

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

*The Rajkot mandi price for variety Shankar 6 stood Rs.36,650/per candy (62.45 cents/lb). The markets in Haryana, Maharashtra, Rajasthan and Madhya Pradesh are closed till the mid April to avoid the spread of coronavirus. ICE cotton futures tumbled to a nearly 11-year low on Monday as US extended its social distancing till April end and already the cotton market is struggling with the economic fallout of the coronavirus.*

**News:** *The President of Cotton Association of India, Atul S. Ganatra has requested the central government to consider the hardship faced by the Ginning & Pressing factories during the period of the current lockdown. As the Ginning and Pressing factories are hit hard during the current lockdown and they are not able to function. Since cotton seed cakes are used for feeding cattle, therefore, allowing transportation of cottonseed from Ginning factories would be necessary in providing animal feed but it will also help ginneries which are labour intensive.*

**Export contracts of around 1,50,000 bales of cotton have been halted to Bangladesh and few to China due to the obstruction causing in trade** and transport services because of the spread of coronavirus. There are no new contracts signed by India in last 15 to 20 days due to the disruptions caused in the banking activity and closure of ports in India as well as in the other importing countries. Currently India has exported around 27 lakh bales out of the total signed deals of 28-29 lakh bales. Even if the trade resumes in few days, the exports activity would be sluggish due to the weakening global prices. Similarly, the imports deals of around 1 lakh bales mainly from the US and West Africa have not reached Indian ports.

**Till 23<sup>rd</sup> Mar'20, total of 277.5 lakh bales of cotton bales have been arrived in the Indian market so far.** Around 78% of the cotton have arrived in the market against the target this year (2019-20). The maximum arrivals are reported in Gujarat producing 61 lakh bales followed by 60 lakh bales in Maharashtra and 50 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. The frequency of arrivals have declined compared to the previous month as the harvest season in the most of the states come to an end. So far, the procurement by CCI reached around 83 lakh bales maximum of which was bought from Telangana followed by Maharashtra federation procured 11 lakh bales.

**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 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.

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

Thunderstorm accompanied with lightning, hail & gusty winds very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Himachal Pradesh, Uttarakhand, Punjab and Haryana, Chandigarh & Delhi; with lightning & gusty winds at isolated places over West Uttar Pradesh and North Rajasthan and with lightning at isolated places over Odisha and Vidarbha.

### **International Fundamentals:**

**Cotton futures rallied back from midday lows, but still closed with losses of 5 to 72 points in the front months, May 20 Cotton closed at 50.7, down 63 points.** The Cotlook A index was 62.80 cents per pound, after a 75 point reduction on 03/27. The AWP for cotton is 44.99 through Thursday.

**The US cotton spot prices has declined significantly.** Textile mill are closings, coupled with the closure of retail outlets around the world, have wreaked havoc on cotton prices. The US Export Sales report from USDA showed 277,100 RB for 2019-2020 in week ending 19<sup>th</sup> Mar'20 were down by 19% compared to previous week. Increases primarily for Vietnam 74,900 RB, Turkey 55,200 RB, Pakistan 53,200 RB, China 44,900 RB, & Indonesia 13,300 RB. Bloomberg analysts and traders has projected US cotton plantings at 12.4 million acres while the average of the USDA and National Cotton Council early season forecasts is 12.75 million acres.

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44,900 RB, Indonesia 13,300 RB were offset by reductions primarily Japan 1,400 RB, Honduras 600 RB. For 2020/2021, net upland sales of 120,100 RB were primarily for Pakistan 26,400 RB, China 17,600 RB, South Korea 15,400 RB, Mexico 12,800 RB, Honduras 9,700 RB. Net Upland Shipment for Exports of 386,800 RB were up 5 percent from the previous week, exports were primarily to Pakistan 86,100 RB, Turkey 71,300 RB, China 65,800 RB, Vietnam 55,200 RB, Indonesia 31,500 RB.

**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' 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.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Mar	140	16270	16320	16080	16060	942	462	5973	3810
20-Apr	140	16440	16450	16340	16280	40	-327	1052	-231
20-May	0	0	0	0	16540	0	-808	66	-1474

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Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-130	-	-	-	-
20-Jan	-	-	-100	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 31<sup>st</sup> Mar @ 5.30 pm

\* Updated at as on 31-Mar- 2020 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	31-Mar-20	30-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	NA	-
	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	31-Mar-20	30-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	31-Mar-20	30-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	NA	-
	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	31-Mar-20	30-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
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State	Centre	Unit	31-Mar-20	30-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.	890	870	20

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	31-Mar-20	30-Mar-20	
Gujarat	Mahesana (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
				30-Mar-20	28-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	31-Mar-20	30-Mar-20	Change
CCIndex(328)	RMB/Ton	11091	11302	-211
CCIndex(527)	RMB/Ton	10496	10688	-192
CCIndex(229)	RMB/Ton	11478	11621	-143

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

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

Index	Unit	31-Mar-20	30-Mar-20	Change
FC Index (S)	Cents/lb	67.14	67.65	-0.51
FC Index (M)	Cents/lb	63.25	63.7	-0.45
FC Index (L)	Cents/lb	60.53	61.09	-0.56



**Cotlook Index:**

Cotlook Indices	Unit	30-Mar-20	27-Mar-20	Change
A-Index	Cents/Pound	61.3	62.8	-1.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Mar-20	30-Mar-20	Bales
Southeast	cents/lb.	48.45	50.7	607
North Delta	cents/lb.	46.95	49.2	0
South Delta	cents/lb.	46.95	49.2	0
East TX-OK	cents/lb.	45.7	47.95	0
West Texas	cents/lb.	45.2	47.7	0
Desert SW	cents/lb.	42.45	46.45	0
SJ Valley	cents/lb.	42.95	51.85	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 30-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 Mon March 30, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-May</a>	200330	51.05	51.13	48.8	50.7	-0.63	11,744	78,279	-1,156
<a href="#">20-Jul</a>	200330	50.85	51	48.85	50.56	-0.72	7,707	49,365	427
<a href="#">20-Oct</a>	200330	52.92	53.07	52.92	53.07	-0.27	0	101	0
<a href="#">20-Dec</a>	200330	53.1	53.9	52	53.44	-0.05	2,977	48,892	-72
<a href="#">21-Mar</a>	200330	54.3	54.97	53.25	54.59	unch	442	9,422	83
<a href="#">21-May</a>	200330	55.25	55.66	54.61	55.62	0.01	91	1,739	32
Total Volume and Open Interest							23,142	192,616	-573

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