

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

The kapas prices in Rajkot market stood at Rs. 4655/q, down by Rs.45/q from the previous day. In Adoni market of Andhra Pradesh also the prices stood slightly down at Rs. 4570/q with 220 q of arrivals while the MCX spot price stood at Rs.15410/bale. US weekly crop progress report showed the cotton crop was 32% planted in the week ending on May 10, more than the five-year average of 27% reported for the same week.

**News:** *The Cotton Corporation of India (CCI) has announced bulk discount for cotton bales with it from 2018-2019 and 2019-2020 cotton seasons. The discount scheme will be applicable for purchase of cotton pertaining to crop year 2018-19 & 2019-20 for the sales made from 4<sup>th</sup> May'20 till 31<sup>st</sup> May'20. The incentive for export could receive another boost as these incentives are implemented. The Cotton Association of India is requesting a 5-10% duty drawback on both yarn and fiber exports. The challenge is to provide incentive for spinners at a time of very uncertain demand. The fall in INR against USD and strength in ICE cotton futures has continued to increase the advantage of Indian cotton exports.*

**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 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.

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

Thunderstorm accompanied with lightning, hail & gusty winds (speed reaching 30-40 kmph) at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Himachal Pradesh, Uttarakhand, Haryana, Chandigarh & Delhi, West Uttar Pradesh, Punjab and Telangana; with lightning & gusty winds (speed reaching (30-40 kmph) at isolated places over Rajasthan, Vidarbha, Chhattisgarh, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Coastal Andhra Pradesh & Yanam, Karnataka, Lakshadweep, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal and with lightning at isolated places over Madhya Pradesh, Jharkhand, Odisha and Madhya Maharashtra.

### **International Fundamentals:**

**Cotton futures closed higher after futures rallied from midday losses, July settled up 1.71 Cent, or 3.02%, at 58.34 cents per lb.** The May 11th Cotlook A index was 150 points higher to 65.40c/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 further by 5% to 104 million bales in May' 20 compared to April'20. USDA increased world consumption by 11 percent for the 2020-21 season to 116.46 million bales. The current forecast of world cotton demand is at 250 million bales, while the world cotton supply is at a relatively high level of 242 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.

**US textile and apparel total import was down by 12.6% year on year in Mar'20.** Imports from China were impacted as well from the port closures in February and March as the virus stormed through China. US imports from China fell 22.6%, and apparel imports only fell 42.6%. 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. While an improvement in sale of cotton is seen as China has started buying US cotton in the first week of May'20 that would help gain the cotton prices globally.

**Imported cotton yarn arrivals to China in Apr'20 are estimated at 132 kilo tonnes (kt), down 27.07% year on year and 27.47% month on month.** The shipments of Vietnamese cotton yarn are estimated at 62.7 kt, followed by Indian cotton yarn at 53.9 kt, Pakistani cotton yarn 23.6 kt, Uzbekistan cotton yarn at 7kt, Indonesian cotton yarn at 4 kt, in April month but not delivered as expected due to the breach of contracts. According to USDA, the total Demand decline to 34 million

bales in May estimates compared to 35 mln bales in April estimates. Due to the reduced domestic as well as international demand, China is troubled facing dealing with huge inventory in the warehouses. Increase in the stock reserves China likely to end the year with higher ending stock at 36.25 million bales in 2019-20 MY.

**The US Export Sales report from USDA showed 370,300 RB for 2019-2020 in week ending 30<sup>th</sup> 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-May	150	15850	15940	15650	15700	993	513	4246	2083
20-Jun	160	16010	16130	15890	15910	335	-32	941	-342
20-Jul	160	16160	16160	16120	15990	35	-773	69	-1471

Spread	20-Apr	20-May	20-Jun	20-Jul	--	--
Spot	-				-	-
19-Dec	-	-190	-	-	-	-
20-Jan	-	-	-30	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 13<sup>th</sup> May @ 5.30 pm

\* Updated at as on 13-May- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-May-20	12-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	4655	4610	45
	Patan	B.T. Cotton	4375	NA	-
	Kadi	B.T. Cotton	4750	4750	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	-
Andhra Pradesh	Adoni	Medium Staple	4570	4630	-60
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	4359	-
	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	13-May-20	12-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3500	3480	20
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-May-20	12-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	2350	2410	-60
	Patan	B.T. Cotton	525	NA	-
	Kadi	B.T. Cotton	3000	2500	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	1050	650	400
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	220	110	110
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	883	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	570	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-May-20	12-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	510	340
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	13-May-20	12-May-20	
Gujarat	Rajkot	Rs. /10 Kg.	820	830	-10
Delhi	New Delhi	Rs. /10 Kg.	770	770	Unch
Telangana	Hyderabad	Rs. /10 Kg.	830	840	-10
Maharashtra	Mumbai	Rs. /10 Kg.	825	805	20

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-May-20	12-May-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2258	2259	-1
Maharashtra	Akola	Rs./Qtl	2072	2085	-13

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-May-20	11-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	13-May-20	12-May-20	Change
CCIndex(328)	RMB/Ton	11526	11549	-23
CCIndex(527)	RMB/Ton	10759	10761	-2
CCIndex(229)	RMB/Ton	11845	11858	-13
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	13-May-20	12-May-20	Change
FC Index (S)	Cents/lb	73.29	71.76	1.53
FC Index (M)	Cents/lb	69.55	68.07	1.48



FC Index (L)	Cents/lb	67.86	66.11	1.75
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**Cotlook Index:**

Cotlook Indices	Unit	12-May-20	11-May-20	Change
A-Index	Cents/Pound	65.5	65.4	0.10

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-May-20	12-May-20	Bales
Southeast	cents/lb.	56.34	58.59	0
North Delta	cents/lb.	55.59	57.84	0
South Delta	cents/lb.	55.59	57.84	974
East TX-OK	cents/lb.	53.59	55.84	1190
West Texas	cents/lb.	53.59	56.09	100
Desert SW	cents/lb.	51.09	55.09	0
SJ Valley	cents/lb.	51.59	60.49	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 12-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 Tue May 12, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Jul</a>	200512	56.56	58.59	56	58.34	1.71	12,673	91,346	-1,892
<a href="#">20-Oct</a>	200512	56.92	57.88	56.92	57.88	0.26	41	90	-19
<a href="#">20-Dec</a>	200512	57.65	58.00	56.65	57.90	0.27	9279	54062	26
<a href="#">21-Mar</a>	200512	57.84	58.70	57.49	58.60	0.28	1,580	13,811	112
<a href="#">21-May</a>	200512	58.34	59.46	58.12	59.32	0.27	920	3,675	-1
<a href="#">21-Jul</a>	200512	59.36	60.10	58.45	59.95	0.25	495	3,685	252
Total Volume and Open Interest							25,360	174,331	-1,244

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