

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

The Rajkot mandi price for variety Shankar 6 stood Rs.39,000/per candy (69.52 cents/lb). The Indian domestic cotton market has been trending weaker on the wake of disturbance causing to outbreak of coronavirus. Cotton futures slumped more than 4 percent on Thursday to their lowest level in over four months as fears about the economic impact of the spreading coronavirus dented risk sentiment among investors. Cotton contracts for May settled down 2.97 cent, or 4.5%, at 62.5 cents per lb. It traded within a range of 62.47 and 65.47 cents a lb.

**News: CCI launched its own new cotton brand 'Hira' in Mumbai.** The launch of this new premium quality of cotton aims to provide a good and reliable quality input for spinning and further value addition. CCI-Hira has the benefits of minimal trash (below 1.7 %), low moisture (below 8%), best grade (Rd 78 plus), optimal micronaire value (3.8-4.2) and strength (29 g/tex plus) which would result in good realization. CCI is maintaining the high quality standards so far this season. CCI likely to procure the target of 100 lakh bales this season till October 2020. The procurement is likely to stretch till March end to mid-April across India. And the trade and textile industry is waiting for a reasonable rate of CCI's sale which is yet to be started.

**The yield in Andhra Pradesh is likely to have affected due to the severe infestation caused by Pink bollworm attack in many districts.** Major area is affected in Guntur district, one of the main cotton belts in AP followed by some areas in West Godavari and Nellore district. Last year, the cotton was affected with pest in the 4th picking of the crop but this year the crop has been infested with pink bollworm from the 3rd picking onwards. Due to which the yield has been declined from 4-6 quintals/ha in the 1st and 2nd picking where as it reduced to 2-3 quintals only from 3rd picking onwards. Also the quality has been deteriorated that dipped the prices to around Rs.4000-4600/q purchased by the private traders only. CCI is rejecting the cotton that are not up to the standards required by CCI. Therefore, the farmers are selling their produce to private traders instead of CCI.

**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 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 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 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.

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

During the next 24 hours, fairly widespread rains and thundershowers are likely over Northeast states. Snowfall might occur over many places over Arunachal Pradesh and at a few places over Sikkim. Scattered light to moderate rains and thundershowers are forecast for East Uttar Pradesh, Bihar, Sub-Himalayan West Bengal, coastal Odisha and Uttarakhand. Weather will remain dry over rest all places.

#### **International Fundamentals:**

**Cotton futures slumped more than 4 percent on Thursday, Mar 20 Cotton closed at 62.60, down 295 points.** The Cotlook A index was down another 125 points on 02/26, to 75.05 c/lb. The updated AWP for cotton is 57.93 c/lb, which is a 1.10-cent reduction.

**The US Export Sales report from USDA showed 214,600 RB of 2019-20 upland cotton sold in the week ending 20<sup>th</sup> Feb'20 were down by 9% compared to previous week.** Increases primarily for Vietnam (70,200), China (39,600 RB), Pakistan (35,800 RB), Turkey (26,900 RB), and Indonesia (19,200 RB) were offset by reductions primarily for Japan (4,600 RB). For 2020/2021, net sales of 198,900 RB were for Vietnam (176,000 RB), Indonesia (9,700 RB), El Salvador (4,900 RB), Mexico (3,400 RB), China (2,200 RB). Net Upland Shipment for exports of 324,100 RB were down 14 percent from the previous week, Exports were primarily to Vietnam (88,100 RB), Pakistan (83,800 RB), China (32,900 RB), Turkey (25,400 RB), Indonesia (14,700 RB).

**Cotton futures slumped more than 4 percent on Thursday** to their lowest level in over four months as fears about the economic impact of the spreading coronavirus dented risk sentiment among investors. Cotton contracts for May settled down 2.97 cent, or 4.5%, at 62.5 cents per lb. It traded within a range of 62.47 and 65.47 cents a lb. Investors are ignoring

*the good fundamentals for cotton and are trading on the panic of the coronavirus. The export sales were positive, especially with China being one of the major buyers this time.*

**USDA's early projection for 2020 U.S. cotton planted acreage is 12.5 million acres, 9% below 2019 and the smallest area since 2016.** The decline is due to the effects of the Phase One trade agreement with China and the impact of the coronavirus on cotton demand. Based on regional average yields, USDA is forecasting a national average yield of 855 pounds per harvested acre up from 817 pounds in 2019 resulting in a projected crop of 19.5 million bales (3% below 2019 production).

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Mar	0	18080	18470	17850	18400	2856	2376	7726	5563
20-Apr	-70	18460	18660	18090	18650	1197	830	2124	841
20-May	-290	18800	18800	18360	19080	17	-791	14	-1526

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-190	-	-	-	-
20-Jan	-	-	-140	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 28<sup>th</sup> Feb @ 5.30 pm

\* Updated at as on 28-Feb- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Feb-20	27-Feb-20	
Gujarat	Ahmedabad	Shankar-6	5250	5350	-100
	Gondal	Shankar-6	5430	5405	25
	Rajkot	B.T. Cotton	5135	5160	-25
	Patan	B.T. Cotton	5065	5105	-40
	Kadi	B.T. Cotton	5000	5100	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4940	5000	-60
Haryana	Bhiwani	B.T. Cotton	5150	5100	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5000	5100	-100
	Fatehabad	B.T. Cotton	5040	5125	-85
	Jind	B.T. Cotton	5340	5340	Unch
	Uchana	B.T. Cotton	5405	5095	310
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5150	5150	Unch
	Rawatsar	B.T. Cotton	5000	5175	-175
Madhya Pradesh	Khandwa	Mech-1	5200	5200	Unch
	Khargaon	Mech-1	5355	5300	55
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	4830	-
Karnataka	Bijapur	Bunny	NR	5319	-
	Hubli	D.C.H.	NR	5200	-
	Hubli	B.T. Cotton	NR	6600	-
	Raichur	H-44 Cotton	NR	5150	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Feb-20	27-Feb-20	
Punjab	Bhatinda	J-34	3945	4000	-55
	Abohar	J-34	3970	4020	-50
	Mansa	J-34	4040	4040	Unch
Haryana	Sirsa	J-34	3925	3970	-45
Rajasthan	Sri-Ganganagar	J-34	3690	3676	14

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Feb-20	27-Feb-20	
Gujarat	Ahmedabad	Shankar-6	51000	54400	-3400
	Gondal	Shankar-6	2532	2298	234
	Rajkot	B.T. Cotton	4400	1800	2600
	Patan	B.T. Cotton	1930	2028	-98
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	475	503	-28
Haryana	Bhiwani	B.T. Cotton	700	1000	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	340	Unch
	Fatehabad	B.T. Cotton	300	350	-50
	Jind	B.T. Cotton	1020	1020	Unch
	Uchana	B.T. Cotton	2075	4800	-2725
	Dabwali	B.T. Cotton	2000	2000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	500	500	Unch
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	1000	800	200
	Khargaon	Mech-1	10985	1875	9110
Maharashtra	Amravati	Mech-1	700	700	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	51620	-
Karnataka	Bijapur	Bunny	NR	2817	-
	Hubli	D.C.H.	NR	1	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	2625	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Feb-20	27-Feb-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	3060	2720	340
	Mansa	J-34	1700	1360	340
Haryana	Sirsa	J-34	2550	1020	1530
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	28-Feb-20	27-Feb-20	
Gujarat	Rajkot	Rs. /10 Kg.	770	790	-20
Delhi	New Delhi	Rs. /10 Kg.	760	760	Unch
Telangana	Hyderabad	Rs. /10 Kg.	770	780	-10
Maharashtra	Mumbai	Rs. /10 Kg.	810	815	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Feb-20	27-Feb-20	
Gujarat	Maheana (Kadi)	Rs./Qtl	1658	1688	-30
Maharashtra	Akola	Rs./Qtl	1624	1650	-26

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Feb-20	26-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35500	35500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36000	36000	Unch
J-34(202)	26mm	3.5 - 4.9	23	37600	37800	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38200	38400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39200	39400	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39200	38400	800
DCH-32(107)	34mm	3.0 - 3.8	33	39800	39900	-100

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

Index	Unit	28-Feb-20	27-Feb-20	Change
CCIndex(328)	RMB/Ton	13086	13323	-237
CCIndex(527)	RMB/Ton	12422	12560	-138
CCIndex(229)	RMB/Ton	13490	13689	-199
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	28-Feb-20	27-Feb-20	Change
FC Index (S)	Cents/lb	77.68	80.68	-3.00
FC Index (M)	Cents/lb	73.05	76.05	-3.00
FC Index (L)	Cents/lb	72.19	75.19	-3.00



**Cotlook Index:**

Cotlook Indices	Unit	27-Feb-20	26-Feb-20	Change
A-Index	Cents/Pound	74.3	75.05	-0.75

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Feb-20	27-Feb-20	Bales
Southeast	cents/lb.	60.25	62.5	0
North Delta	cents/lb.	58.75	61	0
South Delta	cents/lb.	58.75	61	0
East TX-OK	cents/lb.	57	59.25	869
West Texas	cents/lb.	56.5	59	867
Desert SW	cents/lb.	54.25	58.25	650
SJ Valley	cents/lb.	54.75	63.65	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 27-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 Thu February 27, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">20-Mar</a>	200227	64.38	64.38	62.6	62.6	-2.95	3	137	-41
<a href="#">20-May</a>	200227	65.47	65.47	62.47	62.5	-2.97	22,972	105,222	-1,370
<a href="#">20-Jul</a>	200227	65.96	66	63.08	63.28	-2.8	10,804	42,220	-671
<a href="#">20-Oct</a>	200227	62.75	62.75	62.75	62.75	-2.5	4	75	-3
<a href="#">20-Dec</a>	200227	65.75	65.76	63.09	63.25	-2.59	3,194	38,338	149
<a href="#">21-Mar</a>	200227	66.5	66.52	64.11	64.14	-2.52	308	6,065	-43
Total Volume and Open Interest							37,599	194,910	-1,877

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