

Domestic Fundamentals:**Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,450/per candy (66.05 cents/lb). ICE cotton futures slipped on Tuesday. This decline is more than six months low because of strong dollar and heavy rains witnessed in Texas, the top cotton producing state and also due to the impact of coronavirus.

News: *Brazil farmers has finished their crop sowing planting on 1.619 million hectares with an increase of 0.05% from the previous season as the farmers are expecting strong demand for the fiber. The forecast released by USDA in Mar'20 reveals that country is likely to produce 2.83 million tonnes of the cotton lint higher by 25 thousand tonnes from the previous month's estimate. While the exports are also likely to increase by 6.05 lakh tonnes this year from 1.31 million tonnes in the previous season increasing the ending stocks to 2.84 million tonnes this year.*

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.

Weather Forecast for tomorrow:

During the next 24 hours, isolated light rains may occur over Kerala, Assam and Arunachal Pradesh. Scattered light to moderate rains with isolated hailstorm activities are likely over Southeast Madhya Pradesh, parts of Chhattisgarh, Vidarbha, and in isolated pockets of Odisha.

International Fundamentals:

Cotton futures turned negative after trading with gains at midday, May 20 Cotton closed at 57.92, down 88 points. The Cotlook A index was 75 points back up to 70.05 c/lb. The AWP for cotton is 53.04 c/lb through Thursday.

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. Ginners are suffering due to the non-interest of millers in the purchase of cotton. Although, ginners 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	-170	17960	18080	17800	18000	612	132	5719	3556
20-Apr	-130	18230	18310	18060	18230	309	-58	3259	1976
20-May	-130	18440	18440	18330	18470	35	-773	333	-1207

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Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-230	-	-	-	-
20-Jan	-	-	-130	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 18th Mar @ 5.30 pm

* Updated at as on 18-Mar- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Mar-20	17-Mar-20	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	5325	5255	70
	Rajkot	B.T. Cotton	5225	5230	-5
	Patan	B.T. Cotton	5135	5135	Unch
	Kadi	B.T. Cotton	5100	5250	-150
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	4840	-
Haryana	Bhiwani	B.T. Cotton	5100	5125	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5080	5125	-45
	Fatehabad	B.T. Cotton	5110	5150	-40
	Jind	B.T. Cotton	5200	5200	Unch
	Uchana	B.T. Cotton	5025	5035	-10
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5000	5050	-50
	Rawatsar	B.T. Cotton	5040	5090	-50
Madhya Pradesh	Khandwa	Mech-1	5200	5200	Unch
	Khargaon	Mech-1	5350	5355	-5
Maharashtra	Amravati	Mech-1	Closed	5100	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4750	4750	Unch
Karnataka	Bijapur	Bunny	5279	5269	10
	Hubli	D.C.H.	5300	5300	Unch
	Hubli	B.T. Cotton	6750	6750	Unch
	Raichur	H-44 Cotton	5250	5150	100
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	18-Mar-20	17-Mar-20	
Punjab	Bhatinda	J-34	3960	3980	-20
	Abohar	J-34	3990	4000	-10
	Mansa	J-34	3990	4000	-10
Haryana	Sirsa	J-34	3940	3950	-10
Rajasthan	Sri-Ganganagar	J-34	3690	3666	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Mar-20	17-Mar-20	
Gujarat	Ahmedabad	Shankar-6	37400	37400	Unch
	Gondal	Shankar-6	2586	2898	-312
	Rajkot	B.T. Cotton	4420	4400	20
	Patan	B.T. Cotton	2620	2600	20
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	356	-
Haryana	Bhiwani	B.T. Cotton	500	600	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	425	-170
	Fatehabad	B.T. Cotton	100	200	-100
	Jind	B.T. Cotton	502	551	-49
	Uchana	B.T. Cotton	1350	1240	110
	Dabwali	B.T. Cotton	1100	2500	-1400
Rajasthan	Hanumangarh	B.T. Cotton	200	200	Unch
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	400	150	250
	Khargaon	Mech-1	5400	5435	-35
Maharashtra	Amravati	Mech-1	Closed	1000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1790	2310	-520
Karnataka	Bijapur	Bunny	2112	2502	-390
	Hubli	D.C.H.	1	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1680	1380	300
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Mar-20	17-Mar-20	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	2040	510	1530
Haryana	Sirsa	J-34	2550	1700	850
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	18-Mar-20	17-Mar-20	
Gujarat	Rajkot	Rs. /10 Kg.	755	750	5
Delhi	New Delhi	Rs. /10 Kg.	710	712	-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	18-Mar-20	17-Mar-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1878	1886	-8
Maharashtra	Akola	Rs./Qtl	1820	1831	-11

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Mar-20	16-Mar-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36800	36600	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	36900	200
J-34(202)	26mm	3.5 - 4.9	23	37600	37700	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37700	37700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	39000	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38700	38700	Unch
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	18-Mar-20	17-Mar-20	Change
CCIndex(328)	RMB/Ton	12273	12273	Unch
CCIndex(527)	RMB/Ton	11710	11713	-3
CCIndex(229)	RMB/Ton	12641	12642	-1

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

China Foreign Cotton (FCE) Index :

Index	Unit	18-Mar-20	17-Mar-20	Change
FC Index (S)	Cents/lb	73.49	74.26	-0.77
FC Index (M)	Cents/lb	69.16	69.85	-0.69
FC Index (L)	Cents/lb	67.83	68.68	-0.85

Cotlook Index:

Cotlook Indices	Unit	17-Mar-20	14-Mar-20	Change
A-Index	Cents/Pound	68.4	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Mar-20	17-Mar-20	Bales
Southeast	cents/lb.	55.67	57.92	0
North Delta	cents/lb.	54.17	56.42	43
South Delta	cents/lb.	54.17	56.42	0
East TX-OK	cents/lb.	52.92	55.17	88
West Texas	cents/lb.	52.42	54.92	5481
Desert SW	cents/lb.	49.67	53.67	0
SJ Valley	cents/lb.	50.17	59.07	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 17-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 Tue March 17, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-May	200317	58.76	59.67	57.86	57.92	-0.88	31,028	101,436	-1,418
20-Jul	200317	59.1	59.98	58.3	58.35	-0.76	17,872	49,035	347
20-Oct	200317	59.33	59.69	59.05	59.05	-0.46	3	39	-1
20-Dec	200317	59.96	60.55	59.01	59.1	-0.59	7,779	50,457	254
21-Mar	200317	61.22	61.25	60	60.06	-0.57	877	8,545	0
21-May	200317	62	62	60.92	60.96	-0.49	355	840	76
Total Volume and Open Interest							58,261	213,981	-613

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