

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton price stood firm at Rs.4750/q, down by Rs.55/q. In Adoni market of Andhra Pradesh, the price was firm at Rs. 4670/q. MCX cotton stood firm at Rs.15840/bale on Tuesday. ICE cotton futures fall as rising tensions between China and US, concerns over demand for the natural fiber.

News: With the good amount of rainfall across India, around 104.82 lakh ha area has been sown under cotton till 10th July'20 for 2020-21 marketing year, up by around 35% during the same period of time last year. The cotton sowing in the northern part of India has been almost completed (covering 18.89 lakh ha). In Gujarat and Maharashtra, the acreage increased to 18.25 lakh ha and 33.09 lakh ha. The sowing under cotton in Telangana and AP reached around 18.22 lakh ha and 1.90 lakh ha, respectively.

The arrivals in North India including Punjab, Haryana and Rajasthan reached around 66 lakh bales in the 2019-20 season. The current season arrivals are around 8-10% higher compared to the corresponding period last season. According to the trade sources, the arrivals of 9.53 lakh bales, 24.26 lakh bales and 33.11 lakh bales in Punjab, Haryana and Rajasthan was reported till June end.

The areas such as Fazilka, Muktsar, and Bhatinda, the main cotton growing belts share the boundary with Rajasthan, therefore, they were vulnerable to locusts attack. According to the government sources, the locusts did not enter these areas and thus no loss was reported. While, the abrupt invasion of locusts was witnessed two times in last two months in Ganganagar district of Rajasthan. The attack in May affected the crop as the sowing was in progress in some areas while the crop was in vegetative phase in other areas. Therefore, farmers had re-sown the crop in around 500-600 ha in the district. Thus, no major loss was reported in both the states.

According to the sources, around 94.71 lakh ha area has been sown under cotton till 6th July'20 for 2020-21 marketing year, up by around 78% during the same period of time last year. The cotton sowing in the northern part of India has been almost completed (covering 18.75 lakh ha). In Gujarat and Maharashtra, with the arrival of good rainfall the acreage increased to 18.25 lakh ha and 33.08 lakh ha. The sowing under cotton in Telangana and AP reached around 15.8 lakh ha and 0.90 lakh ha, respectively.

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 ginnerers are having enough stock with them, therefore, the sale is slow and the ginnerers are not participating the CCI auctions.

Imports and exports of goods through trucks have resumed at West Bengal-Bangladesh land border after traders started agitating at the border since 1st 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 7th 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.

Weather Forecast for tomorrow:

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

International Fundamentals:

Cotton futures closed 51 to 96 points lower, Oct 20 Cotton closed at 63.75, down 96 points. The July 10 Cotlook A index was down by 45 points to 69.70 c/lb. The AWP for cotton for this week is 51.48 cents/lb.

According to the latest WASDE report released by USDA, the U.S. 2020-21 production forecast was revised, which fell 2.0 million bales to 17.5 million bales. Also, the U.S. export forecast for 2020-21 was lowered to 15.0 million bales, down one million bales from June. 2019-20 exports were increased 2 lakh bales, so 2020-21 beginning stocks declined to 7.1 million bales. In total, the USDA reduced expected ending stocks for 2020-21 by 1.2 million bales to 6.8 million.

According to USDA, the global production is reduced by around 5.5% y-o-y to 116.25 million bales in 2020-21 marketing year. Also, the world imports and exports were reduced by 2% to 41.84 million bales and 41.81 million bales, respectively from the previous month's estimate. With the reduction in world cotton production and lowering the imports & exports, the ending stocks were reduced by 1.8% to 102.77 million bales in the 2020-21 marketing year. Production is lowered for

the United States, Turkey, and Tanzania, and a small rise in Pakistan. Consumption is lowered by only 1.2 lakh bales to 114.29 million bales.

China is likely to be the world's largest cotton lint importer in 2019-20. Although there is a decline of 12% in cotton imports compared to the previous season but it is estimated that China would import around 10.5 million bales, according to ICAC. US cotton exports to China decreased from 31 lakh bales in 2018 to 21 lakh bales in 2019, down by 32%. Due to the trade tensions between US and China, market share in China shifted over this period from Brazil. Through April'20, Brazil has exported an estimated 31 lakh bales to China, a 30 per cent increase from the previous period.

In the Crop Progress report released by USDA, showed 47% planted U.S. cotton was in good condition in the week ending on 5th 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 6th July'20.

The China's cotton sales auction has been started since 1st 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.

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	80	15870	16030	15800	15920	463	96	3568	2285
20-Aug	60	15980	16200	15970	16100	133	-675	1133	-407

Spread	20-May	20-Jun	20-Jul	20-Aug	--	--
Spot	-				-	-
20-Jun	-	-470	-	-	-	-
20-Jul	-	-	-180	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 14th Jul @ 5.30 pm

* Updated at as on 14-Jul- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Jul-20	13-Jul-20	
Gujarat	Ahmedabad	Shankar-6	4850	4850	Unch
	Gondal	Shankar-6	4605	4605	Unch
	Rajkot	B.T. Cotton	4750	4695	55
	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	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	4670	4659	11
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	4949	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-Jul-20	13-Jul-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3540	3560	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Jul-20	13-Jul-20	
Gujarat	Ahmedabad	Shankar-6	17000	15300	1700
	Gondal	Shankar-6	795	740	55
	Rajkot	B.T. Cotton	1625	1500	125
	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	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	178	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	877	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-Jul-20	13-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	14-Jul-20	13-Jul-20	
Gujarat	Rajkot	Rs. /10 Kg.	835	830	5
Delhi	New Delhi	Rs. /10 Kg.	800	795	5
Telangana	Hyderabad	Rs. /10 Kg.	800	795	5
Maharashtra	Mumbai	Rs. /10 Kg.	845	840	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	14-Jul-20	13-Jul-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2166	2165	1
Maharashtra	Akola	Rs./Qtl	2088	2050	38

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Jul-20	11-Jul-20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37300	37300	Unch
J-34(202)	26mm	3.5 - 4.9	23	33800	33800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33800	33800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34800	34800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36300	36300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37200	37200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	14-Jul-20	13-Jul-20	Change
CCIndex(328)	RMB/Ton	12191	12173	18
CCIndex(527)	RMB/Ton	11349	11349	Unch
CCIndex(229)	RMB/Ton	12553	12531	22

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

China Foreign Cotton (FCE) Index :

Index	Unit	14-Jul-20	13-Jul-20	Change
FC Index (S)	Cents/lb	74.08	75.31	-1.23
FC Index (M)	Cents/lb	70.61	71.86	-1.25

FC Index (L)	Cents/lb	69.51	70.76	-1.25
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Cotlook Index:

Cotlook Indices	Unit	13-Jul-20	10-Jul-20	Change
A-Index	Cents/Pound	70.15	69.7	0.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Jul-20	11-Jul-20	Bales
Southeast	cents/lb.	61.75	64	0
North Delta	cents/lb.	61.25	63.5	0
South Delta	cents/lb.	61.25	63.5	0
East TX-OK	cents/lb.	59.25	61.5	78
West Texas	cents/lb.	59.25	61.75	0
Desert SW	cents/lb.	57	61	1700
SJ Valley	cents/lb.	57.5	66.4	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 13-Jul-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8500	175	8675
Equivalent	40 Kgs	9109	188	9297

Daily Futures Price Listing Mon July 13, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	200713	63.75	63.75	63.75	63.75	-0.96	34	165	13
20-Dec	200713	64.01	64.21	63.26	63.35	-0.96	15,175	120,698	1,929
21-Mar	200713	64.39	64.68	63.92	64.04	-0.79	3416	25139	630
21-May	200713	64.95	64.96	64.40	64.68	-0.66	1,522	6,767	342
21-Jul	200713	65.36	65.49	64.84	65.26	-0.51	999	7,622	171
21-Oct	200713	64.55	64.55	64.55	64.55	-0.32	0	1	0
Total Volume and Open Interest							21,839	174,018	3,141

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