

Domestic Fundamentals:**Market Outlook:**

The kapas prices in Rajkot market stood at Rs. 4690/q, down by Rs.45/q from the previous day. In Adoni market of Andhra Pradesh also the prices stood slightly down at Rs. 4300/q with 120 q of arrivals while the MCX spot price stood at Rs.15440/bale. The overall demand hit to cotton and apparel due to coronavirus-induced lockdowns and restrictions have driven a nearly 17% drop in prices so far this year.

News: *The revival of textile industry seems very slow as all the labour force have been headed to their homes. The ginning mills are not working in its full capacity. Only 10% mills in Gujarat and around 20-25% mills in Maharashtra are working during the lockdown for 8-10 hours per day. And ginning mills are facing in the piling inventories due to the shortage of storage spaces and the stock is not being sold in the market due to the lack of demand. As 4th phase of lockdown is going to start after 18th May'20, if the government announces some ease in lockdown then there is possibility that purchasing power increases in the market and thus results in the liquidity of cotton in the industry.*

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 4th May'20 till 31st 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 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 fill 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 1 week 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.

Weather Forecast for tomorrow:

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

International Fundamentals:

Cotton were 36 to 88 points weaker after Wednesday's session with firmness in the deferreds, Jul 20 Cotton closed at 57.46, down 88 points. The May 13th Cotlook A index was 115 points higher to 66.65c/lb. The AWP for cotton is 46.01 cents/lb, and the LDP is 5.99 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 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.

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|------|-------|-------|-------|-------|--------|--------|------|--------|
| 20-May | -110 | 15760 | 15780 | 15560 | 15800 | 658 | 178 | 4143 | 1980 |
| 20-Jun | -140 | 15970 | 15970 | 15800 | 16020 | 515 | 148 | 1039 | -244 |
| 20-Jul | -80 | 16000 | 16050 | 16000 | 16130 | 4 | -804 | 71 | -1469 |

| Spread | 20-Apr | 20-May | 20-Jun | 20-Jul | -- | -- |
|--------|--------|--------|--------|--------|----|----|
| Spot | - | | | | - | - |
| 19-Dec | - | -190 | - | - | - | - |
| 20-Jan | - | - | -80 | - | - | - |

(NB: Spread Basis = Spot- Near Month Future) As updated on 14th May @ 5.30 pm

* Updated at as on 14-May- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 14-May-20 | 13-May-20 | |
| Gujarat | Ahmedabad | Shankar-6 | Closed | Closed | - |
| | Gondal | Shankar-6 | NA | NA | - |
| | Rajkot | B.T. Cotton | 4690 | 4655 | 35 |
| | Patan | B.T. Cotton | 3655 | 4375 | -720 |
| | 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 | 4690 | 4570 | 120 |
| Telangana | Adilabad | Un-Ginned | NA | NA | - |
| Karnataka | Bijapur | Bunny | 4549 | NA | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 4659 | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 14-May-20 | 13-May-20 | |
| Punjab | Bhatinda | J-34 | NA | NA | - |
| | Abohar | J-34 | NA | NA | - |
| | Mansa | J-34 | NA | NA | - |
| Haryana | Sirsa | J-34 | 3490 | 3500 | -10 |
| Rajasthan | Sri-Ganganagar | J-34 | Closed | Closed | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 14-May-20 | 13-May-20 | |
| Gujarat | Ahmedabad | Shankar-6 | Closed | Closed | - |
| | Gondal | Shankar-6 | NA | NA | - |
| | Rajkot | B.T. Cotton | 2000 | 2350 | -350 |
| | Patan | B.T. Cotton | 750 | 525 | 225 |
| | Kadi | B.T. Cotton | 2000 | 3000 | -1000 |
| | 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 | 1000 | 1050 | -50 |
| 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 | 120 | 220 | -100 |
| Telangana | Adilabad | Un-Ginned | NA | NA | - |
| Karnataka | Bijapur | Bunny | 1881 | NA | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 675 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 14-May-20 | 13-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 | 14-May-20 | 13-May-20 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 840 | 820 | 20 |
| Delhi | New Delhi | Rs. /10 Kg. | 785 | 770 | 15 |
| Telangana | Hyderabad | Rs. /10 Kg. | 845 | 830 | 15 |
| 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 | 14-May-20 | 13-May-20 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2263 | 2258 | 5 |
| Maharashtra | Akola | Rs./Qtl | 2088 | 2072 | 16 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
| | | | | 13-May-20 | 12-May-20 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 35100 | 35500 | -400 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 35500 | 35900 | -400 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 34300 | 34700 | -400 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 34700 | 34800 | -100 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 35400 | 35800 | -400 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 35900 | 36000 | -100 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 35600 | 35700 | -100 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 36100 | 36200 | -100 |

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

| Index | Unit | 14-May-20 | 13-May-20 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 11515 | 11526 | -11 |
| CCIndex(527) | RMB/Ton | 10747 | 10759 | -12 |
| CCIndex(229) | RMB/Ton | 11842 | 11845 | -3 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 14-May-20 | 13-May-20 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 71.8 | 73.29 | -1.49 |
| FC Index (M) | Cents/lb | 68.46 | 69.55 | -1.09 |

| | | | | |
|--------------|----------|-------|-------|--------------|
| FC Index (L) | Cents/lb | 66.94 | 67.86 | -0.92 |
|--------------|----------|-------|-------|--------------|

Cotlook Index:

| Cotlook Indices | Unit | 13-May-20 | 12-May-20 | Change |
|-----------------|-------------|-----------|-----------|-------------|
| A-Index | Cents/Pound | 66.65 | 65.5 | 1.15 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|------------------------|------------------------|-------------|
| | | 13-May-20 | 13-May-20 | Bales |
| Southeast | cents/lb. | 55.46 | 57.71 | 1968 |
| North Delta | cents/lb. | 54.71 | 56.96 | 728 |
| South Delta | cents/lb. | 54.71 | 56.96 | 0 |
| East TX-OK | cents/lb. | 52.71 | 54.96 | 761 |
| West Texas | cents/lb. | 52.71 | 55.21 | 836 |
| Desert SW | cents/lb. | 50.21 | 54.21 | 0 |
| SJ Valley | cents/lb. | 50.71 | 59.61 | 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 13-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 Wed May 13, 2020

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 20-Jul | 200513 | 58.30 | 58.43 | 56.96 | 57.46 | -0.88 | 10,207 | 90,205 | -1,141 |
| 20-Oct | 200513 | 57.49 | 57.63 | 57.28 | 57.36 | -0.52 | 35 | 81 | -9 |
| 20-Dec | 200513 | 57.95 | 57.95 | 56.63 | 57.32 | -0.58 | 6880 | 55225 | 1163 |
| 21-Mar | 200513 | 58.61 | 58.61 | 57.62 | 58.14 | -0.46 | 1,291 | 14,030 | 219 |
| 21-May | 200513 | 58.77 | 59.32 | 58.51 | 58.96 | -0.36 | 654 | 3,680 | 5 |
| 21-Jul | 200513 | 59.45 | 59.95 | 58.96 | 59.67 | -0.28 | 305 | 3,815 | 130 |
| Total Volume and Open Interest | | | | | | | 19,421 | 174,731 | 400 |

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