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Cotton-Daily-Fundamental-Report
13th Jun, 2020

Domestic Fundamentals:

Market Outlook:

The kapas prices in Rajkot market stood steady at Rs. 4740/q. In Adoni market of Andhra Pradesh, the prices stood weak at Rs. 5070/q with 1170 q of arrivals while the MCX cotton stood firm at Rs.16220/bale. The cotton market ended its Thursday session lower in the face of a rising U.S. dollar and a sharp decline with industrial commodities.

News: ***During the lockdown, around 15-20 lakh bales of cotton have been arrived in the mandi till first week of June.*** *According to CAI, 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 but all the harvested crop is not likely to arrive in the market as much was expected due to the weaker prices and disruption in procurement of cotton amid covid-19 pandemic and soon going to arrive monsoon in the cotton belts of India. Around 30-45 lakh bales of cotton lint is left with farmers and out of this total, only 25-30% cotton is of FAQ grade that can be purchased by CCI. The non-FAQ grade cotton would possibly be bought by the local ginners and private traders at a price lower than MSP.*

Kharif crop sowing has started from June 1st in Andhra Pradesh with the onset of monsoon. *Kharif season has been set at 39.59 lakh hectares as against the normal crop acreage of 37.54 lakh hectares. Pulses, oilseeds and sugarcane crops are at vegetative stage. The targeted area under cotton for 2020-21 season is 5.44 lakh ha against the area under normal season is 6.08 lakh ha.*

About 16 lakh ha area has been sown under cotton till 5th June'20 for 2020-21 marketing year. *In Punjab, around 12% increase in area is seen to 4.5 lakh ha followed by Haryana, up by 10% to 7.02 lakh ha. In Rajasthan, the maximum increase was witnessed from 2.46 lakh ha to 4.52 lakh ha in 2020-21 compared to the previous year. In Gujarat, the sowing has started recently during the last week and around 0.13 lakh ha is sown. The sowing also started in AP and Karnataka covering the area around 0.07 lakh ha and 0.41 lakh ha, respectively.*

Due to the heavy rainfall in the past week after the cyclone Nisarga hit Maharashtra and Gujarat, *cotton left in the open fields were damaged on small scale in Maharashtra and negligible loss in Gujarat. So far, the loss incurred in MH on the account damage is around 7 lakh quintals of lint as its quality have been deteriorated. At the start of the season, the Maharashtra government planned to open 40 ginning factories for procurement. But at present, cotton is being procured at 166 ginning and pressing factories after seeing the huge stock with the farmers. Around 30 lakh quintals kapas is left with farmers in the state out of which only 9-10 lakh quintal is of FAQ grade that would be procured by CCI. CCI have procured around 110 lakh quintals and around 73 lakh quintals have been procured by Maharashtra Federation till 7th June'20.*

The rise in MSP is favourable for farmers that encourages them to grow more for the coming season. *But the 5% hike in MSP is somewhere would be troublesome for spinners. Already northern part of India is witnessing higher cotton acreage and the southern and western cotton belts are yet start sowing. The cotton demand and trade prospects in cotton year 2020 have been severely hampered owing to the pandemic. The yarn and garment demand is impacted which is likely to result in a decline in cotton consumption for cotton year 2020. Therefore, the year that would end by September this year with higher ending stock. That would gradually does not support the prices in the coming year.*

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.*

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).*

Weather Forecast for tomorrow:

Thunderstorm accompanied with lightning likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit Baltistan, Muzaffarabad, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, Rajasthan, Bihar, Gujarat State, Jharkhand, Gangetic West Bengal, Arunachal Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura. Heavy to very heavy rainfall likely at isolated places over Coastal Karnataka, Konkan & Goa and Madhya Maharashtra and heavy rainfall at isolated places over Kerala & Mahe, Telangana, Marathwada, Vidarbha, Madhya Pradesh, Chhattisgarh, South Interior Karnataka, Sub-Himalayan West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

International Fundamentals:

***Cotton futures ended above the midday lows, but were still down 49 to 90 points on the day, July cotton futures ended at 60.02 cents/lbs, down by 49 points.** The Cotlook A index was down 25 points on June 10, at 67.95c/lb. FSA increased the week's Adjusted World Price for cotton to 49.60 cents/lb. Cotton export sales on the week ending June 4th were 399,621 RBs, which was a 6 week high. Cotton export shipments were a 5 week high of 294,327 RBs.*

***The ICAC's global production estimate for 2019-20 is at 154 million bales** with production for 2020-21 currently estimated at 148 million bales, a 4% decrease as global area decreases based on lower prices. Global consumption for 2019-20 is currently estimated at 13.5 million bales from the severe damage caused by the pandemic and the continual pressure of global trade tensions. With decreasing use, ending stock levels are expected to rise to 12.8 million bales at record high levels.*

***According to the USDA's weekly Crop Progress and Condition Report, cotton is 78 percent planted across the Cotton Belt,** versus a five-year average of 81 percent in the week ending on 7th Jun'20. The sowing progress was slightly higher by 4% in the previous year during the same time. The 2020-21 cotton squaring was 13%, 3% ahead of the 5-yr average. The progress of planting was 44% fair and 36% good during the season so far.*

***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.*

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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	16510	16580	16260	16560	482	2	3499	1336
20-Jul	-120	16680	16770	16540	16750	223	-144	753	-530
20-Aug	-220	16980	16980	16750	16970	5	-803	8	-1532

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-190	-	-	-	-
20-Jul	-	-	-210	-	-	-

(**NB**: Spread Basis = Spot- Near Month Future) As updated on 12th Jun @ 5.30 pm

* Updated at as on 12–Jun- 2019 @ 5:00 PM

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DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Jun-20	11-Jun-20	
Gujarat	Ahmedabad	Shankar-6	5000	5000	Unch
	Gondal	Shankar-6	4630	4605	25
	Rajkot	B.T. Cotton	4740	4740	Unch
	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	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	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	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	5070	5033	37
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5179	5269	-90
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5160	-
Commodity	**Lint**		**Prices (Rs./Maund)**		**Change**
State	**Centre**	**Variety**	**12-Jun-20**	**11-Jun-20**	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3680	3670	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Jun-20	11-Jun-20	
Gujarat	Ahmedabad	Shankar-6	23800	22100	1700
	Gondal	Shankar-6	978	510	468
	Rajkot	B.T. Cotton	1800	1500	300
	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	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	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	1400	1300	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	1170	1287	-117
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2467	1760	707
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	660	-
Commodity	**Lint**		**Arrivals (Quintal)**		**Change**
State	**Centre**	**Variety**	**12-Jun-20**	**11-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	12-Jun-20	11-Jun-20	
Gujarat	Rajkot	Rs. /10 Kg.	810	810	Unch
Delhi	New Delhi	Rs. /10 Kg.	785	785	Unch
Telangana	Hyderabad	Rs. /10 Kg.	815	815	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	12-Jun-20	11-Jun-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2272	2291	-19
Maharashtra	Akola	Rs./Qtl	2177	2200	-23

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Jun-20	10-Jun-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36600	36500	100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37300	37200	100
J-34(202)	26mm	3.5 - 4.9	23	34800	34700	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	34300	34300	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	35400	35300	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35700	35600	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35400	35300	100
DCH-32(107)	34mm	3.0 - 3.8	33	35900	35800	100

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	12-Jun-20	11-Jun-20	Change
CCIndex(328)	RMB/Ton	12083	12103	-20
CCIndex(527)	RMB/Ton	11223	11238	-15
CCIndex(229)	RMB/Ton	12372	12377	-5

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

China Foreign Cotton (FCE) Index :

Index	Unit	12-Jun-20	10-Jun-20	Change
FC Index (S)	Cents/lb	71.92	72.55	-0.63
FC Index (M)	Cents/lb	68.02	68.64	-0.62

FC Index (L)	Cents/lb	67.03	67.67	-0.64

Cotlook Index:

Cotlook Indices	Unit	11-Jun-20	10-Jun-20	Change
A-Index	Cents/Pound	67.95	67.95	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Jun-20	11-Jun-20	Bales
Southeast	cents/lb.	57.77	60.02	0
North Delta	cents/lb.	57.27	59.52	0
South Delta	cents/lb.	57.27	59.52	0
East TX-OK	cents/lb.	55.02	57.27	503
West Texas	cents/lb.	55.02	57.52	503
Desert SW	cents/lb.	52.77	56.77	0
SJ Valley	cents/lb.	53.27	62.17	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 11-Jun-2020 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8300	175	8475
Equivalent	40 Kgs	8903	186	9089

Daily Futures Price Listing Thu June 11, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Jul	200611	60.20	60.51	59.35	60.02	-0.49	14,910	41,938	-7,747
20-Oct	200611	60.61	60.61	59.59	60.15	-0.61	14	88	4
20-Dec	200611	60.32	60.34	58.75	59.49	-0.83	19231	100528	6409
21-Mar	200611	60.90	60.93	59.32	60.02	-0.89	2,895	18,540	1,268
21-May	200611	61.23	61.24	59.69	60.33	-0.90	1,464	4,448	522
21-Jul	200611	61.39	61.40	60.05	60.55	-0.84	781	5,177	97
Total Volume and Open Interest							39,353	181,259	563

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