

**Domestic Fundamentals:****Market Outlook:**

*The Rajkot mandi price for variety Shankar 6 stood Rs.37,100/per candy (62.89 cents/lb). The markets in Haryana, Maharashtra, Rajasthan and Madhya Pradesh are closed till this month end to avoid the spread of coronavirus.*

**News: Gujarat is slowly getting new enquiries for cotton yarn from Chinese importers.** Since the outbreak of coronavirus in China, the cotton yarn purchases were completely stopped from India as well as from the other countries too. Gujarat is one of the largest cotton producer in India. Over 30% of the cotton yarn produced in Gujarat is exported to the different countries. China is one of the biggest buyers of cotton yarns from India. The yarn industry in the past few months was facing tough period due to the decline in demand in local as well as in international market. Now, a ray of hope is seen by Gujarat based yarn manufacturers as the effect of the pandemic has reportedly reduced in China according the Chinese sources.

**CCI is likely to offer the volume based discounts on the cotton produced in 2018-19 to the cotton textile manufacturing.**

*The discount ranges from Rs.3,200 for the minimum purchases of 500 bales/day to Rs.4,400 per candy of 355 kg for the maximum purchases of 10,000 bales/ day respectively. As CCI was not able to sell the procured 9 lakh bales (2018-19) due to the fall in the prices this year. As CCI was quoting higher price of around Rs.46,400 per candy for 30 mm cotton whereas the current price is around Rs.39,000. Therefore, only the purchases were made by the public sector spinning mills.*

**Global trade of cotton has been impacted due to coronavirus outbreak. As a result, global prices have plummeted by around 10-11%** from 63.48 cents/lbs to 56.64 cents/lbs only in last 15 days. Prices in India also got weaker by around 3% to 65.86 cents/lbs but due to intervention by CCI the prices remained slightly stable unlikely the global prices. Price parity between India and Global cotton is currently negative (which means Indian cotton cannot be profitably exported, as of now). Once CCI stops procurement, prices in India can fall sharply.

**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 29<sup>th</sup> Feb'20 is 27.50 lakh bales and the total imports till 29<sup>th</sup> Feb'20 reached around 12 lakh bales. Till 29<sup>th</sup> 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 29<sup>th</sup> 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.

### **Weather Forecast for tomorrow:**

During the next 24 hours, we expect light to moderate rain with one or two heavy spells in Odisha. Scattered light to moderate rain is expected in Gangetic West Bengal, Jharkhand, Chhattisgarh, and East Madhya Pradesh. Scattered light to moderate rain is likely in the hills of Jammu and Kashmir, and Himachal Pradesh with isolated light snowfall in the upper reaches. Light rain is expected in isolated pockets of Punjab, Haryana, and Delhi.

### **International Fundamentals:**

**ICE cotton futures hit their lowest level in more than a decade on Friday, May 20 Cotton closed at 53.63, down 130 points.** The 03/19 Cotlook A index was down another 110 points to 66.60 c/lb. The Adjusted World Price for cotton was adjusted 309 points lower to 49.95 c/lb.

**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.

**The US Export Sales report from USDA showed 340,700 RB for 2019-2020 in week ending 12th Mar'20 were up by 30% compared to previous week.** Increases primarily for Pakistan 96,000 RB, China 61,700 RB, Turkey 60,800 RB, Vietnam 41,300 RB, Bangladesh 23,600 RB were offset by reductions primarily Japan 4,500 RB & Honduras 100 RB. For 2020/2021, net upland sales of 78,500 RB were primarily for Turkey 32,600 RB, Pakistan 22,000 RB, China 18,500 RB, Mexico 5,000 RB and Thailand 2,600 RB. Net Upland Shipment for Exports of 369,500 RB were down 13 percent from the previous week, exports were primarily to Pakistan 103,600 RB, Vietnam 88,700 RB, Turkey 40,900 RB, China 25,900 RB & Indonesia 21,500 RB.

**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.

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

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Mar	-680	16700	16780	16530	17210	899	419	4492	2329
20-Apr	-700	17090	17090	16810	17510	6	-361	638	-645
20-May	-520	17200	17200	17200	17720	1	-807	62	-1478

▼

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-310	-	-	-	-
20-Jan	-	-	-110	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 23<sup>rd</sup> Mar @ 5.30 pm

\* Updated at as on 23-Mar- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Mar-20	21-Mar-20	
Gujarat	Ahmedabad	Shankar-6	Closed	5150	-
	Gondal	Shankar-6	Closed	5150	-
	Rajkot	B.T. Cotton	Closed	5125	-
	Patan	B.T. Cotton	Closed	NA	-
	Kadi	B.T. Cotton	Closed	5000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	NR	-
Haryana	Bhiwani	B.T. Cotton	NR	5050	-
	Bhiwani	Desi	NR	NA	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	Closed	Closed	-
	Jind	B.T. Cotton	Closed	Closed	-
	Uchana	B.T. Cotton	4820	4865	-45
	Dabwali	B.T. Cotton	Closed	5450	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	Closed	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	4700	-
Karnataka	Bijapur	Bunny	3829	NR	-
	Hubli	D.C.H.	5200	NR	-
	Hubli	B.T. Cotton	6700	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Mar-20	21-Mar-20	
Punjab	Bhatinda	J-34	Closed	3830	-
	Abohar	J-34	Closed	3880	-
	Mansa	J-34	Closed	NR	-
Haryana	Sirsa	J-34	Closed	3825	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Mar-20	21-Mar-20	
Gujarat	Ahmedabad	Shankar-6	Closed	34000	-
	Gondal	Shankar-6	Closed	3114	-
	Rajkot	B.T. Cotton	Closed	5400	-
	Patan	B.T. Cotton	Closed	NA	-
	Kadi	B.T. Cotton	Closed	20000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	NR	-
Haryana	Bhiwani	B.T. Cotton	NR	500	-
	Bhiwani	Desi	NR	NA	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	Closed	Closed	-
	Jind	B.T. Cotton	Closed	Closed	-
	Uchana	B.T. Cotton	170	510	-340
	Dabwali	B.T. Cotton	Closed	1400	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	Closed	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	1860	-
Karnataka	Bijapur	Bunny	35	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Mar-20	21-Mar-20	
Punjab	Bhatinda	J-34	Closed	3400	-
	Abohar	J-34	Closed	2550	-
	Mansa	J-34	Closed	NR	-
Haryana	Sirsa	J-34	Closed	1360	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

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

State	Centre	Unit	23-Mar-20	21-Mar-20	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	770	-
Delhi	New Delhi	Rs. /10 Kg.	Closed	735	-
Telangana	Hyderabad	Rs. /10 Kg.	Closed	780	-
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	23-Mar-20	21-Mar-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	Closed	1908	-
Maharashtra	Akola	Rs./Qtl	Closed	1846	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Mar-20	20-Mar-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37100	Unch
J-34(202)	26mm	3.5 - 4.9	23	36400	36800	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36700	37000	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	37700	38000	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37600	37900	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37300	37600	-300
DCH-32(107)	34mm	3.0 - 3.8	33	37900	38200	-300

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

Index	Unit	23-Mar-20	20-Mar-20	Change
CCIndex(328)	RMB/Ton	11532	11825	-293
CCIndex(527)	RMB/Ton	11002	11333	-331
CCIndex(229)	RMB/Ton	11977	12275	-298

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	23-Mar-20	20-Mar-20	Change
FC Index (S)	Cents/lb	69.72	70.12	-0.40
FC Index (M)	Cents/lb	65.61	66.63	-1.02
FC Index (L)	Cents/lb	63.58	64.83	-1.25



**Cotlook Index:**

Cotlook Indices	Unit	20-Mar-20	19-Mar-20	Change
A-Index	Cents/Pound	64.95	66.6	-1.65

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Mar-20	20-Mar-20	Bales
Southeast	cents/lb.	51.43	53.68	0
North Delta	cents/lb.	49.93	52.18	0
South Delta	cents/lb.	49.93	52.18	0
East TX-OK	cents/lb.	48.68	50.93	0
West Texas	cents/lb.	48.18	50.68	0
Desert SW	cents/lb.	45.43	49.43	0
SJ Valley	cents/lb.	45.93	54.83	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 21-Mar-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

**Daily Futures Price Listing Fri March 20, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">20-May</a>	200320	55.32	56.35	53.2	53.68	-1.25	28,005	94,938	-2,235
<a href="#">20-Jul</a>	200320	55.02	56.47	53.29	53.74	-1.24	18,509	50,432	-262
<a href="#">20-Oct</a>	200320	56.42	56.42	55.09	55.09	-1.16	13	64	10
<a href="#">20-Dec</a>	200320	56.64	57.28	54.62	55.03	-1.07	9,618	50,167	7
<a href="#">21-Mar</a>	200320	57.04	57.97	55.71	56.12	-0.96	1,913	8,599	180
<a href="#">21-May</a>	200320	57.9	58.71	56.71	57.1	-0.92	367	1,169	187
Total Volume and Open Interest							59,106	209,401	-1,857

**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.