Domestic Fundamentals:

Market Outlook:

The kapas prices in Rajkot market stood slightly steady at Rs. 4635/q. In Adoni market of Andhra Pradesh, the prices stood steady at Rs. 4769/q with 599 q of arrivals while the MCX cotton stood at Rs.15830/bale. ICE cotton futures rose on Monday to their highest in more than two months dry weather in Texas, the largest cotton-producing state, and provided support.

News: ***Government has increased the MSP for kharif crops in 2020-21 season by 2-13% hike.*** *The CCEA has approved the 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 is 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.*

CCI has done promising procurement of cotton from the farmers of around 95 lakh bales *so far till May end this year against the target of 100 lakh bales in 2019-20. During lockdown, CCI started purchasing cotton after a halt of around one month in April last week and till May end it procured around 10 lakh bales despite the disruptions caused in the lockdown. But the as per the higher crop estimation this year, the slow pace in the procurement is not enough to buy all the crop that is left with the farmers (around 55 lakh bales) before the onset of monsoon.*

In Nagpur district, total 16,75,028 quintals of cotton has been procured from 81,648 farmers so far. *This includes 3,05,072 quintals of cotton procured by Maharashtra Marketing Federation from 12,863 farmers. Besides, CCI has procured 83,643 quintals of cotton from 2,114 farmers. And those holding marketing permit and licensed traders are procuring cotton from APMC are procuring cotton. Cotton Federation and CCI were procuring cotton at 23 ginning and pressing units in the district. It is expected that all the cotton with farmers will be procured by the onset of monsoon.*

The cotton sowing in Punjab, Haryana and Rajasthan is almost completed by 97-99%. *The area in Rajasthan has remained near same compared to last year around 6 lakh hectare. While the significant area is increased in Punjab and around 5-10% increase in area is expected in Haryana. As the locusts have attacked severely in few areas in Rajasthan and Punjab areas that share border with Pakistan. Still the states are assessing the loss caused in those regions that are attacked by locusts but the main cotton belt near border is Sri ganganagar which covers around 30% of total area of Rajasthan that is likely to be affected more. No major loss is observed in Punjab and Haryana so far.*

According to the trade sources, the Indian cotton exports for the April'20 were reported much lower only around 38,200 bales compared to 2.94 lakh bales in Mar'20*. In April'20, most of the shipments were halted and cancelled due to the outbreak of Covid-19 virus in various countries. During the time, Bangladesh was the largest importer of 12,300 bales at an average FOB of $1.5/kg as fulfilling the older contracts followed by China importing around 11,200 bales at an average FOB of $1.52/kg as China started operating textile mills in March itself. The other export destinations of India were Indonesia (5,500 bales at 1.53 $/Kg), Oman (2,400 bales at $1.53/kg), Thailand (1,660 bales at $1.43/kg), Iran (958 bales at $1.54/kg) and Vietnam (880 bales at $1.51/kg).*

Around 80% cotton sowing has been completed in northern India so far. *In few areas, the crop reached near vegetative phase and few are germinating. The locust attack is the northern region of India can have a ravaging effect on the cotton crop for the coming season (2020-21). The situation is critical in Northern and western Rajasthan including the districts of Shri Ganganagar, Hanumangarh, Gharsana and Rawla. Now the farmers in Punjab and Haryana are also in fear that it might get severe in both states damaging their crop in early stages in the coming days. The swarms are likely to spread towards Gujarat, MP and Maharashtra also. Punjab, Haryana and Rajasthan all three states contribute around 17% of the total India's cotton production.*

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.*

Weather Forecast for tomorrow:

Thunderstorm accompanied with lightning, hail & squall (speed reaching 50-60 kmph) at isolated places very likely over Rajasthan; with lightning & squall (speed reaching 50-60 kmph) at isolated places over Gangetic West Bengal; with lightning & gusty winds (speed reaching 40-50 kmph) at isolated places over Interior Karnataka, Telangana, West Madhya Pradesh; gusty winds (speed reaching 30-40 kmph) at isolated places over Coastal Andhra Pradesh & Yanam, Rayalaseema, East Madhya Pradesh, Vidarbha, Sub-Himalayan West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Bihar, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura and Uttar Pradesh; with lightning at isolated places over Tamilnadu, Puducherry & Karaikal, Chhattisgarh, Jharkhand, Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Haryana, Chandigarh & Delhi and Arunachal Pradesh.

International Fundamentals:

The front month July cotton futures spiked 2.47 cents/lb higher to 60.06, Jul 20 Cotton closed at 60.06, up 247 points. *The May 29 Cotlook A index was 65.45c/lb after a 75 point drop. FSA's AWP is 47.48 cents/lb.*

According to the USDA's weekly Crop Progress and Condition Report, cotton is 66 percent planted across the Cotton Belt, *versus a five-year average of 66 percent in the week ending on 31st May'20. The sowing progress was slightly higher by 1% in the previous year during the same time. The progress of planting was 48% fair and 39% good during the season so far. Planting advanced at a rapid pace as dry conditions allowed, but fieldwork was delayed in portions of Alabama and Georgia where the heaviest rainfall occurred. In some areas, producers are considering replanting options as seedlings failed to make a stand due to heavy rainfall. While in Texas, Oklahoma and Kansas are going through a dry spell, posing a threat to cotton crops.*

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	230	16160	16340	16150	15980	448	-32	3831	1668
20-Jul	210	16470	16500	16360	16210	131	-236	418	-865
20-Aug	0	0	0	0	16290	0	-808	3	-1537

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-160	-	-	-	-
20-Jul	-	-	-	-	-	-

(**NB**: Spread Basis = Spot- Near Month Future) As updated on 2nd Jun @ 5.30 pm
* Updated at as on 02–Jun- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Jun-20	1-Jun-20	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	4635	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5400	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	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4700	4700	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	4769	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4829	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5050	-
Commodity	**Lint**		**Prices (Rs./Maund)**		**Change**
State	**Centre**	**Variety**	**2-Jun-20**	**1-Jun-20**	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3590	3590	Unch

Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	**Centre**	**Variety**	**2-Jun-20**	**1-Jun-20**	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	3200	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	800	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	1400	1500	-100
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	400	700	-300
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	599	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2261	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1305	-
Commodity	**Lint**		**Arrivals (Quintal)**		**Change**
State	**Centre**	**Variety**	**2-Jun-20**	**1-Jun-20**	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-

Rajasthan	Sri-Ganganagar	J-34	NA	NA	**-**

Cotton Seed Oil Prices:

Commodity	**Cotton Seed Oil**		**Price**		**Change**
State	**Centre**	**Unit**	**2-Jun-20**	**1-Jun-20**	
Gujarat	Rajkot	Rs. /10 Kg.	810	800	**10**
Delhi	New Delhi	Rs. /10 Kg.	775	770	**5**
Telangana	Hyderabad	Rs. /10 Kg.	820	815	**5**
Maharashtra	Mumbai	Rs. /10 Kg.	820	820	**Unch**

Cotton Seed Oil Seed Cake Prices:

Commodity	**Cotton Seed Oil Seed Cake**		**Price**		**Change**
State	**Centre**	**Unit**	**2-Jun-20**	**1-Jun-20**	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2244	2223	**21**
Maharashtra	Akola	Rs./Qtl	2110	2077	**33**

Cotton Association of India Spot Rates:

Trade Name	**Staple**	**Micronaire**	**Strength/ GPT**	**Rs. Per Candy**	**Rs. Per Candy**	**Change**
				1-Jun-20	**30-May-20**	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35900	35600	**300**
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36000	**600**
J-34(202)	26mm	3.5 - 4.9	23	33800	33400	**400**
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33700	33500	**200**
Shankar-6(105)	29mm	3.5 – 4.9	28	34600	34400	**200**
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	2-Jun-20	1-Jun-20	Change
CCIndex(328)	RMB/Ton	11795	11795	Unch
CCIndex(527)	RMB/Ton	10949	10952	-3
CCIndex(229)	RMB/Ton	12083	12081	2
RMB -Renminbi, 1RMB =0.16 $U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	2-Jun-20	1-Jun-20	Change
FC Index (S)	Cents/lb	72.56	70.06	2.50
FC Index (M)	Cents/lb	68.76	66.26	2.50
FC Index (L)	Cents/lb	68.06	65.56	2.50

Cotlook Index:

Cotlook Indices	Unit	1-Jun-20	29-May-20	Change
A-Index	Cents/Pound	65.45	65.45	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		1-Jun-20	1-Jun-20	Bales
Southeast	cents/lb.	58.06	60.31	0
North Delta	cents/lb.	57.31	59.56	4500
South Delta	cents/lb.	57.31	59.56	0
East TX-OK	cents/lb.	55.31	57.56	2137
West Texas	cents/lb.	55.31	57.81	1542
Desert SW	cents/lb.	52.81	56.81	0
SJ Valley	cents/lb.	53.31	62.21	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 01-Jun-2020 (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	9110	171	9281

AGRIWATCH

Cotton-Daily-Fundamental-Report
03rd Jun, 2020

Daily Futures Price Listing Mon June 01, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Jul	200601	57.59	60.39	57.26	60.06	2.47	8,639	81,701	48
20-Oct	200601	57.94	59.43	57.24	58.57	1.30	8	36	-1
20-Dec	200601	57.48	59.40	57.16	58.71	1.23	6778	73214	2006
21-Mar	200601	58.47	60.10	58.22	59.24	0.76	925	14,353	172
21-May	200601	59.62	60.38	59.05	59.49	0.11	596	3,907	-27
21-Jul	200601	60.35	61.15	59.61	59.84	-0.30	330	5,231	197
Total Volume and Open Interest							17,448	188,525	2,543