

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton price was firm at Rs.4820/q. In Adoni market of Andhra Pradesh, the price remained steady at Rs. 4921/q, with higher arrivals of 241q while the MCX cotton stood firm at Rs.15810/bale on Thursday. ICE cotton futures jumped 3% to their highest in nearly four months on Wednesday, after lower U.S. planting estimate and dry weather concerns in the top growing-state Texas.

News: The cotton market during June had few obstacles with arrivals in the domestic market ranged between 55,000 bales and 70,000 bales per day. CCI stopped purchasing cotton from the farmers during the last week of June but assured the farmers to continue procurement till September end. CCI recently reduced the base price of auctioned cotton, along with revising the bulk discount scheme for buyers. The country is still facing the weaker demand in the textile industry with higher levels of unsold stocks with the mills, limited government support, operational issues faced by mills (limited staff and labor etc.), and lockdown measures imposed by state governments.

CCI increased the Bulk discount on larger purchases of cotton to attract buyers. Also, increased the number of days for lifting cotton from the centre, with the effect from 1st July'20 till 31st July'20. Today CCI offered to sell 2018-19 old stock 3.82 Lakh Bales & 2019-20 Crop 8.143 Lakh Bales.

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 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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall at a few places with extremely heavy falls at isolated places likely over Konkan & Goa; heavy rainfall at a few places with very heavy falls at isolated places over Coastal Karnataka; heavy to very heavy rainfall very likely at isolated places over East Uttar Pradesh, East Madhya Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim, Madhya Maharashtra and Kerala & Mahe and heavy rainfall at isolated places over Uttarakhand, West Madhya Pradesh, Vidarbha, Chhattisgarh, Jharkhand, Gangetic West Bengal, Odisha, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Gujarat State, Marathwada, Coastal Andhra Pradesh & Yanam, Telangana, Interior Karnataka and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton prices are 14 to 54 points higher this morning after the triple digit rally on Tuesday, Jul 20 Cotton closed at 60.98, up 136 points. The Cotlook A index was 25 points lower on June 29, at 67.95 c/lb. The AWP for cotton is 49.60 cents/lb.

CONAB expected crop might be up to 13.5 million bales in 2020-21 but in the recent estimates it is reduced to 13.26 million bales. Cotton consumption was reduced by 10,000 tons to 2.94 million bales, Ending stocks were raised to 9.09 million bales, up sharply from last season. The average yield was estimated at a record 1,727 kg per ha. The country's new crop has started to arrive in the market since 2nd week of June. May export shipments reached 3 lakh bales, with Turkey the largest destination at 78,000 bales followed by Vietnam at 71,000 bales. Brazilian cotton has become very popular in both countries due to the cheaper rates. According ICAC, Brazil is expected to export over 8.64 million bales globally and through April, has exported an estimated 2.52 million bales to China, a 30% increase from the previous period.

In the Crop Progress report released by USDA, cotton was planted under 12.2 million acres, down by 11% from 2019 cotton acreage. While the acreage is down compared to that USDA projected a total of 13.7 million cotton acres for 2020 in March'20. New crop cotton was 35% squared, which is 1% point lagging of the 5-yr average and increased from 27% in the prior week, up by 8% points. Cotton condition was 35% in good condition and was down by 10 points compared to the previous year during the same time.

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	140	15590	15590	15590	15450	14	-466	182	-1981
20-Jul	-100	16020	16110	15880	16000	494	127	4266	2983
20-Aug	-90	16280	16280	16070	16200	233	-575	595	-945

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-520	-	-	-	-
20-Jul	-	-	-170	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 2nd Jul @ 5.30 pm

* Updated at as on 02-Jul- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Jul-20	1-Jul-20	
Gujarat	Ahmedabad	Shankar-6	4950	4900	50
	Gondal	Shankar-6	4630	4555	75
	Rajkot	B.T. Cotton	4820	4795	25
	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	4625	4600	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	4921	4921	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4609	4629	-20
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NR	5000	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Jul-20	1-Jul-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3520	3510	10

Rajasthan	Sri-Ganganagar	J-34	NA	NA	-
-----------	----------------	------	----	----	---

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Jul-20	1-Jul-20		
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch	
	Gondal	Shankar-6	561	402	159	
	Rajkot	B.T. Cotton	1800	800	1000	
	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	900	1000	-100	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-	
	Hathras	Desi	NA	NA	-	
Andhra Pradesh	Adoni	Medium Staple	241	155	86	
Telangana	Adilabad	Un-Ginned	NA	NA	-	
Karnataka	Bijapur	Bunny	547	1286	-739	
	Hubli	D.C.H.	NA	NA	-	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	NR	855	-	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Jul-20	1-Jul-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	2-Jul-20	1-Jul-20	
Gujarat	Rajkot	Rs. /10 Kg.	820	820	Unch
Delhi	New Delhi	Rs. /10 Kg.	785	785	Unch
Telangana	Hyderabad	Rs. /10 Kg.	800	800	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	835	830	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	2-Jul-20	1-Jul-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2163	2158	5
Maharashtra	Akola	Rs./Qtl	2085	2100	-15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Jul-20	30-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	33900	33700	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33500	33300	200
Shankar-6(105)	29mm	3.5 - 4.9	28	34700	34500	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34900	34700	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34500	200
DCH-32(107)	34mm	3.0 - 3.8	33	35500	35300	200

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

Index	Unit	2-Jul-20	1-Jul-20	Change
CCIndex(328)	RMB/Ton	11932	11889	43
CCIndex(527)	RMB/Ton	11109	11098	11
CCIndex(229)	RMB/Ton	12255	12232	23

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

China Foreign Cotton (FCE) Index :

Index	Unit	2-Jul-20	1-Jul-20	Change
FC Index (S)	Cents/lb	73.87	72.27	1.60
FC Index (M)	Cents/lb	70.16	68.65	1.51
FC Index (L)	Cents/lb	69.01	67.5	1.51

Cotlook Index:

Cotlook Indices	Unit	1-Jul-20	30-Jun-20	Change
A-Index	Cents/Pound	68.85	67.95	0.90

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		1-Jul-20	1-Jul-20	Bales
Southeast	cents/lb.	61.08	63.33	1716
North Delta	cents/lb.	60.58	62.83	0
South Delta	cents/lb.	60.58	62.83	3251
East TX-OK	cents/lb.	58.58	60.83	1963
West Texas	cents/lb.	58.58	61.08	1035
Desert SW	cents/lb.	56.33	60.33	0
SJ Valley	cents/lb.	56.83	65.73	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 01-Jul-2020

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8400	175	8575
Equivalent	40 Kgs	9002	188	9190

Daily Futures Price Listing Wed July 01, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Jul	200701	62.58	62.58	62.58	62.58	1.60	79	210	-130
20-Oct	200701	61.68	63.08	61.62	63.08	1.60	24	157	3
20-Dec	200701	61.00	62.79	60.90	62.76	1.88	10149	115103	-294
21-Mar	200701	61.65	63.48	61.61	63.45	1.91	2,518	22,258	130
21-May	200701	62.05	63.87	62.05	63.81	1.82	1,046	5,248	139



21-Jul	200701	62.56	64.14	62.56	64.07	1.84	1,220	5,399	361
Total Volume and Open Interest							15,535	159,719	522

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2020 Indian Agribusiness Systems Pvt. Ltd.