

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

*The Kapas prices at Rajkot mandi stood low at Rs. 4800/q from previous day. There were no arrivals in Adoni market today. ICE cotton futures fell to their lowest in nearly two weeks on Monday on the escalation tensions between US and China that could hamper the cotton demand.*

***News: CCI purchased around 7.5 lakh bales this season at MSP so far Gujarat, highest purchases in past 12 years in the state. CCI has supported the farmers in the time of need as the kapas prices are hovering around Rs.4500-4900/q currently in the state due to less demand in the pandemic situation. Also, the cotton production is expected higher in Gujarat by around 5-7% in 2019-20 season from the previous year to around 90-92 lakh bales according to Agriwatch estimates.***

***In Maharashtra, CCI has activated around 34 centres across the state in the lockdown for procurement. Also the centres that are under red zone, likely to pick up procurement pace by the 2<sup>nd</sup> week of May. Before lockdown, CCI procured around 18 lakh bales and in last 15 days during the lockdown, CCI purchased around 6,900 bales. Out of total procurement value of Rs. 4,995 crore, a sum of Rs. 4,987 crore has already reached the farmers. In Maharashtra around 15-17% cotton crop is still with farmers and yet to arrive.***

***In Punjab, cotton has been sown in about 500 ha so far and it is likely reach to around 1.25 lakh ha by May 20. The state government is supplying ample amount of seeds to farmers without any delay. Due to the delay in wheat harvest this year, the cotton sowing is lagging behind by around 1week to 10 days. As cotton does not need as much labour as required in paddy, therefore, 7-10% of paddy cultivating farmers are shifting to cotton and the state is expecting to cover the area with cotton to around 5.5 lakh ha this year (2020-21) from 4 lakh ha last year (2019-20). The suitable weather for cotton is prolonged till the end of this month. So a significant rise in area can be noticed by the end of this month this year.***

***According to the trade sources, the Indian cotton exports for the March'20 were reported much lower around 2.94 lakh bales and around 50,000 bales of organic cotton. The exports were higher around 4 lakh bales in the previous month. In March'20, the shipments were halted due to the outbreak of Covid-19 virus in various countries and trade of 20 days was reported in March month. During the time, Bangladesh was the largest importer of 1.54 lakh bales at an average FOB of \$1.57/kg followed by China importing around 1 lakh bales at an average FOB of \$1.62/kg almost similar quantity was exported in the February month. The other export destinations of India were Indonesia (9,883 bales at 1.29 \$/Kg), Vietnam (6764 bales at \$1.62/kg).***

***The cotton procurement from different centers is going to start in Telangana from today in number of phases. Farmers will be given tokens giving them the dates to bring their produce to the procurement centers. Purchase will be made at Jainad, Bheempur and Ichoda yards on 29<sup>th</sup> April, at Talamadugu, Bela and Boath yards on 30<sup>th</sup> April, at Tamsi, Adilabad and Mavala on 2<sup>nd</sup> May, at Jainad, Bheempur and Indervelli on 4<sup>th</sup> May and at Talamadugu, Bela and Jainad yards on 5<sup>th</sup> May. Farmers in Telangana have purchased cotton seeds on Sunday on the occasion of Akshaya trithiya. The farmers are waiting for the monsoon to occur to start the cultivation as already farmers have prepared the field particularly in Adilabad district.***

***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 1<sup>st</sup> 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 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.

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

Thunderstorm accompanied with lightning, hail & squall (speed reaching 50-60 kmph) likely at isolated places over Uttarakhand and Uttar Pradesh; with lightning, hail & gusty winds (speed reaching 30-40 kmph) at isolated places over Himachal Pradesh and Madhya Pradesh; with lightning & gusty winds (speed reaching 30-40 kmph) at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Punjab, Haryana, Chandigarh & Delhi, Bihar, Jharkhand, West Bengal & Sikkim, Odisha, Assam & Meghalaya, Arunachal Pradesh and Nagaland, Manipur, Mizoram & Tripura and with lightning at isolated places over Chhattisgarh, Telangana, Coastal Andhra Pradesh & Yanam and Kerala & Mahe.

### **International Fundamentals:**

**Monday cotton trades left the front months down by 109 to 156 points, Jul 20 Cotton closed at 54.31, down 153 points.** The 05/01 Cotlook A index was 25 points higher to 66.75/lb. The AWP for cotton is 46.99 cents/lb.

**ICAC highlights in its report that global cotton consumption is likely to decline by 12% this year (2019-20),** reducing global trade to 8.26 million tonnes amid pandemic across the globe. In 2020-21, global area is projected to decrease by 4% to 33 million hectares, with India remaining the top regarding the sown area to around 12 million hectares. The current price projection for the year-end 2019-20 average of the Cotlook A Index has been revised to 71.4 cents per pound this month. The price projection for the year-end 2020-21 average of the A Index is 56.9 cents per pound this month.

**USDA's Export Sales report with cotton data from the week ending April 23 showed 434,818 RB of cotton sold.** That was the second highest total this MY and 200% above the same week last year. Of the week's total a huge 422,378 RBs were to China (97% of the total). There were 253,700 RBs shipped that week, which was down 4.9% from previous week and brought the MY total to 9.946 million running bales.

**A drop in cotton production is estimated in Egypt to around 39 lakh bales from the 44.8 lakh bales** attributing that to the reduction of yields due to the lower quality of seeds and losses due to whitefly infestation this year. Also, the reduced prices in 2019-20 discouraged the cultivation and expecting that this may continue in the coming season. India imports the Egyptian cotton of premium quality and other countries including Pakistan, Bangladesh, Greece, Germany and Italy in

2019-20 MY and expected to remain same in 2020-21. The Egyptian exports are likely to increase by 14% in 2020-21 amid lower prices that would attract the countries to the Egyptian produce.

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

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-May	-350	15600	15600	15170	15700	1286	806	4700	2537
20-Jun	-430	15740	15750	15330	15930	390	23	570	-713
20-Jul	-270	15500	15700	15500	15970	37	-771	31	-1509

Spread	20-Apr	20-May	20-Jun	20-Jul	--	--
Spot	-				-	-
19-Dec	-	-150	-	-	-	-
20-Jan	-	-	50	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 5<sup>th</sup> May @ 5.30 pm

\* Updated at as on 05-May- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-May-20	4-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	NR	4900	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	4500	4750	-250
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NR	-
	Bhiwani	Desi	NA	NR	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	NR	NR	-
	Jind	B.T. Cotton	NR	NR	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5355	NR	-
Karnataka	Bijapur	Bunny	5006	4239	767
	Hubli	D.C.H.	4950	4950	Unch
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	4459	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-May-20	4-May-20	
Punjab	Bhatinda	J-34	NA	3680	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	3650	3675	-25
Haryana	Sirsa	J-34	3570	3620	-50
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-May-20	4-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	NR	3200	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	2000	1000	1000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NR	-
	Bhiwani	Desi	NA	NR	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NR	NR	-
	Jind	B.T. Cotton	NR	NR	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	325	150	175
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2804290	NR	-
Karnataka	Bijapur	Bunny	377	717	-340
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	142	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-May-20	4-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	NA	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	5-May-20	4-May-20	
Gujarat	Rajkot	Rs. /10 Kg.	820	820	Unch
Delhi	New Delhi	Rs. /10 Kg.	765	775	-10
Telangana	Hyderabad	Rs. /10 Kg.	825	825	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	825	825	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-May-20	4-May-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2155	2168	-13
Maharashtra	Akola	Rs./Qtl	1974	1995	-21

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-May-20	2-May-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35500	35700	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35900	36100	-200
J-34(202)	26mm	3.5 - 4.9	23	34600	34800	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34700	35000	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	35800	36100	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35900	36200	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35600	35900	-300
DCH-32(107)	34mm	3.0 - 3.8	33	36100	36400	-300

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

Index	Unit	5-May-20	4-May-20	Change
CCIndex(328)	RMB/Ton	NR	NR	-
CCIndex(527)	RMB/Ton	NR	NR	-
CCIndex(229)	RMB/Ton	NR	NR	-

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

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

Index	Unit	5-May-20	4-May-20	Change
FC Index (S)	Cents/lb	NR	NR	-
FC Index (M)	Cents/lb	NR	NR	-
FC Index (L)	Cents/lb	NR	NR	-



**Cotlook Index:**

Cotlook Indices	Unit	1-May-20	29-Apr-20	Change
A-Index	Cents/Pound	66.75	65.25	1.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-May-20	4-May-20	Bales
Southeast	cents/lb.	52.33	54.58	0
North Delta	cents/lb.	51.33	53.58	0
South Delta	cents/lb.	51.33	53.58	348
East TX-OK	cents/lb.	48.83	51.08	45
West Texas	cents/lb.	48.83	51.33	5
Desert SW	cents/lb.	47.08	51.08	0
SJ Valley	cents/lb.	47.58	56.48	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 04-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 May 04, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-May</a>	200504	55.00	55.00	55	55	-1.56			
<a href="#">20-Jul</a>	200504	55.66	55.80	53.85	54.33	-1.51	15,077	99,991	-911
<a href="#">20-Oct</a>	200504	56.71	56.71	55.89	55.89	-1.35	2	109	-2
<a href="#">20-Dec</a>	200504	57.22	57.22	55.59	56.24	-1.28	5,138	50,285	-176
<a href="#">21-Mar</a>	200504	58.23	58.23	56.75	57.53	-1.09	724	12,555	114
<a href="#">21-May</a>	200504	58.36	58.54	57.69	58.54	-0.77	248	2,561	109
Total Volume and Open Interest							21,646	175,518	-657

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