

Domestic Fundamentals:**Market Outlook:**

The prices in Adoni market of Andhra Pradesh also stood slightly up at Rs. 4630/q with 110 q of arrivals while the MCX spot price stood at Rs.15410/bale. ICE cotton futures rose to a near two-week high on Monday.

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 & gusty winds (speed reaching 30-40 kmph) at isolated places over Jammu & Kashmir, Muzaffarabad, Haryana, Chandigarh & Delhi and Punjab; with lightning & gusty winds (speed reaching 40-50 kmph) at isolated places over Jharkhand; with lightning & gusty winds (speed reaching 30-40 kmph) at isolated places over Uttar Pradesh, Rajasthan, Vidarbha, Chhattisgarh, West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Lakshadweep and Kerala & Mahe and with lightning at isolated places over Madhya Pradesh, Odisha, Telangana, Karnataka and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton futures closed the first trading day of the week mixed with losses in the new crop contracts, Jul 20 Cotton closed at 56.71, up 44 points. The May 7th Cotlook A index was 1 cent higher to 63.90c/lb. The AWP for cotton is 46.01 cents/lb.

The world cotton market is suppressed after the rapid spread of Covid-19 has become pandemic. There has been a decline in demand from across the world due to the closure of all non-essential businesses. China has commenced its spinning operations but the recovery rate is not satisfactory enough due to the lack of demand. The forecast for 2019-20 world cotton consumption dropped by 6.4% (7.6 million bales) in April' 20 compared to March'20. The current forecast of world cotton demand is at 111 million bales, while the world cotton supply is at a relatively high level of 122 million bales. The ICE futures dropped to 55 cents/lbs in first week of May'20 from around 63 cents/lbs in March'20 first 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-May	120	15590	15880	15400	15630	707	227	4400	2237
20-Jun	120	15710	16100	15650	15830	307	-60	816	-467
20-Jul	150	15870	16080	15870	15860	25	-783	63	-1477

Spread	20-Apr	20-May	20-Jun	20-Jul	--	--
Spot	-				-	-
19-Dec	-	-220	-	-	-	-
20-Jan	-	-	20	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 12th May @ 5.30 pm

* Updated at as on 12-May- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-May-20	11-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	4750	4600	150
	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	4630	4550	80
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4359	5709	-1350
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4600	4600	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-May-20	11-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	12-May-20	11-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NR	NR	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	2500	2500	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	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	650	850	-200
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	110	150	-40
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	883	1946	-1063
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	570	765	-195
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-May-20	11-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	510	850	-340
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	12-May-20	11-May-20	
Gujarat	Rajkot	Rs. /10 Kg.	830	830	Unch
Delhi	New Delhi	Rs. /10 Kg.	770	770	Unch
Telangana	Hyderabad	Rs. /10 Kg.	840	840	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	805	805	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-May-20	11-May-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2259	2255	4
Maharashtra	Akola	Rs./Qtl	2085	2071	14

Cotton Association of India Spot Rates:

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

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

Index	Unit	12-May-20	11-May-20	Change
CCIndex(328)	RMB/Ton	NR	11577	-
CCIndex(527)	RMB/Ton	NR	10771	-
CCIndex(229)	RMB/Ton	NR	11875	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	12-May-20	11-May-20	Change
FC Index (S)	Cents/lb	71.76	71.53	0.23
FC Index (M)	Cents/lb	68.07	67.86	0.21

FC Index (L)

Cents/lb

66.11

65.86

0.25

Cotlook Index:

Cotlook Indices	Unit	11-May-20	7-May-20	Change
A-Index	Cents/Pound	65.4	63.9	1.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-May-20	11-May-20	Bales
Southeast	cents/lb.	54.63	56.88	0
North Delta	cents/lb.	53.63	55.88	0
South Delta	cents/lb.	53.63	55.88	0
East TX-OK	cents/lb.	51.38	53.63	702
West Texas	cents/lb.	51.38	53.88	596
Desert SW	cents/lb.	49.38	53.38	0
SJ Valley	cents/lb.	49.88	58.78	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 11-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 Mon May 11, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Jul	200511	55.75	57.15	55.75	56.63	0.36	14,437	93,238	-1,479
20-Oct	200511	57.95	57.95	57.47	57.62	0.24	4	109	0
20-Dec	200511	57.25	58.11	57.15	57.63	0.01	9007	54036	1972
21-Mar	200511	58.02	58.83	57.96	58.32	-0.12	1,979	13,699	174
21-May	200511	59.36	59.59	58.81	59.05	-0.25	946	3,676	43
21-Jul	200511	59.43	60.18	59.39	59.70	-0.34	553	3,433	126
Total Volume and Open Interest							27,489	175,575	982

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.