

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.36,100/per candy (60.68 cents/lb). The markets in Haryana, Maharashtra, Rajasthan and Madhya Pradesh are closed till this month end to avoid the spread of coronavirus and is likely to extend for few more weeks.*

**News:** *According to the trade sources, the Indian cotton exports for the February'20 were reported higher at 4.54 lakh bales against 9.8 lakh bales in the previous month. In February'20, the shipments were stopped to China due to the cancellations from their part due to the outbreak of Covid-19 virus. China imported only 1.03 lakh bales of raw cotton 75% less compared to the previous month. Bangladesh was the largest importer of Indian raw cotton in Feb'20 that imported 2.96 lakh bales at an average FOB \$1.65/kg against 3.96 lakh bales in last month, followed by Indonesia importing 35,313 bales at 1.54 \$/Kg and Vietnam (10,601 bales at an average FOB \$1.62/kg). Philippines, Iran, Thailand & Japan also imported raw cotton from India in February contributing to the Indian exports of around 7,474 bales at an average FOB between 1.58 and 1.73\$/kg.*

**The President of Cotton Association of India, after the spread of coronavirus in India, urges the government to implement some relief measures** so that the Indian cotton and textile sector including cotton traders, exporters, ginning and pressing factories and all the textile mills across India can be saved from the crisis that is likely to take place if the trade is halted for prolonged time. Some of the relief package that industry demanded are: 1) at least 5% interest subvention to the entire trade, 2) To consider postponing all trade in forex expiring in March by atleast 3 months, 3) By extending due dates for all statutory payments by atleast 60 days, 4) By extending the deadline of payments receivable from overseas buyers from 180 to 360 days.

**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 to 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.

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

Thunderstorm accompanied with lightening, hail and & gusty wind very likely at isolated places over Jammu & Kashmir, Ladakh, Himachal Pradesh, Uttarakhand, West Uttar Pradesh, Rajasthan, West Madhya Pradesh, Vidarbha, and with lightening at isolated places over Gujarat, and lightening in Punjab, Haryana, Chandigarh & Delhi, and Madhya Pradesh.

### **International Fundamentals:**

**Cotton futures ended the Tuesday session below the midday highs but still gained 74 to 188 points, May 20 Cotton closed at 52.89, up 74 points.** The 03/23 Cotlook A index was down another 125 points to 63.70 c/lb. The AWP for cotton is 49.95 c/lb. through Thursday. The LDP is 2.05 cents.

**Chinese futures May contract seen a large dip below 10,000yuan/MT on 24<sup>th</sup> March'20.** After the impact of COVID-19, China saw a steep fall in prices during last month. Recently, many contracts were cancelled after the spread of COVID-19 in the rest of the countries from China. All the country borders are sealed, and the China's textile and apparel export orders were cancelled and textile plants were unwilling to take export orders on concern about the risks of cancellation later. China cotton consumption is likely to reduce down by 0.6-1 million tons.

**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. 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.

**Steady to bearish trend was witnessed in Pakistan cotton market. The ginners were not keen to sell cotton at the prevailing rates, expecting better rates in the coming days.** In fact, the ginners 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	270	16250	16950	16250	16490	1033	553	5902	3739
20-Apr	320	16740	17260	16740	16800	100	-267	965	-318
20-May	0	0	0	0	16700	0	-808	62	-1478

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 25<sup>th</sup> Mar @ 5.30 pm

\* Updated at as on 25-Mar- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Mar-20	24-Mar-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	Closed	Closed	-
	Jind	B.T. Cotton	Closed	Closed	-
	Uchana	B.T. Cotton	NA	5405	-
	Dabwali	B.T. Cotton	Closed	Closed	-
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	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	25-Mar-20	24-Mar-20	
Punjab	Bhatinda	J-34	Closed	Closed	-
	Abohar	J-34	Closed	Closed	-
	Mansa	J-34	Closed	Closed	-
Haryana	Sirsa	J-34	Closed	Closed	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Mar-20	24-Mar-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	Closed	Closed	-
	Jind	B.T. Cotton	Closed	Closed	-
	Uchana	B.T. Cotton	NA	2825	-
	Dabwali	B.T. Cotton	Closed	Closed	-
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	NR	-
Karnataka	Bijapur	Bunny	NR	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	25-Mar-20	24-Mar-20	
Punjab	Bhatinda	J-34	Closed	Closed	-
	Abohar	J-34	Closed	Closed	-
	Mansa	J-34	Closed	Closed	-
Haryana	Sirsa	J-34	Closed	Closed	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-Mar-20	24-Mar-20	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	Closed	Closed	-
Telangana	Hyderabad	Rs. /10 Kg.	Closed	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	860	840	20

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Mar-20	24-Mar-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	Closed	Closed	-
Maharashtra	Akola	Rs./Qtl	Closed	Closed	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Mar-20	23-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	36000	36000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36300	36300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37300	37300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37200	37200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36900	36900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	37600	37600	Unch

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

Index	Unit	25-Mar-20	24-Mar-20	Change
CCIndex(328)	RMB/Ton	11151	11299	-148
CCIndex(527)	RMB/Ton	10607	10790	-183
CCIndex(229)	RMB/Ton	11536	11689	-153

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

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

Index	Unit	25-Mar-20	24-Mar-20	Change
FC Index (S)	Cents/lb	69.17	68.41	0.76



FC Index (M)	Cents/lb	65.2	64.4	0.80
FC Index (L)	Cents/lb	62.84	62.08	0.76

**Cotlook Index:**

Cotlook Indices	Unit	24-Mar-20	23-Mar-20	Change
A-Index	Cents/Pound	62.2	63.7	-1.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		24-Mar-20	24-Mar-20	Bales
Southeast	cents/lb.	50.64	52.89	0
North Delta	cents/lb.	49.14	51.39	0
South Delta	cents/lb.	49.14	51.39	0
East TX-OK	cents/lb.	47.89	50.14	0
West Texas	cents/lb.	47.39	49.89	0
Desert SW	cents/lb.	44.64	48.64	0
SJ Valley	cents/lb.	45.14	54.04	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 24-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 Tue March 24, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-May</a>	200324	52.04	54.87	51.16	52.89	0.74	22,807	88,995	-3,162
<a href="#">20-Jul</a>	200324	51.5	54.5	50.73	53.01	1.47	14,141	49,202	534
<a href="#">20-Oct</a>	200324	53.01	54.88	53.01	54.7	1.83	4	102	0
<a href="#">20-Dec</a>	200324	52.77	55.77	51.9	54.65	1.88	8,357	50,076	95
<a href="#">21-Mar</a>	200324	54.07	56.88	53.08	55.79	1.91	1,205	9,164	264
<a href="#">21-May</a>	200324	55.04	57.17	54.09	56.75	1.88	523	1,517	257
Total Volume and Open Interest							47,327	203,338	-1,816

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