

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

The Gujarat cotton price was firm at Rs.4650/q, up by Rs.250/q. In Adoni market of Andhra Pradesh, the price were weaker at Rs. 4600/q, with lower arrivals of 152q while the MCX cotton stood firm at Rs.15870/bale on Wednesday. ICE cotton futures gained on Tuesday as a dry spell in the biggest cotton growing U.S. state, Texas.

**News:** *The cotton demand from the spinning mills has been hit due to Covid-19 lockdown.* Although the mills have started functioning, there would be gradual improvement in the demand in the coming months. CCI has offered bulk discounts to encourage cotton sales during June month and also reduced the base prices. CCI is offering around 8 lakh bales (2019-20 crop) cotton per day for sale. So far, about 60,000 bales have been sold under the bulk discount scheme. According to the market sources, the ginners are having enough stock with them, therefore, the sale is slow and the ginners are not participating the CCI auctions.

**According to the sources, around 91.67 lakh ha area has been sown under cotton till 2<sup>nd</sup> July'20 for 2020-21 marketing year, up by around 100% during the same period of time last year.** In Punjab and Haryana, sowing has been completed with an increase of around 25% and 10% in both the states, respectively compared to the previous year during the same time. In Rajasthan, the area has increased by 80% to 6.27 lakh ha so far. In Gujarat and Maharashtra, with the help of good rainfall the acreage increased to 15.71 lakh ha and 33.079 lakh ha. The sowing under cotton in Telangana and AP reached around 15.39 lakh ha and 0.90 lakh ha, respectively.

**Imports and exports of goods through trucks have resumed at West Bengal-Bangladesh land border** after traders started agitating at the border since 1<sup>st</sup> July'20. As the trade (No exports from Bangladesh to India) was stopped since March following fears of the spread of Covid.

**Bangladesh is the largest importer of Indian cotton, so the Indian cotton exporters are largely dependent on this neighboring country.** But recently the traders from Bangladesh started agitation demanding that India should allow imports from them. The agitators blocked the entry of Indian trucks for several hours, claimed that the border will remain sealed until India allows import of their goods. This has led to the halt in Indian raw cotton and yarn exports since last 2-3 days. After 7<sup>th</sup> June'20, India resumed the trade between the two countries but does not allowed to import Bangladeshi goods amid maintaining the safety measures during this pandemic. Indian cotton industry would be facing with much higher ending by the end of this year, if the situation doesn't normalize.

**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 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.

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

Heavy to very heavy rainfall with extremely heavy falls at isolated places likely over Arunachal Pradesh and Assam & Meghalaya; Heavy to very heavy rainfall at a few places over Sub-Himalayan West Bengal & Sikkim and at isolated places over Uttarakhand, East Uttar Pradesh, Bihar and heavy rainfall at isolated places over Himachal Pradesh, Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Gangetic West Bengal, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa, Rayalaseema, Coastal & South Interior Karnataka, Tamilnadu, Puducherry & Karaikal and Kerala & Mahe.

### **International Fundamentals:**

**Cotton futures closed the day 5 to 12 points, Oct 20 Cotton closed at 63.74, up 17 points.** The July 6 Cotlook A index gave back the 25 points and is at 70.45 c/lb. The AWP for cotton is 50.13 cents/lb.

**In the Crop Progress report released by USDA, showed 47% planted U.S. cotton was in good condition** in the week ending on 5<sup>th</sup> July'20, little changed from last week. Cotton was 47% squared, which is 1% point lagging of the 5-yr average and increased from 34% in the prior week, up by 8% points.

**China sold 8,042 tonnes of cotton, 100% of total offer, at auction of state reserves on Monday.** The Average price of the cotton sold was 11,533 yuan per tonne (Rs. 43750/Candy), according to China Cotton Association. The industry has also set floor price of cotton auction at 11,895 yuan per tonne for the week starting 6<sup>th</sup> July'20.

**The China's cotton sales auction has been started since 1<sup>st</sup> of July'20 that will continue till September end, with the total quantity of about 5 lakh tons.** The base selling price will be related with international cotton prices regularly. The state

cotton reserves policy may be implemented according to the actual state cotton auction and market supply and demand. The monthly auction volumes are about 30% of cotton consumption in April or May that was affected by the COVID-19 pandemic.

**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 2<sup>nd</sup> 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.

### 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	40	16110	16180	16080	16130	168	-199	4002	2719
20-Aug	30	16310	16370	16290	16330	84	-724	788	-752

  

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-590	-	-	-	-
20-Jul	-	-	-190	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 8<sup>th</sup> Jul @ 5.30 pm

\* Updated at as on 08-Jul- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Jul-20	7-Jul-20	
Gujarat	Ahmedabad	Shankar-6	4850	4850	Unch
	Gondal	Shankar-6	4555	4105	450
	Rajkot	B.T. Cotton	4650	4400	250
	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	4700	4625	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	4602	4922	-320
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	4676	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	4900	4850	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Jul-20	7-Jul-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3540	3530	10

Rajasthan	Sri-Ganganagar	J-34	NA	NA	-
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**Cotton Arrivals in Key Centers:**

Commodity		Kapas		Arrivals (Quintal)	
State	Centre	Variety	8-Jul-20	7-Jul-20	Change
Gujarat	Ahmedabad	Shankar-6	13600	17000	-3400
	Gondal	Shankar-6	183	103	80
	Rajkot	B.T. Cotton	300	220	80
	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	250	300	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	152	261	-109
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	777	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	405	600	-195
Commodity		Lint		Arrivals (Quintal)	
State	Centre	Variety	8-Jul-20	7-Jul-20	Change
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	-
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**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	8-Jul-20	7-Jul-20	
Gujarat	Rajkot	Rs. /10 Kg.	810	810	Unch
Delhi	New Delhi	Rs. /10 Kg.	800	795	5
Telangana	Hyderabad	Rs. /10 Kg.	790	790	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	835	835	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	8-Jul-20	7-Jul-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2159	2154	5
Maharashtra	Akola	Rs./Qtl	2050	2038	12

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Jul-20	6-Jul-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36500	36500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37200	37200	Unch
J-34(202)	26mm	3.5 - 4.9	23	33700	33800	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33500	33500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34600	34600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36200	36200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37200	37200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	52500	52500	Unch

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

Index	Unit	8-Jul-20	7-Jul-20	Change
CCIndex(328)	RMB/Ton	12073	12073	Unch
CCIndex(527)	RMB/Ton	11242	11241	1
CCIndex(229)	RMB/Ton	12419	12417	2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	8-Jul-20	7-Jul-20	Change
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FC Index (S)	Cents/lb	74.24	74.24	Unch
FC Index (M)	Cents/lb	70.51	70.51	Unch
FC Index (L)	Cents/lb	69.4	69.4	Unch

**Cotlook Index:**

Cotlook Indices	Unit	7-Jul-20	6-Jul-20	Change
A-Index	Cents/Pound	69.7	70.45	-0.75

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		7-Jul-20	7-Jul-20	Bales
Southeast	cents/lb.	61.74	63.99	0
North Delta	cents/lb.	61.24	63.49	0
South Delta	cents/lb.	61.24	63.49	0
East TX-OK	cents/lb.	59.24	61.49	987
West Texas	cents/lb.	59.24	61.74	164
Desert SW	cents/lb.	56.99	60.99	0
SJ Valley	cents/lb.	57.49	66.39	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 07-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 Tue July 07, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Jul</a>	200707	63.24	63.24	63.24	63.24	0.17	1	172	-1
<a href="#">20-Oct</a>	200707	63.55	63.90	63.55	63.74	0.17	26	151	-5
<a href="#">20-Dec</a>	200707	63.00	63.40	62.55	63.02	-0.12	17363	118353	54
<a href="#">21-Mar</a>	200707	63.85	64.12	63.33	63.76	-0.12	5,192	23,548	-185
<a href="#">21-May</a>	200707	64.33	64.63	64.00	64.43	-0.05	1,937	5,893	112
<a href="#">21-Jul</a>	200707	64.61	65.05	64.55	64.98	0.09	1,216	6,520	367
Total Volume and Open Interest							26,236	167,427	649

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