------------------|--------|--------|
| Commodity | Lint | | Monthly Sum Arrivals (Quintal) | | Change |
| State | Centre | Variety | Dec'19 | Nov'19 | |
| Punjab | Bhatinda | J-34 | 231200 | 194650 | 36550 |
| | Abohar | J-34 | 42500 | 41990 | 510 |
| | Mansa | J-34 | 37145 | 16235 | 20910 |
| Haryana | Sirsa | J-34 | 47685 | 34850 | 12835 |
| Rajasthan | Sri-Ganganagar | J-34 | 85500 | 98000 | -12500 |

Cotton Association of India Cotton Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|---------------------|---------------------|--------|
| | | | | Dec'19 | Nov'19 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 37832 | 38196 | -364 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 38332 | 38650 | -318 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 37660 | 36800 | 860 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 38788 | 39600 | -812 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 38832 | 39075 | -243 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 39840 | 40571 | -731 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 39404 | 40388 | -984 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 40088 | 41171 | -1083 |

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