

### Domestic Fundamentals:

#### **Market Outlook:**

The markets in Haryana, Rajasthan and Madhya Pradesh are closed till first week of May to avoid the spread of coronavirus. The mills in Maharashtra and Gujarat is likely to start soon after the commencement of procurement of cotton by CCI along with Punjab.

**News:** Maharashtra cotton federation recommended the state government to allow the private traders to procure non-FAQ cotton by the farmers that usually enters the market from March month. The Maharashtra federation procures FAQ cotton and has halted the operations after the lockdown. Maharashtra cotton Federation started the FAQ grade cotton procurement from 27<sup>th</sup> Nov'19 and till 23<sup>rd</sup> Mar'20, it procured around 54 lakh quintals in the state. Around 70-80 quintals of non-FAQ cotton and around 25 lakh quintals of FAQ cotton is lying with farmers. The federation is willing to procure remaining FAQ grade cotton with farmers and the procured cotton is yet to be ginned.

**Only few Indian cotton ginning mills have started the operations but there is no labour force to** conduct the operations because of which the functioning is very slow. There is no inquiries from the yarn industries due to the decline in demand across the country and foreign demand. The mill consumption is likely to decline sharply amid lockdown in the country. Generally, the Indian mills consume around 22-25 lakh bales of the cotton in one month. Now, it seems that this year's ending stock would surge to its all-time high and may reach around 80-100 lakh bales by the end of this cotton season (2019-20) and all the mills were non-operational and were totally shut down since the lockdown started.

**As CCI indicated earlier that the procurement would likely to commence in Punjab, now Maharashtra, and Telangana also had issued guidelines to allow procurement operations of Kapas.** Around 25% of the cotton is still need to arrive in the mandis and CCI procured about 84 lakh bales of cotton so far this season. The trade in cotton was suspended since the lockdown started as only mandis dealing with essential commodities were functioning. Mandis would take necessary precautions like issuance of hourly passes to farmers to allow limited number of growers coming to the markets. However, the transportation of raw cotton from farm to mandi is an issue due to the labour shortage. Similarly, the ginning and spinning mills are also facing the problems regarding the labour. As all the migrant labours from Uttar Pradesh, Bihar and Jharkhand have left for their home states right at the start of the lockdown. The cotton industry is likely to suffer and would take time to normalize.

**The Cotton Corporation of India (CCI) is ready to procure cotton from the farmers at MSP so as to prevent the farmers from the losses.** As CCI is facing the issue of overstocking of cotton in the warehouses, therefore, the state authorities have started granting permits to transport ginned cotton in Punjab. The Punjab State Agricultural Marketing Board Authorities have decided to resume the cotton purchases in Mansa district. Only 20 growers to be invited in a day by issuing them the coupons to enter the mandi to sell their produce. The stock would further be purchased by CCI at MSP. Around 5 lakh bales have been purchased in the Mansa district so far and about 2 lakh bales still is left with the farmers to sell. In Punjab, a total of 3 lakh bales of cotton is yet to arrive in the mandis. Similarly, the purchase would commence slowly in Bhatinda, Faridkot, Fazilka and Muktsar districts of Punjab in the coming days.

**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.

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

Thunderstorm accompanied with lightning & gusty winds (speed reaching 40-50 kmph) very likely at isolated places over SubHimalayan West Bengal & Sikkim; with lightning & gusty winds (speed reaching 30-40 kmph) Odisha and Arunachal Pradesh and with lightning at isolated places over Chhattisgarh, East Madhya Pradesh, Vidarbha, Bihar, Jharkhand, Coastal Andhra Pradesh & Yanam, Interior Karnataka, Tamil Nadu & Puducherry, Kerala & Mahe and Telangana.

### **International Fundamentals:**

**Monday cotton backed off of midday gains but still finished up by as much as 126 points, May 20 Cotton closed at 54.03, up 126 points.** The 04/17 Cotlook A index was 10 points higher to 63.05 c/lb. The LDP is 7.22 cents/lb, through Thursday.

**Weekly cotton export sales were negative again, with a net 183,779 running bales cancelled.** China canceled 81,999 RBs in sales; over the last three week's the country has withdrawn 284,013 RB of U.S. cotton bookings. Vietnam and Pakistan also backed out of some business. Cumulative US cotton commitments are 15.104 million RB, with 2.117 million RB from China. Accumulated exports for the MY are up to 9.426 million RB, which is 21.2% above last year's pace and the highest for the first 37 week's since the 2010-11 marketing year.

**The trade remained suspended in Pakistan amid the outbreak of coronavirus and lockdown across the country.** Farmers in Pakistan have urged the government to announce support price of the cotton crop for the current season at Rs 5000 per maund on priority basis encouraging the farmers to go for this crop. As many farmers are shifting to grow sugarcane instead of cotton. The business of textile products is affected. The foreign importers, the European and American importers are canceling their orders due to which industry is facing irreparable loss.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Mar	-270	16300	16420	15980	16300	1395	915	4807	2644
20-Apr	-260	16500	16570	16200	16520	1087	720	2397	1114
20-May	-270	16510	16530	16440	16760	18	-790	141	-1399

Spread	20-Feb	20-Mar	20-Apr	20-May	--	--
Spot	-				-	-
19-Dec	-	-150	-	-	-	-
20-Jan	-	-	40	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 21<sup>st</sup> Apr @ 5.30 pm

\* Updated at as on 21-Apr- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Apr-20	20-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	Closed	Closed	-
	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	21-Apr-20	20-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	21-Apr-20	20-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	Closed	Closed	-
	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	21-Apr-20	20-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	21-Apr-20	20-Apr-20	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	810	810	Unch
Telangana	Hyderabad	Rs. /10 Kg.	890	890	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	865	875	-10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Apr-20	20-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
				20-Apr-20	18-Apr-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36200	36500	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36900	-300
J-34(202)	26mm	3.5 - 4.9	23	35200	35500	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36000	36300	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	36500	36800	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36900	37200	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36600	36900	-300
DCH-32(107)	34mm	3.0 - 3.8	33	37100	37400	-300

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

Index	Unit	21-Apr-20	20-Apr-20	Change
CCIndex(328)	RMB/Ton	11471	11463	8
CCIndex(527)	RMB/Ton	10696	10696	Unch
CCIndex(229)	RMB/Ton	11800	11798	2

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

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

Index	Unit	21-Apr-20	20-Apr-20	Change
FC Index (S)	Cents/lb	69.15	67.93	1.22
FC Index (M)	Cents/lb	65.55	64.3	1.25
FC Index (L)	Cents/lb	62.92	61.67	1.25



**Cotlook Index:**

Cotlook Indices	Unit	20-Apr-20	17-Apr-20	Change
A-Index	Cents/Pound	63.05	63.05	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Apr-20	20-Apr-20	Bales
Southeast	cents/lb.	52.02	54.27	0
North Delta	cents/lb.	50.77	53.02	0
South Delta	cents/lb.	50.77	53.02	0
East TX-OK	cents/lb.	48.52	50.77	0
West Texas	cents/lb.	48.52	51.02	57
Desert SW	cents/lb.	46.77	50.77	500
SJ Valley	cents/lb.	47.27	56.17	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 20-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 Mon April 20, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-May</a>	200420	52.77	54.27	52.51	54.03	1.26	4,447	10,900	-3,045
<a href="#">20-Jul</a>	200420	52.86	54.3	52.52	54.02	1.16	13,736	99,578	1,673
<a href="#">20-Oct</a>	200420	56.03	56.03	56.03	56.03	1.07	1	118	1
<a href="#">20-Dec</a>	200420	55.24	56.4	54.93	56.33	1.07	11,304	49,296	-2,107
<a href="#">21-Mar</a>	200420	56.55	57.56	56.25	57.5	0.95	349	11,593	223
<a href="#">21-May</a>	200420	56.57	58.28	56.57	58.28	0.82	12	2,273	5
Total Volume and Open Interest							29,913	181,613	-3,203

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