

### Domestic Fundamentals:

#### **Market Outlook:**

The markets in Haryana, Maharashtra, Rajasthan and Madhya Pradesh are closed till the mid April to avoid the spread of coronavirus. ICE cotton futures climbed to a two-week peak on Wednesday as stock markets gained on hopes the novel coronavirus outbreak was close to its peak.

**News:** *The Indian cotton textile industry is disturbed after the lockdown and would take at least one to two months to normalize.* As the many orders has been cancelled as global demand for yarn became extremely weak. When the factories start after the lockdown, the industry would take some time to revive and may face the problems with the lack of manpower as labours that have returned to their homes, orders will take some time to flow consistently, the fibre prices would go to its lowest levels, and issue related to the working capital crises.

**CCI has procured around 78.5 lakh bales of cotton i.e., 28% of the total arrivals so far till 31<sup>st</sup> Mar'20 this season.** The total stock with CCI has crossed 105 lakh bales as CCI procured around 78.5 lakh bales from the current season (2019-20) along with around 10 lakh bales procured by Maharashtra federation. Also, CCI is having the stock of around 9 lakh bales procured in the previous season (2018-19). MNCs, Ginners and MCX are estimated to have stock of 1.67 lakh bales, 10.35 lakh bales and 1.56 lakh bales respectively.

**The total of 283.03 lakh bales of cotton have been arrived so far till 31<sup>st</sup> Mar'20** from the starting of the season. According to CAI, a total of 12.5 lakh bales of import shipments is expected to have reached at Indian ports and 31 lakh bales of cotton have been exported so far this season. Consumption by Indian spinning mills from 1<sup>st</sup> Oct'20 to 31<sup>st</sup> Mar'20 is estimated to have reached at 154 lakh bales.

**Indian cotton prices dropped steeply in March compared to the prices in February month.** The global economy breakdown resulted in weak trade across the world including India due to coronavirus. Indian government has lockdown the country for around 25 days starting from 20<sup>th</sup> March to mid of April'20 as the spread of Covid-19 has increased in the country. The cotton physical markets as well as the exports and imports are on hold as the ports have been closed. Although the supply of essential commodity is allowed in the market but there are no such notice released for cotton industry. The arrivals are delayed in the market and CCI also stopped the procurement so as to avoid gathering of farmers in mandi.

**The arrivals in Punjab and Haryana was likely to finish by the end of March but the closure of all the markets** and mandis in India has delayed the arrivals as well as the sowing. The cotton sowing usually starts in the after the fortnight of April and now the sowing is delayed by at least 15 days. Also the cotton seed manufacturers has demanded to increase the BT cotton seed prices so as to avoid shortage of seed to the farmers in both the states. They want the prices to rise by 10% because of rising input cost. The price of Bollgard-II (BG-II) cotton seed in 2019 was fixed at Rs. 730 per packet of 450 gram including Rs. 20 as trait value.

**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.

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

During the next 24 hours, rain activities will now reduce over Western Himalayas as well as over northern plains. Light scattered rains with one or two moderate spells are possible over Jammu and Kashmir, Himachal Pradesh and at one or two places over Uttarakhand. Light rain is also possible over east Uttar Pradesh, Jharkhand, Gangetic West Bengal, Odisha parts of Chhattisgarh, parts of Telangana, Andhra Pradesh, Kerala, South interior Karnataka, and interior Tamil Nadu.

#### **International Fundamentals:**

**Cotton futures closed Thursday with gains of as much as 59 points in the front months, May 20 Cotton closed at 54.37, up 53 points.** The Cotlook A index was 10 points lower at 63.45 c/lb on April 8. The AWP for cotton was up 1.66 points to 44.29 cents/lb. and will be updated on after the close.

**US cotton production was reported at 19.8 million bales in Apr'20 forecast same compared to the previous month by USDA.** The US cotton consumption is estimated to decline to 2.9 million bales amid the covid-19 effect from 3 million bales estimated in the previous month. After the lockdown, the country is facing problems in exports due to which the exports are also likely to decline to 15 million bales from 16.5 million bales in the earlier month's estimate. World ending stocks of cotton were increased sharply by 7.8 million bales to 91.2 million bales due to lower consumption. The total world exports and imports also decreased by 2.97 million bales and 2.9 million bales respectively to 40.63 million bales of exports and 40.67 million bales of imports.

**The US cotton prices slide down further by another 4% within one week as the lockdown further increased till end of April.** The retail demand is completely shut down across the country and all the textiles mills have been closed so as to avoid the spread of virus. The cotton acreage in US remained almost unchanged at 13.7 million acres. The acreage is expected to decline from the March intentions in the final acreage numbers. The US Export Sales report from USDA showed 147,500 RB for 2019-2020 in week ending 26th Mar'20 were down by 47% compared to previous week. But the collapse in demand and consumption, additional sales are expected to go down in the coming days.

**The US Export Sales report from USDA showed 147,500 RB for 2019-2020 in week ending 26th Mar'20 were down by 47% compared to previous week.** Increases primarily for Vietnam 77,500 RB, China 24,500 RB, South Korea 15,000 RB, Japan 14,000 RB, Turkey 11,200 RB and offset by reductions primarily from Thailand 4,900 RB, Malaysia 4,800 RB and Bangladesh 1,000 RB. For 2020/2021, net upland sales of 111,400 RB were primarily for Turkey 36,100 RB, Pakistan 17,200 RB, Indonesia 12,800 RB, Portugal 11,000 RB, Bangladesh 11,000 RB. Net Upland Shipment for Exports of 400,800 RB were

up 4 percent from the previous week, exports were primarily to Vietnam 92,400 RB, China 71,800 RB, Pakistan 70,400 RB, Turkey 68,000 RB, Bangladesh 23,200 RB.

**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 19th 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.

**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. Ginnners are suffering due to the non-interest of millers in the purchase of cotton. Although, ginnners 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	10	16710	16750	16650	16670	455	-25	5699	3536
20-Apr	10	16890	16970	16860	16890	144	-223	1179	-104
20-May	90	17160	17190	17140	17100	8	-800	133	-1407

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-220	-	-	-	-
20-Jan	-	-	-220	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 9<sup>th</sup> Apr @ 5.30 pm

\* Updated at as on 09-Apr- 2019 @ 5:00 PM



#### DOMESTIC PRICES AND ARRIVAL

##### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Apr-20	9-Apr-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	Closed	Closed	-
	Bhiwani	Desi	Closed	Closed	-
	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./Maund)		Change
State	Centre	Variety	10-Apr-20	9-Apr-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	10-Apr-20	9-Apr-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	Closed	Closed	-
	Bhiwani	Desi	Closed	Closed	-
	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	10-Apr-20	9-Apr-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	10-Apr-20	9-Apr-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.	840	840	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Apr-20	9-Apr-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
				9-Apr-20	8-Apr-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	37000	37000	Unch
J-34(202)	26mm	3.5 - 4.9	23	36100	36000	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36500	36400	100
Shankar-6(105)	29mm	3.5 - 4.9	28	37400	37300	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37400	37300	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37100	37000	100
DCH-32(107)	34mm	3.0 - 3.8	33	37600	37600	Unch

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

Index	Unit	10-Apr-20	9-Apr-20	Change
CCIndex(328)	RMB/Ton	11465	11362	103
CCIndex(527)	RMB/Ton	10711	10635	76
CCIndex(229)	RMB/Ton	11800	11693	107

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

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

Index	Unit	10-Apr-20	9-Apr-20	Change
FC Index (S)	Cents/lb	NR	69.03	-
FC Index (M)	Cents/lb	NR	65.4	-
FC Index (L)	Cents/lb	NR	62.77	-



**Cotlook Index:**

Cotlook Indices	Unit	9-Apr-20	8-Apr-20	Change
A-Index	Cents/Pound	64.45	63.45	1.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		9-Apr-20	9-Apr-20	Bales
Southeast	cents/lb.	52.12	54.37	1459
North Delta	cents/lb.	50.62	52.87	0
South Delta	cents/lb.	50.62	52.87	0
East TX-OK	cents/lb.	49.37	51.62	351
West Texas	cents/lb.	48.87	51.37	1856
Desert SW	cents/lb.	46.12	50.12	0
SJ Valley	cents/lb.	46.62	55.52	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 09-Apr-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 Thu April 09, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-May</a>	200409	53.63	54.5	53.07	54.37	0.53	24,014	55,269	-7,728
<a href="#">20-Jul</a>	200409	53.92	54.48	53.16	54.4	0.46	22,808	67,693	6,480
<a href="#">20-Oct</a>	200409	55.01	55.8	54.8	55.8	0.51	2	112	-1
<a href="#">20-Dec</a>	200409	55.3	56.06	54.88	55.96	0.59	6,176	46,212	1,505
<a href="#">21-Mar</a>	200409	56.6	57.15	56.14	57.09	0.60	475	10,073	56
<a href="#">21-May</a>	200409	57.82	57.95	57.1	57.93	0.52	90	2,164	-48
Total Volume and Open Interest							54,054	188,501	656

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