

Domestic Fundamentals:**Market Outlook:**

The kapas prices in Rajkot market stood steady at Rs. 4750/q. In Adoni market of Andhra Pradesh, the prices stood slightly firm at Rs. 4642/q with 230 q of arrivals while the MCX cotton stood at Rs.15620/bale. ICE cotton futures weakened again today amid mounting tensions between US and China.

News: According to CAI, the projections for exports in this season has been increase by 5 lakh bales to 47 lakh bales from 42 lakh bales as fall in Indian rupee made the Indian cotton the cheapest in the world and attractive. The projections for imports declined to 15 lakh bales from 25 lakh bales. According to CAI, a total of 12.5 lakh bales of import shipments is expected to have reached at Indian ports and 32.5 lakh bales of cotton have been exported so far this season. Consumption by Indian spinning mills from 1st Oct'20 to 30th Apr'20 is estimated to have reached at 160 lakh bales.

In Maharashtra and Gujarat, there is about 32 lakh quintals unsold cotton stock that is remaining with farmers. And with the approaching monsoon, the farmers might face difficulty in selling their produce to CCI. Once the moisture increases with upcoming monsoon, moisture content in kapas will rise making it non FAQ grade. Kapas prices in Maharashtra and Gujarat in May, have been Rs 4,500 per quintal and Rs 4,650 per quintal respectively.

CAI has released its May'20 cotton estimates and declined the cotton crop to 330 lakh bales from 354 lakh bales from its previous estimates for 2019-20 crop year. The total of 285.09 lakh bales of cotton have been arrived so far till 30th Apr'20 from the starting of the season. Although, the production is higher compared to the previous year while CAI estimates that the harvested crop is not likely to arrive in the market as expected due to the weaker prices and disruption in procurement of cotton amid covid-19 pandemic. Due to which a lot of kapas would be carry forwarded to the upcoming season. As soon as CCI stops purchasing, the arrivals might go further down as the rates offered by the private traders are far less than MSP.

The textile mills situated in Bhilwara district in Rajasthan are prepared to commence operations. As the textile industry is slowly gaining momentum. As in Bhilwara itself, the production has started in 250 MSME units and 45 mega units apart from textile sector. In Bhilwara, 9 textile mega units has started production out of 10 mega units. Also, 25 per cent of the textile industries have started production in Balotra and 50 units in Pali.

Government is likely to increase MSP for kharif crops in 2020-21 season by 2-13% hike. The CACP has recommended the central government to take hike for the upcoming kharif crops to provide benefit to farmers. Therefore, a rise of around 5% is recommended in medium and long staple length of cotton. There will be an increase of Rs.275/q and Rs.260/q to Rs.5,825/q and Rs.5,515/q in long and medium staple length cotton respectively. The MSP for long staple length cotton was Rs.5,550/q and Rs.5255/q for medium staple in 2019-20 season.

According to CCI, 92 lakh bales of cotton has been procured till 20th May'20 across India. Of the total crop of 360 lakh bales, around 297-300 lakh bales have arrived in the market so far. Currently, CCI is procuring some 45000 bales a day. In Maharashtra, CCI is procuring about 15,000 bales a day where the ginners are strictly advised to re-open the ginning mills as the ginners in the state were reluctant to start their units due to shortage of labour and the fear of contracting coronavirus.

The area under cotton in Gujarat seems to decrease and likely to shift to groundnut in 2020-21 season. As the better returns in groundnut has attracted farmers against the critical situation that is prevailing in the cotton market and decline in demand in the apparel and textile industry. Groundnut prices hovered in the range of Rs.5,250-6,495 per quintal in Rajkot market above MSP while kapas prices, on the other hand, hovered around Rs. 3,350-4,875 per quintal at Rajkot lower than MSP (Rs.5550/q). Also, every year cotton is prone pink bollworm attack that always hampers the yield.

An alert has been issued by the government that a possible attack of locust pest can damage the crops including cotton. The areas at borders of Punjab, Haryana and Rajasthan are likely to be more affected by this pest. Fazilka (villages of

Roopnagar), Muktsar, Bhatinda and few areas of Abohar in Punjab followed by Barmer, Jaipur, Jaisalmer and Sriganganagar in Rajasthan and is likely to spread in Haryana also. If it is not controlled, then the pest attack would decline the yield of the crop.

The pace of cotton sowing in Punjab is in its peak as around 60-65% of cotton have already sown against the target of 5 lakh ha. The sowing likely to continue till May end but the late sown crop is prone to pest infestation. Around 3 lakh ha is already sown including 90,400 ha in Bhatinda followed by Fazilka 72,000 ha, Mansa 69,795 ha, Muktsar 65,600 ha and others contributing the area of 3,456 ha so far till 17th May.

Telangana is planning to increase cotton area by 50-55% this year in 2020-21 season. Last year Telangana produced cotton on area about 18 lakh ha while the CM told farmers to increase the area to around 28 lakh ha in 2020-21. The step is likely to be taken to discourage farmers to opt for excess water consuming crop paddy. While the huge surge in cotton area is difficult in such a short term as there should be sufficient supply of good quality seeds. Also, the farmers are not getting good returns as the prices (FAQ grade) are hovering around Rs. 4200-4700/q much below the MSP.

Cotton prices in India have fallen significantly and is ranging near 54-55 cents/lbs while ICE cotton ranging between 57-58 cents/lbs gaining strength because china still buying us cotton despite increasing tensions with USA despite of tensions between the two in last week. The Indian cotton is cheaper in the international market making a way for good exports. The industry already have signs of good demand from Bangladesh and China. It is possible that more contracts India might receive from Bangladesh, Vietnam and China in the coming days supporting the prices and rise over the expected range.

Weather Forecast for tomorrow:

Thunderstorm accompanied with gusty winds (speed reaching 30-40 kmph) & lightning very likely at isolated places over Tamilnadu, Puducherry & Karaikal, Kerala & Mahe, and Bihar. Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over Assam & Meghalaya; heavy rainfall at isolated places over Sub- Himalayan West Bengal & Sikkim and Tamilnadu, Puducherry & Karaikal and Kerala & Mahe. Heat wave conditions at many places with severe heat wave in isolated pockets very likely over Vidarbha; heat wave conditions in a few places over Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, Rajasthan and in isolated pockets over Telangana, Rayalseema, Coastal Andhra Pradesh & Yanam, Madhya Maharashtra, Marathwada, Odisha, Madhya Pradesh and East Uttar Pradesh.

International Fundamentals:

After Friday's trading, cotton futures were down 45 to 89 points, Jul 20 Cotton closed at 57.61, down 45 points. The 05/21 Cotlook A index was down a penny to 66.35c/lb. The updated AWP for the week is 48.01 cents/lb.

Net new sales for the week ending May 14 totaled 128,900 bales for the 2019/20 marketing year and 120,200 bales for the 2020/21 marketing year that starts August 1. Once again, sales to China accounted for the bulk of new sales. In fact, sales outside China were actually reduced for 2019/20, and China was 79,200 bales of the next marketing year. However, the pace of shipments fulfilling outstanding sales continues to underperform. Combined Upland and Pima shipments were just 256,800 bales last week, and need to average just over 300,000 to hit the USDA's forecast.

According to the USDA's weekly Crop Progress and Condition Report, cotton is 44 percent planted across the Cotton Belt, versus a five-year average of 40 percent. Speaking of rains, some heavy storms and a fair amount of hail hit West Texas this week. Most producers are still glad for the moisture, but some newly emerging crops will have to be re-planted.

The cotton trading has slightly improved after easing down the lockdown in Pakistan. The demand has increased but the trading of yarn and cotton will fully resume after Ramazan and Eid holidays. A threat of locust infestation is prevailing on cotton in Pakistan. The sowing has completed in lower areas of Sindh while sowing is going on in upper areas of Sindh and many areas of Punjab. The farmers reported that the seed quality was not good that showed only 30 percent to 50 percent germination level.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Jun	150	15800	15940	15720	15740	497	17	3800	1637
20-Jul	140	15980	16400	15970	15960	47	-320	286	-997
20-Aug	0	0	0	0	16290	0	-808	3	-1537

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-460	-	-	-	-
20-Jul	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 22nd May @ 5.30 pm

* Updated at as on 22-May- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-May-20	25-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	4750	4750	Unch
	Patan	B.T. Cotton	NA	4315	-
	Kadi	B.T. Cotton	NA	NA	-
	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	NR	5405	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	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	4642	4638	4
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4659	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4885	4800	85
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-May-20	25-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3560	3550	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-May-20	25-May-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	3100	2610	490
	Patan	B.T. Cotton	NA	1855	-
	Kadi	B.T. Cotton	NA	NA	-
	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	NR	1500	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	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	230	647	-417
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1202	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	435	60	375
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-May-20	25-May-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	680	170
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	26-May-20	25-May-20	
Gujarat	Rajkot	Rs. /10 Kg.	800	800	Unch
Delhi	New Delhi	Rs. /10 Kg.	755	755	Unch
Telangana	Hyderabad	Rs. /10 Kg.	815	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	820	825	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	26-May-20	25-May-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2211	Closed	-
Maharashtra	Akola	Rs./Qtl	2053	Closed	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-May-20	23-May-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35600	35600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36000	36000	Unch
J-34(202)	26mm	3.5 - 4.9	23	33400	33400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33500	33500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34400	34400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35000	35000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	35100	35100	Unch

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

Index	Unit	26-May-20	25-May-20	Change
CCIndex(328)	RMB/Ton	11831	11843	-12
CCIndex(527)	RMB/Ton	10947	10962	-15
CCIndex(229)	RMB/Ton	12113	12115	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	26-May-20	25-May-20	Change
FC Index (S)	Cents/lb	NR	70.93	-

FC Index (M)	Cents/lb	NR	67.22	-
FC Index (L)	Cents/lb	NR	66.12	-

Cotlook Index:

Cotlook Indices	Unit	21-May-20	20-May-20	Change
A-Index	Cents/Pound	66.35	67.35	-1.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-May-20	22-May-20	Bales
Southeast	cents/lb.	55.61	57.86	640
North Delta	cents/lb.	54.86	57.11	3570
South Delta	cents/lb.	54.86	57.11	0
East TX-OK	cents/lb.	52.86	55.11	186
West Texas	cents/lb.	52.86	55.36	78
Desert SW	cents/lb.	50.36	54.36	200
SJ Valley	cents/lb.	50.86	59.76	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 23-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 22, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Jul	200522	58.07	58.21	57.06	57.61	-0.45	14,289	82,864	-778
20-Oct	200522	57.37	57.51	57.37	57.51	-0.86	7	31	-2
20-Dec	200522	58.80	58.80	57.45	57.81	-0.89	9471	65322	2651
21-Mar	200522	59.46	59.46	58.30	58.73	-0.74	964	14,001	-31
21-May	200522	59.40	59.73	59.00	59.57	-0.47	275	3,866	-10
21-Jul	200522	60.05	60.36	59.59	60.23	-0.17	196	4,449	97
Total Volume and Open Interest							25,451	179,784	2,092

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