

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

*The kapas prices in Rajkot market stood weak at Rs. 4555/q. In Adoni market of Andhra Pradesh, the prices stood firm at Rs. 4550/q with 253 q of arrivals while the MCX cotton stood weak at Rs.15960/bale. Cotton moved moderately higher last week, but was hindered by substantial West Texas rains, a disappointing US export report, strengthening US currency, and concerns regarding a resurgence of the Wuhan pandemic.*

**News:** *China has given exemption for 97 per cent of Bangladeshi products effective from 1<sup>st</sup> of July. China's tariff exemption is expected to help Bangladesh the economic impact of the Covid-19 pandemic. This will boost exports of cotton with the improving relations between the two countries. China might have provided this trade boost due to the deteriorating ties between India and China amid recent clashes in Galwan valley. Most of the Indian cotton exports contracts might be affected in the future.*

**To reduce down the swarms of locusts in India, the government has initiated the process.** *India has manufactured and assembled one that can be fitted in the helicopter for spray of pesticides and insecticides to kill locusts. In next five to seven days, bordering state Rajasthan would see effective spraying of insecticides through helicopter which will remain located on the border. This would give a huge relief to farmers. Also, Uttar Pradesh government has announced financial aid of Rs. 5 lakh to each bordering districts of the state to purchase chemicals to spray on the locusts and kill them.*

**Texprocil urged the government to include cotton yarn under the 3 per cent Interest Equalization Scheme** *as exporters are passing through difficult times. Also, to cover cotton yarn and cotton fabrics under the present RoSCTL (Rebate of State and Central Taxes and Levies) Scheme and the much-awaited Refund of Duties and Taxes on Export Products (RoDTEP) Scheme. As these schemes reimburse all the duties and taxes incurred during the production process and support the export of goods and not taxes.*

**The cotton textile mills have slowly restarted the operation reaching to around 60-70 per cent of their operating capacity.** *The demand across India is still not strong but is expected to increase in July. CCI is giving bulk discounts to the buyers to support the textile mills hardships. But CCI also as lowered the bulk discounts along with reducing the floor prices from Rs.45000- Rs.46900/candy in the first week of June'20 to Rs. 36100- Rs. 36600/ candy on 16<sup>th</sup> June'20 depending on the minimum quantity purchased per day making it practical for purchasing near the actual markets rate.*

**Maharashtra cotton marketing federation claims that only 10 lakh quintals of FAQ kapas is left with the farmers in Maharashtra.** *And the procurement by the federation is likely to finish by the end of June month. The federation has purchased around 76 lakh quintal of cotton while CCI has procured around 110 lakh quintal till date. As the monsoon has arrived in Maharashtra, the cotton quality has is prone to deterioration due to moisture which causes discoloration of the threads and makes ginning difficult. Therefore, the federation has decided to purchase cotton only in centres where ginning units are operational and have proper storage capacity.*

**Cotton seed oilcake spot prices were firm during the week.** *The average prices stood up by 2-4% in Kadi and Akola. Also, 2020-21 global cottonseed production is projected at 43.7 million tons, down 3 percent from the current year. The lifting up of lockdown in many states increased the demand slightly but the consumption for 2020-21 also forecast down slightly driven mostly by crush and feed use.*

**The locust's threat is still prevailing in the areas of Fazilka, Muktsar and Bathinda districts,** *which are located close to Rajasthan and the main cotton belts in Punjab. But the districts are taking all the possible measures to combat with the attack of the swarms of locusts. Buffer stock of the pesticide has been kept at Bathinda, Jalandhar, Ludhiana, Fazilka and Ferozepur to meet emergency needs. So, no major loss has been reported so far in the areas but the areas need to be protected as the crop is now in vegetative phase.*

**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 30<sup>th</sup> 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 1<sup>st</sup> 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 5<sup>th</sup> 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.

#### **Weather Forecast for tomorrow:**

Heavy to very heavy rainfall at isolated places likely over Uttarakhand and heavy rainfall at isolated places over East Uttar Pradesh, East Rajasthan, Madhya Pradesh, Vidarbha, Chhattisgarh, Jharkhand, Sub-Himalayan West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa and Coastal Karnataka. Thunderstorm accompanied with lightning likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, East Rajasthan, Jharkhand and Coastal Andhra Pradesh & Yanam.

#### **International Fundamentals:**

**Cotton closed Friday with gains of 29 to 53 points. July cotton ended the week 1.66 cents/lb higher.** The Cotlook A index was back up 115 points, at 68.60c/lb. The AWP for cotton for the week is 48.87 cents/lb.

**The weekly export sales reported by USDA, which showed net sales of 97,600 running bales (RB) for 2019-2020** were down 76% from the previous week and 31% from the prior 4-week average. However, exports of 348,300 RB were up 18% from the previous week and 32% from the prior 4-week average. Exports were primarily to China, at 123,500 RB, Vietnam at 89,900 RB, Turkey at 49,900 RB, Pakistan at 24,000 RB, and Bangladesh at 13,300 RB. U.S. Export Sales was better than expected. China and Vietnam were main buyers. Shipments were well above the average needed to hit the USDA's export target.

**WASDE report was bearish. World cotton balance sheet for both current and next year shows decreasing consumption and rising ending stock.** U.S. Export Sales was decent over 6 lakh bales for combined both years. Shipment is not at required pace so target for current year does not look achievable. Large commitment will be carried forward to next marketing year. US weather is not good and crop is facing problems. As per last crop progress report 43% is rated as good.

**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 7<sup>th</sup> 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.

**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	-160	16020	16050	15800	16100	641	161	3106	943
20-Jul	-170	16150	16240	16080	16280	642	275	1954	671
20-Aug	-150	16310	16350	16270	16420	20	-788	51	-1489

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-190	-	-	-	-
20-Jul	-	-	-110	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 19<sup>th</sup> Jun @ 5.30 pm

\* Updated at as on 19-Jun- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Jun-20	20-Jun-20	
Gujarat	Ahmedabad	Shankar-6	5250	4950	300
	Gondal	Shankar-6	4785	4605	180
	Rajkot	B.T. Cotton	4555	4845	-290
	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	4600	4500	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4830	4961	-131
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5090	5000	90
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Jun-20	20-Jun-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3630	3640	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jun-20	20-Jun-20	
Gujarat	Ahmedabad	Shankar-6	23800	20400	3400
	Gondal	Shankar-6	2200	1104	1096
	Rajkot	B.T. Cotton	918	1900	-982
	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	1800	2200	-400
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1444	1360	84
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	390	330	60
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jun-20	20-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	22-Jun-20	20-Jun-20	
Gujarat	Rajkot	Rs. /10 Kg.	850	850	Unch
Delhi	New Delhi	Rs. /10 Kg.	815	810	5
Telangana	Hyderabad	Rs. /10 Kg.	825	825	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	830	825	5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Jun-20	20-Jun-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2262	2255	7
Maharashtra	Akola	Rs./Qtl	2217	2200	17

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Jun-20	19-Jun-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36700	36700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37400	37400	Unch
J-34(202)	26mm	3.5 - 4.9	23	34200	34400	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33800	33900	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	35000	35200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35200	35200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35000	35000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	35600	35600	Unch

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

Index	Unit	22-Jun-20	20-Jun-20	Change
CCIndex(328)	RMB/Ton	12026	Closed	-
CCIndex(527)	RMB/Ton	11169	Closed	-
CCIndex(229)	RMB/Ton	12318	Closed	-

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

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

Index	Unit	22-Jun-20	20-Jun-20	Change
FC Index (S)	Cents/lb	72.37	Closed	-



FC Index (M)	Cents/lb	68.23	Closed	-
FC Index (L)	Cents/lb	67.32	Closed	-

**Cotlook Index:**

Cotlook Indices	Unit	19-Jun-20	18-Jun-20	Change
A-Index	Cents/Pound	68.2	68.6	-0.40

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		19-Jun-20	19-Jun-20	Bales
Southeast	cents/lb.	58.15	60.4	0
North Delta	cents/lb.	57.65	59.9	0
South Delta	cents/lb.	57.65	59.9	0
East TX-OK	cents/lb.	55.4	57.65	0
West Texas	cents/lb.	55.4	57.9	0
Desert SW	cents/lb.	53.15	57.15	0
SJ Valley	cents/lb.	53.65	62.55	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 18-Jun-2020**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8000	175	8175
Equivalent	40 Kgs	8574	186	8760

**Daily Futures Price Listing Fri June 19, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Jul</a>	200619	61.03	62.00	61.03	61.56	0.39	4,804	14,091	-2,943
<a href="#">20-Oct</a>	200619	59.74	60.16	59.60	59.90	0.53	12	98	7
<a href="#">20-Dec</a>	200619	59.50	60.19	59.36	59.81	0.29	13742	114821	1778
<a href="#">21-Mar</a>	200619	60.02	60.82	60.00	60.56	0.34	3,348	20,711	277
<a href="#">21-May</a>	200619	60.68	61.29	60.68	61.12	0.39	884	4,831	-92
<a href="#">21-Jul</a>	200619	61.29	61.54	61.21	61.44	0.40	157	4,836	3
Total Volume and Open Interest							23,187	170,051	-996

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