

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,350/per candy (65.89 cents/lb). ICE cotton futures slid to a more than six-month low on Monday on fears of the economic fallout from the coronavirus. The contract fell to 58.10 cents per lb earlier in the session, a level last seen in September 2019.

News: CCI is likely to continue the procurement from farmers at MSP so as to stabilize the falling domestic cotton prices (plunged from Rs. 38,000 per candy to Rs. 38,500 per candy for good quality cotton) against the continuous fall of prices in the international prices due to the effects of coronavirus. However, some farmers are holding their stock in the expectation of increase in price. Also, farmers are directed to avoid crowds by the district collectors. Most of the APMCs are working normally but the impact of coronavirus is majorly seen in urban areas. The arrivals have declined gradually since last month reached to around 1.3 lakh bales from 2-2.5 lakh bales in the previous month. Around 60% of the cotton have already arrived in the market out of which 80 lakh bales are procured by CCI so far till mid Mar'20.

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. 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.

Weather Forecast for tomorrow:

During the next 24 hours, dry weather is expected to prevail over almost entire India. However isolated light rains may occur over Madhya Pradesh, Chhattisgarh, East Assam and Arunachal Pradesh. Day and night temperatures will increase over most parts of Punjab, Haryana, Rajasthan, Delhi NCR, parts of Madhya Pradesh, Chhattisgarh, Uttar Pradesh, Bihar, Jharkhand, West Bengal and Odisha.

International Fundamentals:

Cotton futures trading in futures were 153 to 169 points lower, May 20 Cotton closed at 58.8, down 169 points. The Cotlook A index dropped 170 points to 69.30 c/lb. The AWP for cotton was lower at 53.04 c/lb.

Steady to bearish trend was witnessed in Pakistan cotton market. The local textile and cotton industry which is moving in positive direction is badly affected by Corona virus. There were many challenges in the way of increasing the production of cotton. Ginnery are suffering due to the non-interest of millers in the purchase of cotton. Although, ginnery had the limited stock of 4 lakh bales out of which only 25 percent cotton is of good quality. It is expected that due to the negative impact of Corona virus in China Pakistani exports is likely to increase as Americans and European importers will take interest in the buying of Pakistani textile products.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Mar	100	17920	18100	17920	17890	896	416	5894	3731
20-Apr	100	18180	18330	18180	18130	428	61	3224	1941
20-May	140	18560	18570	18490	18350	159	-649	292	-1248

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-230	-	-	-	-
20-Jan	-	-	-240	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 17th Mar @ 5.30 pm

* Updated at as on 17-Mar- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Mar-20	16-Mar-20	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	5255	5280	-25
	Rajkot	B.T. Cotton	5230	5200	30
	Patan	B.T. Cotton	5135	5250	-115
	Kadi	B.T. Cotton	5250	5200	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4840	4600	240
Haryana	Bhiwani	B.T. Cotton	5125	5100	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5125	5100	25
	Fatehabad	B.T. Cotton	5150	5150	Unch
	Jind	B.T. Cotton	5200	5150	50
	Uchana	B.T. Cotton	5250	5405	-155
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5050	5020	30
	Rawatsar	B.T. Cotton	5090	5050	40
Madhya Pradesh	Khandwa	Mech-1	5200	5200	Unch
	Khargaon	Mech-1	5355	NR	-
Maharashtra	Amravati	Mech-1	5100	5000	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4750	NR	-
Karnataka	Bijapur	Bunny	5269	5219	50
	Hubli	D.C.H.	5300	5300	Unch
	Hubli	B.T. Cotton	6750	6750	Unch
	Raichur	H-44 Cotton	5150	5200	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Mar-20	16-Mar-20	
Punjab	Bhatinda	J-34	3980	4020	-40
	Abohar	J-34	4000	4010	-10
	Mansa	J-34	4000	4015	-15
Haryana	Sirsa	J-34	3950	3965	-15
Rajasthan	Sri-Ganganagar	J-34	3666	3690	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Mar-20	16-Mar-20	
Gujarat	Ahmedabad	Shankar-6	37400	42500	-5100
	Gondal	Shankar-6	2898	2250	648
	Rajkot	B.T. Cotton	4400	5000	-600
	Patan	B.T. Cotton	2600	2335	265
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	356	366	-10
Haryana	Bhiwani	B.T. Cotton	600	1300	-700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	425	340	85
	Fatehabad	B.T. Cotton	1400	150	1250
	Jind	B.T. Cotton	551	510	41
	Uchana	B.T. Cotton	1240	1260	-20
	Dabwali	B.T. Cotton	2500	800	1700
Rajasthan	Hanumangarh	B.T. Cotton	200	500	-300
	Rawatsar	B.T. Cotton	500	200	300
Madhya Pradesh	Khandwa	Mech-1	150	200	-50
	Khargaon	Mech-1	5435	NR	-
Maharashtra	Amravati	Mech-1	1000	1500	-500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2310	NR	-
Karnataka	Bijapur	Bunny	2502	3421	-919
	Hubli	D.C.H.	NR	38	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1380	1770	-390
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Mar-20	16-Mar-20	
Punjab	Bhatinda	J-34	5100	3400	1700
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	510	1700	-1190
Haryana	Sirsa	J-34	1700	1360	340
Rajasthan	Sri-Ganganagar	J-34	500	1000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
-----------	-----------------	-------	--------

State	Centre	Unit	17-Mar-20	16-Mar-20	
Gujarat	Rajkot	Rs. /10 Kg.	750	740	10
Delhi	New Delhi	Rs. /10 Kg.	712	710	2
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	17-Mar-20	16-Mar-20	
Gujarat	Maheana (Kadi)	Rs./Qtl	1886	1882	4
Maharashtra	Akola	Rs./Qtl	1831	1830	1

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Mar-20	14-Mar-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36600	36100	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36900	36600	300
J-34(202)	26mm	3.5 - 4.9	23	37700	37600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37700	37700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	38900	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38700	38500	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38400	38400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39000	39000	Unch

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

Index	Unit	17-Mar-20	16-Mar-20	Change
CCIndex(328)	RMB/Ton	12273	12396	-123
CCIndex(527)	RMB/Ton	11713	11811	-98
CCIndex(229)	RMB/Ton	12642	12771	-129

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

China Foreign Cotton (FCE) Index :

Index	Unit	17-Mar-20	16-Mar-20	Change
FC Index (S)	Cents/lb	NR	75.72	-
FC Index (M)	Cents/lb	NR	71.25	-
FC Index (L)	Cents/lb	NR	71.41	-

Cotlook Index:

Cotlook Indices	Unit	16-Mar-20	13-Mar-20	Change
A-Index	Cents/Pound	70.05	69.3	0.75

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Mar-20	16-Mar-20	Bales
Southeast	cents/lb.	56.55	58.8	0
North Delta	cents/lb.	55.05	57.3	0
South Delta	cents/lb.	55.05	57.3	0
East TX-OK	cents/lb.	53.8	56.05	534
West Texas	cents/lb.	53.3	55.8	5528
Desert SW	cents/lb.	50.55	54.55	0
SJ Valley	cents/lb.	51.05	59.95	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 16-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 Mon March 16, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-May	200316	59.4	59.72	58.1	58.8	-1.69	34,718	102,854	-1,402
20-Jul	200316	60	60.05	58.5	59.11	-1.65	19,374	48,688	1,601
20-Oct	200316	59.45	59.84	59.45	59.51	-1.59	6	40	-1
20-Dec	200316	61	61	59.3	59.69	-1.53	9,745	50,203	1,234
21-Mar	200316	61.01	61.31	60.3	60.63	-1.52	1,071	8,545	77
21-May	200316	61.76	61.84	61.13	61.45	-1.5	254	764	44
Total Volume and Open Interest							65,883	214,594	1,809

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.