

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

The kapas prices in Rajkot market stood slightly steady firm at Rs. 4710/q. In Adoni market of Andhra Pradesh, the prices stood steady at Rs. 4787/q with 102q of arrivals while the MCX cotton stood at Rs.15870/bale. ICE cotton futures fell on Thursday on a weekly federal export report that showed large cancellations, which outweighed sales, raising concerns over demand for the natural fibre.

**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.5,255/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 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 in 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 1<sup>st</sup> Oct'20 to 30<sup>th</sup> 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 30<sup>th</sup> 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, squall (speed reaching 50-60 kmph) at isolated places over Punjab; with lightning & gusty winds (speed reaching 40-50 kmph) at isolated places over Sub-Himalaya West Bengal & Sikkim and Andaman & Nicobar Islands; with lightning & gusty winds (speed reaching 30-40 kmph) at isolated places over Interior Karnataka, Rayalaseema, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, Uttar Pradesh and Rajasthan; with lightning at isolated places over Madhya Pradesh, Vidarbha, Chhattisgarh, Gangetic West Bengal, Bihar, Jharkhand, Arunachal Pradesh, Haryana, Chandigarh & Delhi and Tamilnadu, Puducherry & Karaikal.

### **International Fundamentals:**

**Cotton Futures are 49 to 53 points higher to start the Friday session, July fell 0.29 cent, or 0.48%, to 60.19 cents per lb.** The Cotlook A index was another 25 points higher on June 03 to 67.90c/lb. NASS raised the AWP for cotton to 48.32 cents/lb.

**The weekly Export Sales update noted a net reduction in old crop cotton bookings of 10,089 Running Bales.** Cotton shipments were 237,923 RBs on the week, for a MY total of 11.32 million RB. Cotton exports were 1.25 million bales in April according to the latest Census update. That brought official accumulated cotton exports to 11.77 million bales through April.

**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	350	16190	16640	16190	16210	756	276	3813	1650
20-Jul	360	16440	16840	16440	16390	118	-249	503	-780
20-Aug	330	16600	16620	16600	16290	6	-802	3	-1537

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-200	-	-	-	-
20-Jul	-	-	200	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 5<sup>th</sup> Jun @ 5.30 pm

\* Updated at as on 05-Jun- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Jun-20	4-Jun-20	
Gujarat	Ahmedabad	Shankar-6	5000	4875	125
	Gondal	Shankar-6	4455	NA	-
	Rajkot	B.T. Cotton	4710	NA	-
	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	5400	Unch
	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	NA	NA	-
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	4725	4650	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	4787	4806	-19
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5009	4999	10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	5016	-16
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Jun-20	4-Jun-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3630	3650	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Jun-20	4-Jun-20	
Gujarat	Ahmedabad	Shankar-6	23800	8500	15300
	Gondal	Shankar-6	978	NA	-
	Rajkot	B.T. Cotton	2000	NA	-
	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	600	800	-200
	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	NA	NA	-
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	1200	1000	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	102	422	-320
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	694	962	-268
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	450	1417	-967
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Jun-20	4-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	5-Jun-20	4-Jun-20	
Gujarat	Rajkot	Rs. /10 Kg.	820	795	25
Delhi	New Delhi	Rs. /10 Kg.	780	775	5
Telangana	Hyderabad	Rs. /10 Kg.	810	810	Unch
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	5-Jun-20	4-Jun-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2292	2269	23
Maharashtra	Akola	Rs./Qtl	2174	2146	28

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Jun-20	3-Jun-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36100	36100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36800	36600	200
J-34(202)	26mm	3.5 - 4.9	23	34400	34400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34000	34000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	35000	35000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35300	35300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35000	35000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	35500	35400	100

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

Index	Unit	4-Jun-20	3-Jun-20	Change
CCIndex(328)	RMB/Ton	11919	11903	16
CCIndex(527)	RMB/Ton	11053	11048	5
CCIndex(229)	RMB/Ton	12205	12183	22

RMB -Renminbi, 1RMB =0.16 \$U.S.

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

Index	Unit	5-Jun-20	4-Jun-20	Change
FC Index (S)	Cents/lb	72.29	72.97	-0.68
FC Index (M)	Cents/lb	68.42	69.17	-0.75



FC Index (L)	Cents/lb	67.66	68.45	-0.79
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**Cotlook Index:**

Cotlook Indices	Unit	4-Jun-20	3-Jun-20	Change
A-Index	Cents/Pound	67.9	67.9	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Jun-20	4-Jun-20	Bales
Southeast	cents/lb.	57.75	60	489
North Delta	cents/lb.	57.25	59.5	0
South Delta	cents/lb.	57.25	59.5	0
East TX-OK	cents/lb.	55	57.25	34
West Texas	cents/lb.	55	57.5	0
Desert SW	cents/lb.	52.75	56.75	0
SJ Valley	cents/lb.	53.25	62.15	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 04-Jun-2020**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8400	160	8560
Equivalent	40 Kgs	9003	171	9174

**Daily Futures Price Listing Thu June 04, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Jul</a>	200604	60.17	60.43	59.66	60	-0.48	20,390	72,161	-5,335
<a href="#">20-Oct</a>	200604	59.61	59.66	59.54	59.54	-0.19	8	48	3
<a href="#">20-Dec</a>	200604	59.35	59.78	59.02	59.58	-0.15	17009	79671	2889
<a href="#">21-Mar</a>	200604	60.15	60.38	59.80	60.22	-0.16	2,034	14,786	56
<a href="#">21-May</a>	200604	60.44	60.73	60.24	60.54	-0.16	730	3,584	-121
<a href="#">21-Jul</a>	200604	61.01	61.10	60.65	60.87	-0.15	208	5,378	-1
Total Volume and Open Interest							40,527	185,922	-2,459

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