

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,750/per candy (67.51 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 2% on Wednesday, helped by mill buying and a recovery in stock markets.

News: 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.

Weather Forecast for tomorrow:

During the next 24 hours, widespread rain would continue in the northeastern states with light to moderate in intensity. Rain and thundershowers are possible in parts of Madhya Pradesh and adjoining Vidarbha. Scattered rains with strong gusty winds and isolated hailstorm may occur in Jammu and Kashmir, Punjab, Himachal Pradesh, Haryana, Delhi, West Uttar Pradesh and adjoining Rajasthan. Rains are likely to intensify tomorrow. Scattered rain and thundershowers are possible in Kerala, adjoining Tamil Nadu and South Karnataka. Isolated showers are likely in Coastal Andhra Pradesh. Rains will increase in Andhra Pradesh and Telangana. A few parts of Gujarat may observe light rain tomorrow.

International Fundamentals:

Cotton futures were in plus territory at the closing bell, with gains of 13 to 25 points in the nearby contracts, Mar 20 Cotton closed at 62.75. The Cotlook A index rebounded 2 cents on 03/03, back up to 72.4 c/lb on 03/02. The AWP for cotton is 57.93 c/lb.

Steady to bearish trend was witnessed in Pakistan cotton market. The ginners were not keen to sell cotton at the prevailing rates, expecting better rates in the coming days. In fact, the ginners are not interested to sell unsold cotton, anticipating a rise in the rates. Also, the steps announced by the government failed to provide any sooth to the textile sector, instead withdrawal of subsidy on electricity, will affect the sector and growers are under pressure as cotton seeds are not available easily in the market. The government had unilaterally increased power tariff from 7.5 cents to 13 cents per kWh to cover its inefficiency. The Pakistani exporters cannot compete with China, Bangladesh and India where power tariffs are lower.

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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Mar	100	18650	18730	18600	18600	809	329	7118	4955
20-Apr	100	18880	18990	18870	18870	186	-181	2303	1020
20-May	80	19170	19200	19170	19120	13	-795	85	-1455

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-260	-	-	-	-
20-Jan	-	-	-210	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 5th Mar @ 5.30 pm

* Updated at as on 05-Mar- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Mar-20	4-Mar-20	
Gujarat	Ahmedabad	Shankar-6	5300	5250	50
	Gondal	Shankar-6	5505	5430	75
	Rajkot	B.T. Cotton	5275	5255	20
	Patan	B.T. Cotton	5160	5180	-20
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5145	5090	55
Haryana	Bhiwani	B.T. Cotton	5200	5150	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5200	5200	Unch
	Fatehabad	B.T. Cotton	5230	5250	-20
	Jind	B.T. Cotton	5170	5260	-90
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5250	5200	50
	Rawatsar	B.T. Cotton	5175	5150	25
Madhya Pradesh	Khandwa	Mech-1	4900	4800	100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5200	5200	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4850	4840	10
Karnataka	Bijapur	Bunny	5370	5319	51
	Hubli	D.C.H.	5300	5275	25
	Hubli	B.T. Cotton	6850	6850	Unch
	Raichur	H-44 Cotton	NR	5150	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Mar-20	4-Mar-20	
Punjab	Bhatinda	J-34	4030	4020	10
	Abohar	J-34	4060	4040	20
	Mansa	J-34	4050	4040	10
Haryana	Sirsa	J-34	4010	3985	25

Rajasthan	Sri-Ganganagar	J-34	3713	3713	Unch
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Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Mar-20	4-Mar-20	
Gujarat	Ahmedabad	Shankar-6	47600	51000	-3400
	Gondal	Shankar-6	2538	2790	-252
	Rajkot	B.T. Cotton	4750	4700	50
	Patan	B.T. Cotton	2028	1972	56
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	559	583	-24
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	3400	13600	-10200
	Fatehabad	B.T. Cotton	100	150	-50
	Jind	B.T. Cotton	170	595	-425
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1400	900	500
Rajasthan	Hanumangarh	B.T. Cotton	700	1000	-300
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	500	300	200
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	3000	4000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4470	5670	-1200
Karnataka	Bijapur	Bunny	2599	2507	92
	Hubli	D.C.H.	2	204	-202
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	2137	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Mar-20	4-Mar-20	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1700	2550	-850
	Mansa	J-34	680	1700	-1020
Haryana	Sirsa	J-34	850	2210	-1360
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	5-Mar-20	4-Mar-20	
Gujarat	Rajkot	Rs. /10 Kg.	790	785	5
Delhi	New Delhi	Rs. /10 Kg.	760	745	15
Telangana	Hyderabad	Rs. /10 Kg.	815	795	20
Maharashtra	Mumbai	Rs. /10 Kg.	810	800	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Mar-20	4-Mar-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1918	1898	20
Maharashtra	Akola	Rs./Qtl	1827	1784	43

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Mar-20	3-Mar-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	37900	37900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38200	38200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39200	39200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39200	39200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38900	38900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39500	39500	Unch

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

Index	Unit	5-Mar-20	4-Mar-20	Change
CCIndex(328)	RMB/Ton	12983	12991	-8
CCIndex(527)	RMB/Ton	12382	12383	-1
CCIndex(229)	RMB/Ton	13390	13392	-2

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

China Foreign Cotton (FCE) Index :

Index	Unit	5-Mar-20	4-Mar-20	Change
FC Index (S)	Cents/lb	78.02	77.79	0.23

FC Index (M)	Cents/lb	73.55	73.31	0.24
FC Index (L)	Cents/lb	72.71	72.46	0.25

Cotlook Index:

Cotlook Indices	Unit	4-Mar-20	1-Mar-20	Change
A-Index	Cents/Pound	72.05	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Mar-20	4-Mar-20	Bales
Southeast	cents/lb.	60.73	62.98	0
North Delta	cents/lb.	59.23	61.48	0
South Delta	cents/lb.	59.23	61.48	0
East TX-OK	cents/lb.	57.98	60.23	489
West Texas	cents/lb.	57.48	59.98	472
Desert SW	cents/lb.	54.73	58.73	0
SJ Valley	cents/lb.	55.23	64.13	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 04-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 Wed March 04, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Mar	200304	62.96	62.96	62.96	62.96	0.21	1	30	-39
20-May	200304	62.96	64.05	62.87	62.98	0.21	31,985	105,960	-769
20-Jul	200304	63.86	64.79	63.58	63.67	0.11	16,928	44,738	-366
20-Oct	200304	64.36	64.37	63.97	63.97	0.44	19	63	-20
20-Dec	200304	64.1	64.96	63.9	63.96	0.13	9,419	40,279	2,626
21-Mar	200304	65.75	65.78	64.83	64.86	0.11	1,229	7,546	603
Total Volume and Open Interest							60,633	202,008	2,269

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