

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. Market reacted positively with some indication of China going to fulfill phase one deal of US China trade agreement by purchasing American cotton.

News: CCI started the procurement in Punjab, Maharashtra and Gujarat so far last week. CCI procured about more than 25,000 quintals of cotton from the farmers in last 10-12 days. There is no demand from spinning industry, therefore, the ginning mills are facing problem in the storage and movement of ginned cotton bales. CCI has started selling cotton at lower price. At present, the market price is around Rs.36,000/ candy generally who buys one lakh bales from CCI.

The department of agriculture in Punjab is set to surge in the area under cotton cultivation in 2020-21 cotton season. The area under paddy is likely to switch under maize and cotton in the new season, thereby, enhancing the area of cotton from around 4 lakh ha in 2019-20 to cover about 5 lakh ha in the coming cotton season (2020-21) due to the higher returns and relatively higher yields compared to paddy. The state has managed to provide 25 lakh packets of BT cotton seed from the country's reputed seed producing companies. The cotton sowing in Punjab (Bathinda, Mansa, Muktsar, Faridkot, Moga, Fazilka and Firozpur) is expected to start from 1st of May'20 this year that is delayed by around 10-15 days due to the late wheat harvests amid lockdown in the state.

Cotton ginners in Maharashtra are unwilling to resume the operations amid fear of coronavirus in the state. As the number of affected people are increasing day by day in the state and they do not want to take the risk of the pandemic. The ginners are saying that they will resume only after the lockdown is lifted in the state. Also, the labour was a major issue as most workers had left for their homes and will not be able to return in lockdown situation. A single unit requires around 50 workers, who work in a single shift. As cotton is non-perishable commodity, therefore, the growers and ginners can hold on their produce until further notice.

Around 14,000 bales have procured in last 7-10 days from the farmers. Buying has slowed down after March as the peak harvest season is almost over. So far CCI has procured around 84 lakh bales of cotton, where 82% of the cotton purchased of the arrivals in Telangana followed by Maharashtra where 32% of the cotton is purchased out of the total arrivals in the state. And around 50% of the cotton would be purchased by CCI in the 20% of the arrivals that is to arrive in the market, according to CCI. So far, 283 lakh bales of cotton is arrived in the market till March'20 end.

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 27th Nov'19 and till 23rd 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.

Weather Forecast for tomorrow:

Thunderstorm accompanied with lightning & squall (speed reaching 50-60 kmph) likely at isolated places over Bihar; with lightning, hail & gusty winds (speed reaching 30-40 kmph) at isolated places over Uttarakhand, Rayalaseema and Tamilnadu, Puducherry & Karaikal; with lightning & gusty winds (speed reaching 40-50 kmph) at isolated places over Andaman & Nicobar Islands, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura; with lightning & gusty winds (speed reaching 30-40 kmph) at isolated places over Uttar Pradesh, East Madhya Pradesh, Vidarbha, Jharkhand, West Bengal & Sikkim, Odisha, Coastal Andhra Pradesh & Yanam, Telangana, South Interior Karnataka and Kerala & Mahe and with lightning at isolated places over Chhattisgarh, Madhya Maharashtra and Marathawada.

International Fundamentals:

The front month cotton futures closed in the red on Friday, May 20 Cotton closed at 54.93, down 195 points. The Cotlook A index increased 260 points on April 23 to 65.70 c/lb. The week's sales on The Seam were 13,749 bales through Thursday. ICE certified stocks are 2,505 bales. The AWP for cotton is 45.25 cents/lb (up 0.47 cents).

ICE cotton futures have gained some support after China made an announcement that the country will buy one million bales from the US under the agreement signed two months ago to ease the financial crisis caused by the pandemic boosting its textile industry and improve US relations. The Chinese textile industry has gained momentum and demand for cotton. China still needs 550 to 600 lakh bales this year.

US textile and apparel total import was down by 11% year on year till Feb'20 while the imports from China were down by 28.7% compared to the previous year during the same period. China's textile and apparel import share percentage in US textile and apparel import market has dropped to 36.9% compared with 46.1% in same period of last year. COVID-19 pandemic outbreak has affected on foreign trade, and the amount and quantity of China's textile and apparel imported by the United States have declined sharply. After the outbreak of coronavirus, the imports demand of US apparel kept falling, both the total imports of US apparel and the import value from China have declined by around 41% till Feb'20.

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-May	-170	16460	16540	16310	16480	497	17	4890	2727
20-Jun	-120	16690	16690	16600	16720	9	-358	498	-785
20-Jul	0	0	0	0	16360	0	-808	1	-1539

Spread	20-Apr	20-May	20-Jun	20-Jul	--	--
Spot	-				-	-
19-Dec	-	-150	-	-	-	-
20-Jan	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 27th Apr @ 5.30 pm

* Updated at as on 27-Apr- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Apr-20	25-Apr-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	4895	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./Maunder)		Change
State	Centre	Variety	27-Apr-20	25-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	27-Apr-20	25-Apr-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	1425	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	27-Apr-20	25-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
-----------	-----------------	-------	--------

State	Centre	Unit	27-Apr-20	25-Apr-20	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	790	800	-10
Telangana	Hyderabad	Rs. /10 Kg.	840	855	-15
Maharashtra	Mumbai	Rs. /10 Kg.	830	845	-15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Apr-20	25-Apr-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2184	2114	70
Maharashtra	Akola	Rs./Qtl	1989	1973	16

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Apr-20	24-Apr-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36200	36200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
J-34(202)	26mm	3.5 - 4.9	23	35300	35300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	35700	36000	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	36600	36600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36900	36900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36600	36600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	37100	37100	Unch

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

Index	Unit	27-Apr-20	25-Apr-20	Change
CCIndex(328)	RMB/Ton	NR	Closed	-
CCIndex(527)	RMB/Ton	NR	Closed	-
CCIndex(229)	RMB/Ton	NR	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	27-Apr-20	24-Apr-20	Change
FC Index (S)	Cents/lb	70	72	-2.00
FC Index (M)	Cents/lb	66.4	68.4	-2.00
FC Index (L)	Cents/lb	63.77	65.77	-2.00

Cotlook Index:

Cotlook Indices	Unit	24-Apr-20	23-Apr-20	Change
A-Index	Cents/Pound	65.9	65.7	0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		24-Apr-20	24-Apr-20	Bales
Southeast	cents/lb.	54.37	56.62	0
North Delta	cents/lb.	53.12	55.37	0
South Delta	cents/lb.	53.12	55.37	0
East TX-OK	cents/lb.	50.87	53.12	0
West Texas	cents/lb.	50.87	53.37	0
Desert SW	cents/lb.	49.12	53.12	0
SJ Valley	cents/lb.	49.62	58.52	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 24-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 Fri April 24, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-May	200424	56	57	54.63	54.93	-1.95	3,175	1,865	-1,496
20-Jul	26-Sep	56.18	56.7	55.25	55.63	-0.74	29,498	104,802	1,108
20-Oct	26-Sep	57.35	57.35	57.35	57.35	-0.65	14	115	0
20-Dec	26-Sep	57.83	58.36	57.09	57.67	-0.48	9,051	48,643	-930
21-Mar	26-Sep	58.88	59.16	57.87	58.25	-0.68	718	12,382	59
21-May	26-Sep	59.25	59.36	58.09	58.36	-0.77	211	2,306	3
Total Volume and Open Interest							43,818	179,168	-690

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.