

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

The Gujarat cotton price was down at Rs.4760/q. In Adoni market of Andhra Pradesh, the prices were steady at Rs. 4806/q, with higher arrivals of 223q while the MCX cotton stood weak at Rs.15770/bale on Tuesday. The weekly Crop Progress report had cotton squaring at 35%. NASS noted that 9% of 2020 cotton was setting bolls as of June 28, while the average is 7%.

**News:** *Maharashtra is likely to have produced around 80 lakh bales of cotton lint in 2019-20 season.* Both CCI (198 lakh q) and Maharashtra Cotton Federation (200 lakh q) together had procured around 398 lakh quintals of kapas from the farmers so far till end of June. Around 10-11 lakh quintals of kapas is still left with farmers which is likely to be purchased by the federation and CCI in the coming days. CCI was operating 84 procurement centres and 181 processing units, increased it to 85 and 231 respectively in the period of lockdown.

**The areas such as Fazilka, Muktsar, and Bhatinda, the main cotton growing belts share the boundary with Rajasthan, therefore, they are vulnerable to locusts attack.** The swarms of locusts were reported to enter in the area about 200 km far from the cotton belt in last week. The sowing in these areas is almost completed and the attack of locusts at this point of time can affect the crop. Although, the area under cotton in Punjab has been increased significantly this year (up by 25%) the abrupt invasion of locusts can affect the yield of cotton. So far no damage in Punjab has reported and if the wind direction does not change, they may hit Uttar Pradesh soon.

**The locusts travelling from Pakistan and Rajasthan invaded in around 36 villages in Mahendergarh, Haryana last Saturday.** Only one or two villages were affected where the locusts were settled on the standing crops. Cotton in these regions are in vegetative phase and no major damage has been reported so far. The insects just passed through the remaining villages without causing any damage. The nearby areas are also on high alert taking necessary precautions by spraying pesticides.

**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 2<sup>nd</sup> 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 20<sup>th</sup> 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 Sriganaganagar district on 21<sup>st</sup> 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 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.

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

Heavy to very heavy rainfall at isolated places likely over Assam & Meghalaya and heavy rainfall at isolated places over East Rajasthan, West Madhya Pradesh, Vidarbha, Bihar, Sub-Himalayan West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa, Coastal Andhra Pradesh & Yanam, Telangana and Coastal Karnataka. Thunderstorm accompanied with lightning likely at isolated places over Sub-Himalayan West Bengal & Sikkim, Coastal Andhra Pradesh & Yanam, Telangana and North Interior Karnataka.

### **International Fundamentals:**

**Cotton futures were 5 to 20 points higher. On Monday, cotton trading was mixed, Jul 20 Cotton closed at 59.62, down 93 points.** The Cotlook A index was 68.20 c/lb on June 26, after regaining the 50 points. The AWP for cotton is 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Jun	140	15590	15590	15590	15450	14	-466	182	-1981
20-Jul	90	15730	15840	15710	15690	266	-101	4024	2741
20-Aug	80	15980	15980	15880	15870	76	-732	322	-1218

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-250	-	-	-	-
20-Jul	-	-	-140	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 30<sup>th</sup> Jun @ 5.30 pm

\* Updated at as on 30-Jun- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Jun-20	29-Jun-20	
Gujarat	Ahmedabad	Shankar-6	4900	4900	Unch
	Gondal	Shankar-6	4005	4580	-575
	Rajkot	B.T. Cotton	4760	4820	-60
	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	4400	250
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	4806	4809	-3
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NR	4801	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	5009	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Jun-20	29-Jun-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3490	3500	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Jun-20	29-Jun-20		
Gujarat	Ahmedabad	Shankar-6	23800	23800	Unch	
	Gondal	Shankar-6	96	906	-810	
	Rajkot	B.T. Cotton	1600	2200	-600	
	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	700	1500	-800	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-	
	Hathras	Desi	NA	NA	-	
Andhra Pradesh	Adoni	Medium Staple	223	178	45	
Telangana	Adilabad	Un-Ginned	NA	NA	-	
Karnataka	Bijapur	Bunny	NR	933	-	
	Hubli	D.C.H.	NA	NA	-	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	NR	720	-	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Jun-20	29-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	30-Jun-20	29-Jun-20	
Gujarat	Rajkot	Rs. /10 Kg.	810	815	-5
Delhi	New Delhi	Rs. /10 Kg.	785	790	-5
Telangana	Hyderabad	Rs. /10 Kg.	800	810	-10
Maharashtra	Mumbai	Rs. /10 Kg.	835	845	-10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-Jun-20	29-Jun-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2158	2161	-3
Maharashtra	Akola	Rs./Qtl	2089	2096	-7

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Jun-20	27-Jun-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36400	36400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37100	Unch
J-34(202)	26mm	3.5 - 4.9	23	33700	33900	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33300	33500	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	34500	34700	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34700	-200
DCH-32(107)	34mm	3.0 - 3.8	33	35300	35500	-200

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

Index	Unit	30-Jun-20	29-Jun-20	Change
CCIndex(328)	RMB/Ton	11866	11863	3
CCIndex(527)	RMB/Ton	11093	11093	Unch
CCIndex(229)	RMB/Ton	12213	12211	2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	30-Jun-20	29-Jun-20	Change
FC Index (S)	Cents/lb	71.46	71.91	-0.45



FC Index (M)	Cents/lb	67.84	68.22	-0.38
FC Index (L)	Cents/lb	66.93	67.37	-0.44

#### Cotlook Index:

Cotlook Indices	Unit	29-Jun-20	26-Jun-20	Change
A-Index	Cents/Pound	67.95	68.2	-0.25

#### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-Jun-20	29-Jun-20	Bales
Southeast	cents/lb.	58.13	60.38	1575
North Delta	cents/lb.	57.63	59.88	0
South Delta	cents/lb.	57.63	59.88	0
East TX-OK	cents/lb.	55.63	57.88	0
West Texas	cents/lb.	55.63	58.13	731
Desert SW	cents/lb.	53.38	57.38	0
SJ Valley	cents/lb.	53.88	62.78	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 29-Jun-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8200	175	8375
Equivalent	40 Kgs	8788	188	8976

#### **Daily Futures Price Listing Mon June 29, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Jul</a>	200629	60.10	60.10	59.13	59.62	-0.93	248	431	-248
<a href="#">20-Oct</a>	200629	60.25	60.27	59.26	60.13	-0.13	7	156	1
<a href="#">20-Dec</a>	200629	59.31	59.72	58.85	59.63	0.13	9053	115260	54
<a href="#">21-Mar</a>	200629	59.98	60.36	59.60	60.29	0.13	1,847	22,080	51
<a href="#">21-May</a>	200629	60.65	60.93	60.25	60.89	0.28	523	5,036	60
<a href="#">21-Jul</a>	200629	61.00	61.35	60.61	61.29	0.38	121	4,961	2
Total Volume and Open Interest							11,858	158,929	-52

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