

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton price was down at Rs.4680/q. In Adoni market of Andhra Pradesh, the prices were slightly weak at Rs. 4921/q, with higher arrivals of 155 q while the MCX cotton stood weak at Rs.15820/bale on Friday. ICE cotton futures fell on Friday as concerns over second wave of the coronavirus outbreak.

News: According to the sources, around 71.69 lakh ha area has been sown under cotton till 26th June'20 for 2020-21 marketing year, up by around 70% during the same period of time last year. In Punjab, around 25% increase in area is seen to 5.01 lakh ha followed by Haryana, up by 9% to 7.37 lakh ha compared to the previous year during the same time. In Rajasthan, the increase was witnessed from 3.45 lakh ha to 5.88 lakh ha in 2020-21 compared to the previous year. In Gujarat, the sowing has started during the 2nd week of June and around 11.67 lakh ha is sown. The sowing also started in Telangana and AP covering the area around 10.68 lakh ha and 0.45lakh ha, respectively.

According to the trade sources, the Indian cotton exports for the May'20 were reported slightly higher around 2.5 lakh bales including organic cotton compared to the prior month. In May'20, most of the shipments that were halted were now resumed. Indian cotton being the cheapest in the international, increased the exports during May and likely to increase in June and July as well. Bangladesh was the largest importer of Indian cotton purchasing around 81,000 bales at an average FOB of \$1.5/kg followed by China (65,680 bales at \$1.36/kg), Vietnam (20,000 bales at \$1.3/kg) and Turkey (11,000 bales at \$1.3/kg). The other export destinations of India were Indonesia, Oman, Italy and Japan.

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 promised to start purchasing cotton and continue till September 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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall at isolated places very likely over West Madhya Pradesh and Coastal & South Interior Karnataka and heavy rainfall at isolated places over Uttarakhand, Haryana, Chandigarh & Delhi, Uttar Pradesh, East Madhya Pradesh, Chhattisgarh, Bihar, Sub-Himalayan West Bengal & Sikkim, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Gujarat State, Madhya Maharashtra, Konkan & Goa, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Tamil Nadu, Puducherry & Karaikal and Kerala & Mahe.

International Fundamentals:

Cotton futures were down on Friday with 12 to 126 point losses, Jul 20 Cotton closed at 60.55, down 126 points. The Cotlook A index was 67.70 c/lb on June 25, after a 50 point drop. FSA raised the week's AWP for cotton 73 points to 49.60 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 Brugler 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Jun	-30	15740	15850	15710	15740	185	-295	630	-1533
20-Jul	-20	15910	16100	15890	15910	452	85	3868	2585
20-Aug	0	16150	16220	16060	16060	67	-741	173	-1367

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-250	-	-	-	-
20-Jul	-	-	-120	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 26th Jun @ 5.30 pm

* Updated at as on 26-Jun- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Jun-20	26-Jun-20	
Gujarat	Ahmedabad	Shankar-6	4900	4900	Unch
	Gondal	Shankar-6	4630	4605	25
	Rajkot	B.T. Cotton	4680	4845	-165
	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	4500	4650	-150
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	4921	5076	-155
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NR	4659	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	5100	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Jun-20	26-Jun-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3550	3570	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jun-20	26-Jun-20	
Gujarat	Ahmedabad	Shankar-6	20400	25500	-5100
	Gondal	Shankar-6	738	1098	-360
	Rajkot	B.T. Cotton	1800	2100	-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	1300	1000	300
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	155	252	-97
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NR	555	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	780	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jun-20	26-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	27-Jun-20	26-Jun-20	
Gujarat	Rajkot	Rs. /10 Kg.	825	825	Unch
Delhi	New Delhi	Rs. /10 Kg.	795	795	Unch
Telangana	Hyderabad	Rs. /10 Kg.	810	810	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	845	845	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Jun-20	26-Jun-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2190	2200	-10
Maharashtra	Akola	Rs./Qtl	2140	2150	-10

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				26-Jun-20	25-Jun-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36400	36600	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37300	-200
J-34(202)	26mm	3.5 - 4.9	23	33900	34100	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33500	33700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	34700	34900	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34900	35100	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34900	-200
DCH-32(107)	34mm	3.0 - 3.8	33	35500	35500	Unch

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

Index	Unit	27-Jun-20	26-Jun-20	Change
CCIndex(328)	RMB/Ton	Closed	NR	-
CCIndex(527)	RMB/Ton	Closed	NR	-
CCIndex(229)	RMB/Ton	Closed	NR	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	27-Jun-20	26-Jun-20	Change
FC Index (S)	Cents/lb	Closed	NR	-

FC Index (M)	Cents/lb	Closed	NR	-
FC Index (L)	Cents/lb	Closed	NR	-

Cotlook Index:

Cotlook Indices	Unit	26-Jun-20	25-Jun-20	Change
A-Index	Cents/Pound	0	67.7	-67.70

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		26-Jun-20	26-Jun-20	Bales
Southeast	cents/lb.	58.26	60.51	572
North Delta	cents/lb.	57.76	60.01	707
South Delta	cents/lb.	57.76	60.01	0
East TX-OK	cents/lb.	55.76	58.01	440
West Texas	cents/lb.	55.76	58.26	0
Desert SW	cents/lb.	53.51	57.51	0
SJ Valley	cents/lb.	54.01	62.91	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 26-Jun-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8100	175	8275
Equivalent	40 Kgs	8681	188	8869

Daily Futures Price Listing Fri June 26, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Jul	200626	61.50	61.50	60.1	60.55	-1.26	190	679	-352
20-Oct	200626	59.75	60.60	59.67	60.26	-0.13	10	155	-4
20-Dec	200626	59.61	59.85	59.26	59.50	-0.20	10234	115206	17
21-Mar	200626	60.18	60.46	59.89	60.16	-0.16	1,713	22,029	-130
21-May	200626	60.37	60.85	60.35	60.61	-0.12	349	4,976	47
21-Jul	200626	60.82	61.12	60.60	60.91	-0.10	151	4,959	50
Total Volume and Open Interest							12,753	158,981	-328

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