

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,400/per candy (65.99 cents/lb). ICE cotton futures edged higher on Wednesday, supported by mill buying ahead of the weekly export sales report from the United States Department of Agriculture (USDA). Cotton prices have declined over 11% so far this year as the rapidly spreading coronavirus deepened demand concerns for the natural fiber.

News: According to the latest report released by USDA, the cotton forecast for 2019-20 showed lower production which reduced by 3,00,000 bales to 19.8 million bales of production in US. While the consumption and exports remained the same and ending stocks are lowered to 5.1 million bales. The global cotton production is up by 2.6 lakh bales as larger crop expected from Brazil. While the production estimates from other states remained unchanged compared to the previous month's estimates reported by USDA. Due to the outbreak of coronavirus in China, the trade has been disrupted and the imports of around 2.5 lakh bales are lowered so far following in the reduction in demand by 1 million bales in the February estimates. While Turkey likely to import more cotton to 4.3 million bales up by 8 lakh bales from year on year comparison.

The total cotton production in India reached around 254 lakh bales till 29th Feb'20 i.e., around 72% of the cotton have arrived in the market against the target. The maximum arrivals are reported in Gujarat producing 58.5 lakh bales followed by 55 lakh bales in Maharashtra and 45.38 lakh bales in Telangana. Agriwatch estimates the total cotton production of 351.8 lakh bales this year with an average yield of 466.62 kg/ha up by 4% year on year basis. Whereas, Cotton Association of India projected the cotton production same of around 354 lakh bales. The production is expected to decline in Andhra Pradesh due to decline in yield from 4-5q/ha to 2-3q/ha in Guntur district majorly where so far 12 lakh bales of cotton has arrived. Overall 10-12% increase in production is expected this year in India.

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 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.

Weather Forecast for tomorrow:

During the next 24 hours, rain and thundershower activities are expected to commence in many parts of Uttrakhand, Himachal Pradesh and at a few places in Jammu and Kashmir and Ladakh. Fairly widespread rain is also possible in Punjab. While scattered rain is expected in Haryana, West Uttar Pradesh, and North Rajasthan. Light to moderate rain and thundershower is likely in Chhattisgarh, and Jharkhand. A few places in East Madhya Pradesh and Vidarbha region in Maharashtra are also expected to observe light to moderate rain and thundershowers.

International Fundamentals:

Cotton is trading 109 to 125 points lower, May 20 Cotton closed at 60.05, down by 1.5 points. The 03/10 Cotlook A index was down 145 points to 70.70 c/lb. The AWP for cotton is 53.36 c/lb, but will be updated after the close.

The US Export Sales report from USDA showed 395,500 RB of 2019-20 upland cotton sold in the week ending 27th Feb'20 were up by 84% compared to previous week. Increases primarily for Vietnam (102,500 RB), Turkey (77,500 RB), Pakistan (62,300 RB), China (58,400 RB), and Bangladesh (44,000 RB) were offset by reductions primarily for Japan (19,700 RB) and Malaysia (2,000 RB). For 2020/2021, net upland sales of 53,200 RB were for Malaysia (16,700RB), Turkey (13,200 RB), Peru (7,000 RB) and Vietnam (5,700 RB). Net Upland Shipment for exports of 478,200 RB were up 48 percent from the previous week, Exports were primarily to Vietnam (107,400 RB), Pakistan (87,400 RB), Turkey (77,000 RB), and China (73,400 RB).

Steady to bearish trend was witnessed in Pakistan cotton market. The ginnners were not keen to sell cotton at the prevailing rates, expecting better rates in the coming days. In fact, the ginnners 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.

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	-40	18530	18590	18450	18500	426	-54	6832	4669
20-Apr	0	18760	18840	18720	18740	219	-148	2596	1313
20-May	30	19070	19070	19010	18990	7	-801	110	-1430

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-250	-	-	-	-
20-Jan	-	-	-230	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 11th Mar @ 5.30 pm

* Updated at as on 11-Mar- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Mar-20	11-Mar-20	
Gujarat	Ahmedabad	Shankar-6	5100	5300	-200
	Gondal	Shankar-6	5205	5180	25
	Rajkot	B.T. Cotton	5385	5375	10
	Patan	B.T. Cotton	5030	5085	-55
	Kadi	B.T. Cotton	5000	5250	-250
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4750	4850	-100
Haryana	Bhiwani	B.T. Cotton	5150	5200	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5100	NA	-
	Fatehabad	B.T. Cotton	5160	5170	-10
	Jind	B.T. Cotton	5200	5200	Unch
	Uchana	B.T. Cotton	5405	5405	Unch
	Dabwali	B.T. Cotton	5400	5400	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5100	NA	-
	Rawatsar	B.T. Cotton	5100	NA	-
Madhya Pradesh	Khandwa	Mech-1	5000	5200	-200
	Khargaon	Mech-1	NR	5355	-
Maharashtra	Amravati	Mech-1	5300	5300	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	5359	5319	40
	Hubli	D.C.H.	NR	5325	-
	Hubli	B.T. Cotton	NR	6850	-
	Raichur	H-44 Cotton	5200	5200	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	12-Mar-20	11-Mar-20	
Punjab	Bhatinda	J-34	4030	4050	-20
	Abohar	J-34	4040	4050	-10
	Mansa	J-34	4050	4050	Unch
Haryana	Sirsa	J-34	3990	4000	-10
Rajasthan	Sri-Ganganagar	J-34	3690	3713	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Mar-20	11-Mar-20	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	1812	1572	240
	Rajkot	B.T. Cotton	2200	1800	400
	Patan	B.T. Cotton	1248	1205	43
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	230	172	58
Haryana	Bhiwani	B.T. Cotton	1200	800	400
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	3400	NA	-
	Fatehabad	B.T. Cotton	400	400	Unch
	Jind	B.T. Cotton	510	510	Unch
	Uchana	B.T. Cotton	1880	210	1670
	Dabwali	B.T. Cotton	1000	1000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	700	NA	-
	Rawatsar	B.T. Cotton	200	NA	-
Madhya Pradesh	Khandwa	Mech-1	100	60	40
	Khargaon	Mech-1	NR	5400	-
Maharashtra	Amravati	Mech-1	2500	2500	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	2205	2652	-447
	Hubli	D.C.H.	NR	1	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	2205	1500	705
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Mar-20	11-Mar-20	
Punjab	Bhatinda	J-34	3400	1700	1700
	Abohar	J-34	1190	850	340
	Mansa	J-34	1700	1700	Unch
Haryana	Sirsa	J-34	510	340	170
Rajasthan	Sri-Ganganagar	J-34	200	500	-300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	12-Mar-20	11-Mar-20	
Gujarat	Rajkot	Rs. /10 Kg.	735	760	-25
Delhi	New Delhi	Rs. /10 Kg.	712	748	-36
Telangana	Hyderabad	Rs. /10 Kg.	745	750	-5
Maharashtra	Mumbai	Rs. /10 Kg.	770	780	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Mar-20	11-Mar-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1920	1921	-1
Maharashtra	Akola	Rs./Qtl	1851	1877	-25

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Mar-20	9-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	38000	38000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39200	39200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39000	39000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38700	38700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39300	39300	Unch

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

Index	Unit	12-Mar-20	11-Mar-20	Change
CCIndex(328)	RMB/Ton	12680	12723	-43
CCIndex(527)	RMB/Ton	12097	12169	-72
CCIndex(229)	RMB/Ton	13111	13138	-27

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

China Foreign Cotton (FCE) Index :

Index	Unit	12-Mar-20	11-Mar-20	Change
FC Index (S)	Cents/lb	76.72	73.72	3.00
FC Index (M)	Cents/lb	72.25	72.25	Unch
FC Index (L)	Cents/lb	71.41	71.41	Unch

Cotlook Index:

Cotlook Indices	Unit	11-Mar-20	9-Mar-20	Change
A-Index	Cents/Pound	70.7	72.15	-1.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Mar-20	11-Mar-20	Bales
Southeast	cents/lb.	59.3	61.55	0
North Delta	cents/lb.	57.8	60.05	0
South Delta	cents/lb.	57.8	60.05	0
East TX-OK	cents/lb.	56.55	58.8	2264
West Texas	cents/lb.	56.05	58.55	3260
Desert SW	cents/lb.	53.3	57.3	0
SJ Valley	cents/lb.	53.8	62.7	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 11-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 11, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-May	200311	61.41	61.94	61.31	61.55	0.14	30,022	104,733	-582
20-Jul	200311	62.03	62.55	61.87	62.16	0.13	12,805	45,408	-388
20-Oct	200311	62.41	62.41	62.41	62.41	0.13	0	41	0
20-Dec	200311	62.6	62.8	62.18	62.43	0.15	5,861	48,219	598
21-Mar	200311	63.38	63.39	63.06	63.32	0.17	611	8,377	179
21-May	200311	64.04	64.04	63.92	64	0.14	94	718	63
Total Volume and Open Interest							49,849	210,632	181

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