

Domestic Fundamentals:**Market Outlook:**

The prices in Adoni market of Andhra Pradesh also stood slightly up at Rs. 4330/q with 150 q of arrivals while the MCX spot price stood at Rs.15540/bale. ICE cotton futures moved modestly higher last week on further confirmation of large export sales to China and expectations that the US would forego economic sanctions on China.

News: CCI continued buying cotton from the farmers while the demand for cotton remained very low in the market.

The functioning of ginning mills remained halted in many districts across India. Only few mills are working that falls under CCI. The mills are unable to operate with its full capacity due to lack of availability of labour around 20- 30% mills are working in Maharashtra while only 10% mills are working in Gujarat for around 8-10 hours. While only few mills are working in Adilabad of Telangana after the cotton procurement started in the district last week. Some ginners in Gujarat are able to get the export contracts from Vietnam, Bangladesh and China due to cheaper Indian cotton prices against the international cotton.

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 ginners.

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 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.

Weather Forecast for tomorrow:

Thunderstorm accompanied with lightning, hail & squally winds (speed reaching 50-60 kmph) very likely at isolated places over Bihar, Gangetic West Bengal and Assam & Meghalaya; with lightning & gusty winds (speed reaching 30-40 kmph) at isolated places over Uttar Pradesh, Rajasthan, Chhattisgarh, Sub-Himalayan West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Nagaland, Manipur, Mizoram & Tripura, Telangana, Lakshadweep, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal and with lightning at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Madhya Pradesh, Vidarbha, Arunachal Pradesh, Madhya Maharashtra, Marathawada and Karnataka.

International Fundamentals:

Cotton futures traded in plus territory on Friday, with the front month futures 49 to 85 points higher, Jul 20 Cotton closed at 56.24, up 85 points. The May 7th Cotlook A index was 1 cent higher to 63.90c/lb. The updated AWP for cotton was 46.01 cents/lb, and the LDP is now 5.99 cents/lb. through next Thursday.

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 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	-70	15750	15820	15520	15690	670	190	4431	2268
20-Jun	-30	15900	16000	15730	15880	261	-106	691	-592
20-Jul	-30	16060	16060	15800	15960	47	-761	58	-1482

Spread	20-Apr	20-May	20-Jun	20-Jul	--	--
Spot	-				-	-
19-Dec	-	-180	-	-	-	-
20-Jan	-	-	-60	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 11th May @ 5.30 pm

* Updated at as on 11-May- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-May-20	9-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NA	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	4600	4500	100
	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	-
Andhra Pradesh	Adoni	Medium Staple	4550	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5709	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4650	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-May-20	9-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3480	3480	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-May-20	9-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NA	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	2500	2000	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	850	550	300
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	-
Andhra Pradesh	Adoni	Medium Staple	150	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1946	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	502	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-May-20	9-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
State	Centre	Unit	11-May-20	9-May-20	
Gujarat	Rajkot	Rs. /10 Kg.	830	840	-10
Delhi	New Delhi	Rs. /10 Kg.	770	770	Unch
Telangana	Hyderabad	Rs. /10 Kg.	840	840	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	805	845	-40

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	11-May-20	9-May-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2255	2205	50
Maharashtra	Akola	Rs./Qtl	2071	2048	23

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-May-20	8-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	34700	34500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34800	34600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	35800	35600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36000	35800	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35700	35500	200
DCH-32(107)	34mm	3.0 - 3.8	33	36200	36000	200

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

Index	Unit	11-May-20	8-May-20	Change
CCIndex(328)	RMB/Ton	11577	11463	114
CCIndex(527)	RMB/Ton	10771	10668	103
CCIndex(229)	RMB/Ton	11875	11753	122
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	11-May-20	8-May-20	Change
FC Index (S)	Cents/lb	71.53	71.75	-0.22
FC Index (M)	Cents/lb	67.86	68.26	-0.40

FC Index (L)	Cents/lb	65.86	66.08	-0.22
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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 09-May-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	9388

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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