

Domestic Fundamentals:**Market Outlook:**

The Kapas prices at Rajkot mandi stood low at Rs. 4720/q from previous day with lower arrivals. The prices in Adoni market of Andhra Pradesh stood at Rs. 4330/q with 150 q of arrivals. ICE cotton futures fell on Tuesday as concerns over lower demand from China and expectations of a slow recovery in apparel consumption.

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 2nd 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 29th April, at Talamadugu, Bela and Boath yards on 30th April, at Tamsi, Adilabad and Mavala on 2nd May, at Jainad, Bheempur and Indervelli on 4th May and at Talamadugu, Bela and Jainad yards on 5th 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 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.

Weather Forecast for tomorrow:

Thunderstorm accompanied with lightning, hail & gusty winds (speed reaching 40-50 kmph) likely at isolated places over Sub-Himalayan West Bengal & Sikkim; with lightning & gusty winds (speed reaching 40-50 kmph) at isolated places over Bihar; with lightning & gusty winds (speed reaching 30-40 kmph) at isolated places over East Madhya Pradesh, Vidarbha, & Telangana; Coastal Karnataka and Kerala & Mahe and with lightning at isolated places over West Madhya Pradesh, Chhattisgarh, Odisha, Arunachal Pradesh, Konkan & Goa, Coastal Andhra Pradesh & Yanam, Interior Karnataka and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton starts the mid-week session 6 to 14 points higher from overnight trading, July fell 0.39 cent, or 0.7%, at 53.94 cents per lb. The May 4th Cotlook A index was down 150 points to 65.25c/lb. The AWP for cotton this week is 46.99 cents/lb.

According to USDA, the total Demand decline to 35 million bales in April estimates compared to 36.5 mln bales in March estimates. While the imports also has been hit badly that declined to 7.5 mln bales in April estimate from 8.25 mln bales in March'20. Due to the reduced domestic as well as international demand, China is troubled facing dealing with huge inventory in the warehouses. Despite the stock reserves China likely to end the year with lower ending stock at 35.24 million bales due to lower imports and lower crop in 2019-20 from 35.67 mln bales in 2018-20.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-May	-280	15280	15280	14800	15340	906	426	4640	2477
20-Jun	-330	15380	15410	14960	15530	318	-49	605	-678
20-Jul	-280	15370	15500	15170	15630	19	-789	47	-1493

Spread	20-Apr	20-May	20-Jun	20-Jul	--	--
Spot	-				-	-
19-Dec	-	-130	-	-	-	-
20-Jan	-	-	-90	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 6th May @ 5.30 pm

* Updated at as on 06-May- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-May-20	5-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	4720	4800	-80
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	4250	4500	-250
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	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	5405	5450	-45
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	NR	5355	-
Karnataka	Bijapur	Bunny	4269	5006	-737
	Hubli	D.C.H.	NR	4950	-
	Hubli	B.T. Cotton	NR	NA	-
	Raichur	H-44 Cotton	NR	4569	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-May-20	5-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	3625	3650	-25
Haryana	Sirsa	J-34	3540	3570	-30
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-May-20	5-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	2200	NR	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	2000	2000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	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	650	325	325
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	NR	2804290	-
Karnataka	Bijapur	Bunny	511	377	134
	Hubli	D.C.H.	NR	NA	-
	Hubli	B.T. Cotton	NR	NA	-
	Raichur	H-44 Cotton	NR	105	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-May-20	5-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	85	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	6-May-20	5-May-20	
Gujarat	Rajkot	Rs. /10 Kg.	810	820	-10
Delhi	New Delhi	Rs. /10 Kg.	755	765	-10
Telangana	Hyderabad	Rs. /10 Kg.	815	825	-10
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	6-May-20	5-May-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2150	2155	-5
Maharashtra	Akola	Rs./Qtl	1973	1974	-1

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-May-20	4-May-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35500	35500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35900	35900	Unch
J-34(202)	26mm	3.5 - 4.9	23	34300	34600	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34300	34700	-400
Shankar-6(105)	29mm	3.5 - 4.9	28	35400	35800	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35500	35900	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35600	-400
DCH-32(107)	34mm	3.0 - 3.8	33	35700	36100	-400

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

Index	Unit	6-May-20	30-Apr-20	Change
CCIndex(328)	RMB/Ton	11488	11501	-13
CCIndex(527)	RMB/Ton	10713	10720	-7
CCIndex(229)	RMB/Ton	11772	11783	-11

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

China Foreign Cotton (FCE) Index :

Index	Unit	6-May-20	29-Apr-20	Change
FC Index (S)	Cents/lb	69.98	71.25	-1.27
FC Index (M)	Cents/lb	66.51	67.65	-1.14
FC Index (L)	Cents/lb	64.33	65.02	-0.69



Cotlook Index:

Cotlook Indices	Unit	5-May-20	1-May-20	Change
A-Index	Cents/Pound	63.75	66.75	-3.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		5-May-20	5-May-20	Bales
Southeast	cents/lb.	51.58	53.83	65
North Delta	cents/lb.	50.58	52.83	0
South Delta	cents/lb.	50.58	52.83	0
East TX-OK	cents/lb.	48.08	50.33	638
West Texas	cents/lb.	48.08	50.58	1011
Desert SW	cents/lb.	46.33	50.33	0
SJ Valley	cents/lb.	46.83	55.73	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 05-Apr-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8700	160	8860
Equivalent	40 Kgs	9324	171	9495

Daily Futures Price Listing Tue May 05, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-May	200505	54.06	54.06	52.15	53.91	-1.09			
20-Jul	200505	54.44	55.33	53.46	53.58	-0.75	13,579	98,831	-1,160
20-Oct	200505	55.15	55.15	55.15	55.15	-0.74	0	109	0
20-Dec	200505	56.15	56.98	55.31	55.42	-0.82	6,617	50,668	383
21-Mar	200505	57.52	58.04	56.33	56.56	-0.97	1,809	12,562	7
21-May	200505	58.65	58.90	57.35	57.55	-0.99	802	2,800	239
Total Volume and Open Interest							23,394	175,096	-422

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