

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,550/per candy (67.61 cents/lb). The Indian domestic cotton market has been trending weaker on the wake of disturbance causing to outbreak of coronavirus. But due to good quality arrival along with the CCI support the prices are recovering slowly. Cotton futures rose as much as 4% on Monday, supported by mill buying and an uptick in risk sentiment.

News: *US cotton dipped significantly by around 5% compared to the previous even after good sales report in the last week of Feb'20. The virus has now spread to South Korea, Italy, and Iran this week and no one has a cure. The spread created new fears about the health of the world economy and that meant the potential for less demand for US Cotton. The number of new cases being reported inside China continues to drop, but the number of new cases outside of China is increasing. U.S. factory manufacturing activity slowed as new orders contracted, likely due to supply chain disruptions related to the fast-spreading coronavirus outbreak.*

According to the trade sources, the Indian cotton exports for the January'20 were reported higher at 9.86 lakh bales against 5.36 lakh bales in the previous month. *In January'20 also, China was the largest importer, importing 4.4 lakh bales with an average FOB of 1.61 \$/Kg followed by Bangladesh at an average FOB \$1.67/kg for 3.96 lakh bales, Indonesia importing 77,394 bales at 1.51 \$/Kg and Vietnam (32,690 bales at an average FOB \$1.57/kg). China has started importing cotton from India and the quantity of purchasing is increasing gradually while the scenario is likely to reverse due to the halted export contracts in February month due to the outbreak of coronavirus. Vietnam, Mauritius, Iran, Philippines, Turkey & Thailand also imported raw cotton from India in January contributing to the Indian exports of around 69,570 bales at an average FOB between 1.48 and 1.72\$/kg.*

CCI purchased around 70 lakh bales this year till last week of Feb'20 along with CCI purchased 10,000 bales of cotton under commercial operations *due to lower market prices. Last year, CCI purchased cotton under commercial operations in the March end. The agency has floated a tender to purchase cotton at Rs. 39,400-39,500 per candy from the open market through an electronic auction. Nearly 65% of the cotton arrivals have come into the market. P. Alli rani said CCI could even buy up to 96 lakh bales subject to market conditions under MSP. CCI is having 9 lakh bales of stock of previous year and 70 lakh bales of cotton procured this season so far. Nearly 53% of cotton procured so far this season is from Telangana.*

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 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 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.

Weather Forecast for tomorrow:

During the next 24 hours, isolated light rain will continue in Himachal Pradesh and Uttarakhand. Rainfall activities will increase in Assam, Meghalaya, Arunachal Pradesh, Nagaland and Manipur. Isolated snowfall is likely in Arunachal Pradesh. Scattered rain is likely in Interior Tamil Nadu and parts of Karnataka. Isolated showers may lash Tamil Nadu and Lakshadweep. Light rain is expected in a few parts of Odisha, Chhattisgarh and Jharkhand.

International Fundamentals:

Cotton futures were 139 to 197 points higher at the closing bell, Mar 20 Cotton closed at 62.98, up 139 points. The Cotlook A index was down 2.9 cents to 71.40 c/lb on 02/28. The AWP for cotton is 57.93 c/lb.

The US Export Sales report from USDA showed 214,600 RB of 2019-20 upland cotton sold in the week ending 20th 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Mar	340	18440	18700	18440	18320	891	411	7524	5361
20-Apr	340	18780	18900	18720	18550	255	-112	2200	917
20-May	410	19010	19110	19010	18700	40	-768	60	-1480

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-200	-	-	-	-
20-Jan	-	-	-210	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 3rd Mar @ 5.30 pm

* Updated at as on 03-Mar- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Mar-20	2-Mar-20	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	5455	5330	125
	Rajkot	B.T. Cotton	5250	5215	35
	Patan	B.T. Cotton	5160	5125	35
	Kadi	B.T. Cotton	5200	5200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5125	4980	145
Haryana	Bhiwani	B.T. Cotton	5100	5125	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5150	5250	-100
	Fatehabad	B.T. Cotton	5205	5190	15
	Jind	B.T. Cotton	5340	5340	Unch
	Uchana	B.T. Cotton	5405	5405	Unch
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5200	5100	100
	Rawatsar	B.T. Cotton	5175	5100	75
Madhya Pradesh	Khandwa	Mech-1	4800	4800	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	4850	NR	-
Karnataka	Bijapur	Bunny	5279	5242	37
	Hubli	D.C.H.	5275	5250	25
	Hubli	B.T. Cotton	6850	6800	50
	Raichur	H-44 Cotton	5150	5150	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Mar-20	2-Mar-20	
Punjab	Bhatinda	J-34	4010	3970	40
	Abohar	J-34	4010	3980	30
	Mansa	J-34	4100	3990	110
Haryana	Sirsa	J-34	3970	3940	30
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Mar-20	2-Mar-20	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	2988	3258	-270
	Rajkot	B.T. Cotton	4800	6000	-1200
	Patan	B.T. Cotton	2320	2060	260
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	667	612	55
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1020	680
	Fatehabad	B.T. Cotton	100	125	-25
	Jind	B.T. Cotton	1530	1530	Unch
	Uchana	B.T. Cotton	1053	1053	Unch
	Dabwali	B.T. Cotton	3300	3300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	1000	350	650
	Rawatsar	B.T. Cotton	500	700	-200
Madhya Pradesh	Khandwa	Mech-1	300	300	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	3000	3000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5440	NR	-
Karnataka	Bijapur	Bunny	2112	2654	-542
	Hubli	D.C.H.	6	12	-6
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	2077	2505	-428
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Mar-20	2-Mar-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	2720	3060	-340
	Mansa	J-34	1020	1700	-680
Haryana	Sirsa	J-34	1360	2550	-1190
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	3-Mar-20	2-Mar-20	
Gujarat	Rajkot	Rs. /10 Kg.	775	785	-10
Delhi	New Delhi	Rs. /10 Kg.	735	745	-10
Telangana	Hyderabad	Rs. /10 Kg.	785	790	-5
Maharashtra	Mumbai	Rs. /10 Kg.	790	800	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	3-Mar-20	2-Mar-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1831	1815	16
Maharashtra	Akola	Rs./Qtl	1716	1700	16

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Mar-20	29-Feb-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35400	35400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35900	35900	Unch
J-34(202)	26mm	3.5 - 4.9	23	37500	37300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38000	37900	100
Shankar-6(105)	29mm	3.5 - 4.9	28	38800	38600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39000	38900	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38900	38800	100
DCH-32(107)	34mm	3.0 - 3.8	33	39500	39500	Unch

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

Index	Unit	3-Mar-20	2-Mar-20	Change
CCIndex(328)	RMB/Ton	12986	12887	99
CCIndex(527)	RMB/Ton	12382	12286	96
CCIndex(229)	RMB/Ton	13391	13319	72
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	3-Mar-20	2-Mar-20	Change
FC Index (S)	Cents/lb	78.46	76.55	1.91
FC Index (M)	Cents/lb	73.99	72.04	1.95

FC Index (L)

Cents/lb

73.12

71.13

1.99

Cotlook Index:

Cotlook Indices	Unit	2-Mar-20	28-Feb-20	Change
A-Index	Cents/Pound	70.4	71.4	-1.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		2-Mar-20	2-Mar-20	Bales
Southeast	cents/lb.	61.13	63.38	0
North Delta	cents/lb.	59.63	61.88	0
South Delta	cents/lb.	59.63	61.88	0
East TX-OK	cents/lb.	57.88	60.13	1421
West Texas	cents/lb.	57.38	59.88	339
Desert SW	cents/lb.	55.13	59.13	579
SJ Valley	cents/lb.	55.63	64.53	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 02-Mar-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 March 02, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200302	62.98	63.48	62.98	63.48	1.89	8	72	-29
20-May	200302	62.45	64.24	61.7	63.38	1.89	37,201	106,327	1,079
20-Jul	200302	62.22	64.8	62.22	64.06	1.79	18,048	44,416	1,437
20-Oct	200302	64	64	64	64	2.03	1	81	1
20-Dec	200302	63	65.07	62.65	64.3	1.86	9,628	36,689	-1,503
21-Mar	200302	63.59	65.72	63.59	65.23	1.95	1,370	6,542	392
Total Volume and Open Interest							66,720	197,051	1,324

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2020 Indian Agribusiness Systems Pvt. Ltd.