

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,400/per candy (66.27 cents/lb). ICE cotton again gapped lower to start what proved to be an extremely volatile week of trading. The May contract gave up 230 points on the week to finish at 60.49 even as it moved upward on Friday, on which it gained 79 points.

News: *CAI has estimated cotton consumption during the months of October 2019 to February 2020 at 133 lakh bales with the opening stock of 32 lakh bales in the beginning of the season. While the export shipment of cotton estimated by the CAI upto 29th Feb'20 is 27.50 lakh bales and the total imports till 29th Feb'20 reached around 12 lakh bales. Till 29th Feb'20, the consumption is estimated around 133 lakh bales and the stock with CCI, MNCs & Ginners is expected around 97.93 lakh bales so far.*

As per the latest report, total stock with Government organization (CCI) has crossed 90 lakh bales as CCI procured around 75 lakh bales from the current season (2019-20) along with around 11 lakh bales procured by Maharashtra federation. Also, CCI is having the stock of around 9 lakh bales procured in the previous season (2018-19). Around 35% of the total arrival have been procured by CCI. The arrivals in Punjab, Haryana and Rajasthan likely to finish in the end of March. Although the arrivals declined compared to the previous month across India.

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. Allirani 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.

Weather Forecast for tomorrow:

During the next 24 hours, we expect thunderstorm activities in Odisha, West Bengal, and Jharkhand. East Madhya Pradesh, Chhattisgarh, and eastern Uttar Pradesh may also see rain at one or two places. Rain activities are now increasing in the north eastern states. Moderate to heavy rains may occur in Assam, Meghalaya and Arunachal Pradesh. Sikkim and Sub-Himalayan West Bengal are also expected to receive good rainfall at some places.

International Fundamentals:

Cotton futures head into the weekend on a 38 to 79 point rally in the front months, May 20 Cotton closed at 60.49, up 79 points. The Cotlook A index remained UNCH at 71.00 c/lb. The AWP for cotton was lower at 53.04 c/lb.

The US Export Sales report from USDA showed 484,200 RB of 2019-20 upland cotton sold in the week ending 05th Mar'20 were up by 22% compared to previous week. Increases primarily for Pakistan (161,600 RB), China (90,900 RB), Turkey (84,100 RB), Vietnam (47,400 RB), Bangladesh (32,800 RB) were offset by reductions primarily for Japan (3,900 RB) and Thailand (1,200 RB). For 2020/2021, net upland sales of 160,400 RB were for Mexico (91,600 RB), Turkey (20,100 RB), China (15,900 RB), Pakistan (11,400 RB). Net Upland Shipment for exports of 424,600 RB were down 11 percent from the previous week, Exports were primarily to Vietnam (94,600 RB), Pakistan (86,200 RB), Turkey (60,400 RB), China (55,100 RB), Bangladesh 34,800 RB).

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

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Mar	-330	18060	18100	17830	18210	920	440	6138	3975
20-Apr	-350	18300	18350	18060	18470	559	192	3097	1814
20-May	-330	18510	18600	18400	18730	53	-755	243	-1297

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 16th Mar @ 5.30 pm

* Updated at as on 16-Mar- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Mar-20	14-Mar-20	
Gujarat	Ahmedabad	Shankar-6	5300	5350	-50
	Gondal	Shankar-6	5280	5205	75
	Rajkot	B.T. Cotton	5200	5365	-165
	Patan	B.T. Cotton	5250	5215	35
	Kadi	B.T. Cotton	5200	5150	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4600	4690	-90
Haryana	Bhiwani	B.T. Cotton	5100	5100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5100	5190	-90
	Fatehabad	B.T. Cotton	5150	5200	-50
	Jind	B.T. Cotton	5150	5200	-50
	Uchana	B.T. Cotton	5405	NA	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5020	5100	-80
	Rawatsar	B.T. Cotton	5050	5050	Unch
Madhya Pradesh	Khandwa	Mech-1	5200	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5000	5000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	4740	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5200	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	16-Mar-20	14-Mar-20	
Punjab	Bhatinda	J-34	4020	4020	Unch
	Abohar	J-34	4010	4020	-10
	Mansa	J-34	4015	4015	Unch
Haryana	Sirsa	J-34	3965	3950	15
Rajasthan	Sri-Ganganagar	J-34	3690	3690	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Mar-20	14-Mar-20	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	2250	2367	-117
	Rajkot	B.T. Cotton	5000	2400	2600
	Patan	B.T. Cotton	2335	2613	-278
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	366	285	81
Haryana	Bhiwani	B.T. Cotton	1300	1300	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	510	-170
	Fatehabad	B.T. Cotton	150	200	-50
	Jind	B.T. Cotton	510	850	-340
	Uchana	B.T. Cotton	1260	NA	-
	Dabwali	B.T. Cotton	800	500	300
Rajasthan	Hanumangarh	B.T. Cotton	500	600	-100
	Rawatsar	B.T. Cotton	200	150	50
Madhya Pradesh	Khandwa	Mech-1	200	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	1500	2000	-500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	12020	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	1192	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Mar-20	14-Mar-20	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	1700	102	1598
	Mansa	J-34	1700	170	1530
Haryana	Sirsa	J-34	1360	850	510
Rajasthan	Sri-Ganganagar	J-34	1000	500	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	16-Mar-20	14-Mar-20	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	710	710	Unch
Telangana	Hyderabad	Rs. /10 Kg.	745	745	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	760	760	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Mar-20	14-Mar-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1882	1875	7
Maharashtra	Akola	Rs./Qtl	1830	1826	4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Mar-20	13-Mar-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36100	35900	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36400	200
J-34(202)	26mm	3.5 - 4.9	23	37600	37500	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37700	37600	100
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	38800	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38500	38400	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38400	38600	-200
DCH-32(107)	34mm	3.0 - 3.8	33	39000	38900	100

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

Index	Unit	16-Mar-20	13-Mar-20	Change
CCIndex(328)	RMB/Ton	12396	12555	-159
CCIndex(527)	RMB/Ton	11811	11969	-158
CCIndex(229)	RMB/Ton	12771	12968	-197

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

China Foreign Cotton (FCE) Index :

Index	Unit	16-Mar-20	13-Mar-20	Change
FC Index (S)	Cents/lb	75.72	74.94	0.78
FC Index (M)	Cents/lb	71.25	70.5	0.75
FC Index (L)	Cents/lb	71.41	69.99	1.42

Cotlook Index:

Cotlook Indices	Unit	13-Mar-20	12-Mar-20	Change
A-Index	Cents/Pound	69.3	71	-1.70

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		13-Mar-20	13-Mar-20	Bales
Southeast	cents/lb.	58.24	60.49	0
North Delta	cents/lb.	56.74	58.99	0
South Delta	cents/lb.	56.74	58.99	0
East TX-OK	cents/lb.	55.49	57.74	647
West Texas	cents/lb.	54.99	57.49	2408
Desert SW	cents/lb.	52.24	56.24	0
SJ Valley	cents/lb.	52.74	61.64	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 14-Mar-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8900	160	9060
Equivalent	40 Kgs	9538	171	9709

Daily Futures Price Listing Fri March 13, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-May	200313	59.35	61.91	58.57	60.49	0.79	14,480	104,256	371
20-Jul	200313	60.53	62.26	59.24	60.76	0.41	8,837	47,087	673
20-Oct	200313	60.17	61.53	60.17	61.1	0.35	0	41	0
20-Dec	200313	60.55	62.6	60	61.22	0.38	3,529	48,969	899
21-Mar	200313	61.5	63.38	61	62.15	0.32	59	8,468	31
21-May	200313	62.29	64.02	61.81	62.95	0.36	23	720	-2
Total Volume and Open Interest							26,963	212,785	1,989

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