

Domestic Fundamentals:**Market Outlook:**

The Kapas prices at Rajkot mandi stood steady. The prices in Adoni market of Andhra Pradesh also stood steady at Rs. 4270/q with only 50 q of arrivals. ICE cotton futures rose to a near one-week high on Thursday helped by a positive US government export sales report that included sales to China and on hopes of more demand from the top consumer.

News: The farmers in Vidarbha region are in distress after the isolated rains were reported in the region in the last few days and is expected to continue in the coming days also. The farmers are facing problems in selling the cotton due to the unseasonal rains in the area. The farmers would likely to face difficulty as CCI buys only FAQ grade cotton while the rains are deteriorating the quality of cotton and the moisture content could exceed over 12%. The sowing time for cotton is likely arrive for which farmers need sufficient money to commence the sowing and CCI procurement is very sluggish. Therefore, farmers are forced to sell their produce to local traders and private ginneries.

Cotton area in Tamil Nadu is expected to increase but the farmers are uncertain that they will be paid a reasonable price or not in the coming season. One of the reasons, all the textile mills are in financial crisis and all the factories have shut production of yarn came to halt. So, this would definitely affect the raw cotton procurement from the farmers until CCI gives assurance. The cost of production is cheaper while the returns in growing cotton is higher compared to paddy. Total cost would come around Rs. 30,000 per acre, while the return is Rs. 1.5 lakh.

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 triithiya. 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.

Weather Forecast for tomorrow:

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

International Fundamentals:

The front months were 56 to 88 points higher at the closing bell on Thursday, Jul 20 Cotton closed at 55.39, up 88 points. The May 6th Cotlook A index was down 85 more points to 62.90c/lb. The updated AWP for cotton was 46.01 cents/lb, which is down 98 points week on week.

The US Export Sales report from USDA showed 370,300 RB for 2019-2020 in week ending 30th Apr'20 were down by 15% compared to previous week. Increases primarily for China 217,500 RB, Vietnam 102,600 RB, Taiwan 18,300 RB, Bangladesh 10,900 RB, Turkey 10,300 RB and offset by reductions primarily from Mexico 7,000 RB, El Salvador 3,200 RB, Pakistan 2,800 RB. For 2020-2021, net upland sales of 55,900 RB were primarily for China 22,000 RB, Vietnam 11,400 RB, Turkey 6,600 RB, Mexico 5,000 RB. Net Upland Shipment for Exports of 370,300 RB were primarily to Vietnam 125,100 RB, China 56,500 RB, Turkey 51,500 RB, Pakistan 32,200 RB, Taiwan 23,700 RB.

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. The International Cotton Advisory Committee projected 2020-21 global cotton production of 25 MMT (4% lower) on 33 million ha planted. The ICAC forecasted a lower global consumption rate of 23.2 MMT in the coming season.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-May	180	15660	15790	15420	15530	1114	634	4454	2291
20-Jun	150	15840	15990	15620	15730	510	143	658	-625
20-Jul	220	16050	16200	15800	15830	46	-762	45	-1495

Spread	20-Apr	20-May	20-Jun	20-Jul	--	--
Spot	-				-	-
19-Dec	-	-200	-	-	-	-
20-Jan	-	-	-210	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 8th May @ 5.30 pm

* Updated at as on 08-May- 2019 @ 5:00 PM



DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-May-20	8-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	4700	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	4500	4500	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	5405	5405	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5405	5405	Unch
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
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	NA	NA	-
Karnataka	Bijapur	Bunny	NA	4280	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4600	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-May-20	8-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3480	3470	10
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-May-20	8-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	2000	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	2000	1500	500
	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	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	550	650	-100
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
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	NA	NA	-
Karnataka	Bijapur	Bunny	NA	690	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	435	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-May-20	8-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	9-May-20	8-May-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	820	20
Delhi	New Delhi	Rs. /10 Kg.	770	765	5
Telangana	Hyderabad	Rs. /10 Kg.	840	820	20
Maharashtra	Mumbai	Rs. /10 Kg.	845	805	40

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	9-May-20	8-May-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2205	2209	-4
Maharashtra	Akola	Rs./Qtl	2048	2033	15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-May-20	7-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	34500	34400	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34600	34500	100
Shankar-6(105)	29mm	3.5 - 4.9	28	35600	35500	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35800	35700	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35500	35400	100
DCH-32(107)	34mm	3.0 - 3.8	33	36000	35900	100

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

Index	Unit	8-May-20	7-May-20	Change
CCIndex(328)	RMB/Ton	11463	11387	76
CCIndex(527)	RMB/Ton	10668	10635	33
CCIndex(229)	RMB/Ton	11753	11695	58

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

China Foreign Cotton (FCE) Index :

Index	Unit	8-May-20	7-May-20	Change
FC Index (S)	Cents/lb	71.75	70.98	0.77
FC Index (M)	Cents/lb	68.26	67.51	0.75
FC Index (L)	Cents/lb	66.08	65.33	0.75

Cotlook Index:

Cotlook Indices	Unit	7-May-20	6-May-20	Change
A-Index	Cents/Pound	63.9	62.9	1.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		7-May-20	7-May-20	Bales
Southeast	cents/lb.	53.39	55.64	0
North Delta	cents/lb.	52.39	54.64	0
South Delta	cents/lb.	52.39	54.64	0
East TX-OK	cents/lb.	49.89	52.14	116
West Texas	cents/lb.	49.89	52.39	303
Desert SW	cents/lb.	48.14	52.14	0
SJ Valley	cents/lb.	48.64	57.54	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 07-Apr-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8600	160	8760
Equivalent	40 Kgs	9217	171	9288

Daily Futures Price Listing Fri May 08, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-May	200508	55.39	57.05	55.39	56.27	0.88	13,765	94,717	-2,423
20-Jul	200508	57.40	57.49	57.38	57.38	0.71	0	109	0
20-Oct	200508	57.25	58.20	56.99	57.62	0.67	5709	52064	65
20-Dec	200508	58.07	58.99	57.93	58.44	0.57	1,550	13,525	326
21-Mar	200508	58.91	59.66	58.76	59.30	0.56	614	3,633	228
21-May	200508	59.60	60.25	59.40	60.04	0.58	157	3,307	110
Total Volume and Open Interest							21,869	174,593	-1660

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