

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton market was closed on the occasion of Rath Yatra celebrations. In Adoni market of Andhra Pradesh, the prices stood firm at Rs. 4921/q, low by Rs.154/q with lower arrivals of 154 q while the MCX cotton stood weak at Rs.15950/bale. ICE cotton futures fell on Monday, as favorable weather and robust crop conditions in top cotton-growing regions in the United States weighed on prices.

News: CCI has stopped purchasing cotton from 20th June due to the onset of monsoon. Even though the CCI has halted the purchases, the farmers are still bringing their produce to the mandi as they want to sell cotton eagerly or else the cotton quality would be deteriorated in the rains. But CCI may see the possibility to start purchasing cotton in Maharashtra so that farmers need not keep waiting for a long period.

A new swarms of locusts had entered Sriganganagar district on 21st June but it is far from the cotton belts in the district. Breeding of locusts has been reported in Bikaner district amid even as the Rajasthan government augmented the means to control the invasion. FAO says, the UN body says that these infestations are expected to return to Rajasthan with the onset of the rains to rapidly mature and lay eggs.

China has given exemption for 97 per cent of Bangladeshi products effective from 1st 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 16th 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 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 ginner 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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall at isolated places likely over Uttarakhand, Uttar Pradesh, Arunachal Pradesh and Assam & Meghalaya and heavy rainfall at isolated places over Himachal Pradesh, north Haryana & Chandigarh, East Rajasthan, West Madhya Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim, Nagaland, Manipur, Mizoram & Tripura, Gujarat State, Coastal Andhra Pradesh & Yanam, Coastal Karnataka, Tamil Nadu, Puducherry & Karaikal and Kerala & Mahe.

International Fundamentals:

Cotton futures rallied from midday lows and finished with gains, Jul 20 Cotton closed at 62.52, up 96 points. The June 19 Cotlook A index was 40 points lower to 68.20c/lb. The AWP for cotton for the week is 48.87 cents/lb.

In the Crop Progress report, cotton was 96% planted as of June 21. New crop cotton was 27% squared, which is 1% point ahead of the 5-yr average. Cotton conditions were down 15 points in a week on the Brügler 500 index. Texas ratings were down 30 points to 277. USDA's reported weekly average spot price for base quality cotton was 56.19 cents/lb, down from the previous week's 60.77. USDA reported that for the same week, ending June 18, spot sales totaled 6,220 bales. That is down 2,845 weak on weak and down 14,969 bales year on year.

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 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.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Jun	-100	15940	15970	15780	15920	1132	652	2320	157
20-Jul	-90	16120	16150	15970	16100	1133	766	2762	1479
20-Aug	-130	16220	16220	16130	16280	23	-785	61	-1479

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-180	-	-	-	-
20-Jul	-	-	-70	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 23rd Jun @ 5.30 pm

* Updated at as on 23-Jun- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Jun-20	22-Jun-20	
Gujarat	Ahmedabad	Shankar-6	Closed	5250	-
	Gondal	Shankar-6	Closed	4785	-
	Rajkot	B.T. Cotton	NR	4555	-
	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	4650	4600	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	4921	5075	-154
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4780	4830	-50
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5100	5090	10
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Jun-20	22-Jun-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3610	3630	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jun-20	22-Jun-20		
Gujarat	Ahmedabad	Shankar-6	Closed	23800	-	
	Gondal	Shankar-6	Closed	2200	-	
	Rajkot	B.T. Cotton	NR	918	-	
	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	2000	1800	200	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-	
	Hathras	Desi	NA	NA	-	
Andhra Pradesh	Adoni	Medium Staple	154	231	-77	
Telangana	Adilabad	Un-Ginned	NA	NA	-	
Karnataka	Bijapur	Bunny	726	1444	-718	
	Hubli	D.C.H.	NA	NA	-	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	600	390	210	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jun-20	22-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	23-Jun-20	22-Jun-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	850	-10
Delhi	New Delhi	Rs. /10 Kg.	810	815	-5
Telangana	Hyderabad	Rs. /10 Kg.	820	825	-5
Maharashtra	Mumbai	Rs. /10 Kg.	860	830	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Jun-20	22-Jun-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2233	2262	-29
Maharashtra	Akola	Rs./Qtl	2194	2217	-23

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Jun-20	20-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	34200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33800	33800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	35000	35000	Unch
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	23-Jun-20	22-Jun-20	Change
CCIndex(328)	RMB/Ton	11973	12026	-53
CCIndex(527)	RMB/Ton	11153	11169	-16
CCIndex(229)	RMB/Ton	12279	12318	-39
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	23-Jun-20	22-Jun-20	Change
FC Index (S)	Cents/lb	73.04	72.37	0.67

FC Index (M)	Cents/lb	69.1	68.23	0.87
FC Index (L)	Cents/lb	68.11	67.32	0.79

Cotlook Index:

Cotlook Indices	Unit	22-Jun-20	19-Jun-20	Change
A-Index	Cents/Pound	68.45	68.2	0.25

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 22-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 Mon June 22, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Jul	200622	61.50	62.85	61.15	62.52	0.96	4,449	10,564	-3,527
20-Oct	200622	60.10	60.85	59.60	60.78	0.88	112	176	78
20-Dec	200622	60.05	60.05	59.20	59.85	0.04	14629	114908	87
21-Mar	200622	60.79	60.79	60.02	60.58	0.02	4,582	21,589	878
21-May	200622	61.34	61.34	60.70	61.17	0.05	940	4,849	18
21-Jul	200622	61.65	61.76	61.18	61.58	0.14	268	4,898	62
Total Volume and Open Interest							25,121	167,735	-2,316

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