

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

The Gujarat cotton price stood slightly low at Rs.4625/q, down by Rs.25/q. In Adoni market of Andhra Pradesh, the prices stood firm at Rs. 4671/q. MCX cotton stood firm at Rs.15860/bale on Wednesday. ICE cotton futures edged higher on Tuesday on concerns of crop damage in major growing regions in the United States due to unfavorable weather conditions and Hurricane Hanna.

**News:** Cotton Corporation of India (CCI) gave the priority in procuring cotton at guaranteed prices this year, thus, CCI's maximum cotton procurement in Maharashtra was reported in Yavatmal district. A total of 55.695 lakh quintals of cotton has been procured from 2,69,534 farmers in Yavatmal district this season. 11.48 lakh quintals of cotton has been procured from 49,056 farmers in the district after the lockdown. Before the outbreak of corona, 44.21 lakh quintals of cotton was purchased from 2,20,478 lakh farmers in the district.

**In the recent report published by Cotton Association of India (CAI), increased the its cotton crop estimate for 2019-20 to 335.50 lakh bales** compared to its previous estimate of 330 lakh bales made during the last month. The estimate of the cotton imports and exports has been maintained by the CAI at the same level as estimated in the previous month i.e. at 15.00 lakh bales and 47 lakh bales, respectively. According to CAI, Indian cotton arrivals during the months of October 2019 to June 2020 are estimated at 327.02 lakh bales till June.

**Cotton Corporation of India (CCI) reported that there has been slight improvement in demand after the unlocking has been initiated since June month.** CCI sold around 9 lakh bales of ginned cotton out of 113 lakh bales cotton i.e., the total procured cotton in 2019-20 season including previous year's stock (9 lakh bales). CCI expects the exports of around 15-20 lakh bales would soon be finalized and shipped. The main importing countries that India is getting orders from Bangladesh, Vietnam, Indonesia and Turkey. According to the market sources, majority of the business is captured by big traders and spinning mill operators. Most spinning mills were now functioning between 50 to 60% capacity.

**Heavy rainfall in Haryana in 80-100 villages of Hisar, Fatehabad, Bhiwani, Jind and Charkhi Dadri districts were inundated.** Farmers fear that the cotton crop grown over 6,000 acres in Hisar district may be damaged. Fatehabad villages adjoining the Ghaggar in Tohana and Ratia are submerged in water. According to the state Agriculture officials, cotton fields across 6,000 acres in Hisar and 3,600 acres in Fatehabad had been submerged.

**In Tamil Nadu, since first week of June, over 18,000 bales cotton which is 40% of the total arrivals was purchased by CCI this year.** They have also tied up with ginning units so that the cotton procured is moved from the markets to the ginning units in a week. More private traders stepped in and they have procured the remaining 60% even if the moisture content is slightly high.

With the advancement in rainfall, India received around 388 mm rainfall in July, up by 6% from normal rainfall. **Cotton area across India covered around 118 lakh ha as on 24th July'20 for 2020-21 marketing year**, up by around 22% during the same period of time last year. The cotton sowing in the northern part of India (Punjab, Haryana & Rajasthan) has been almost completed (covering 19.02 lakh ha). In Maharashtra the acreage increased to 40.78 lakh ha while in Gujarat the area is near about same at 21.48 lakh ha compared to corresponding time last year. AP and Telangana received 67% and 35% higher rainfall in July, thus, a surge in acreage is reported in both the states covering 3.42 lakh ha (+121%) and 21.09 lakh ha (+56%), respectively.

**Cotton fields are prone to damage due to continuous rains since last three days in Punjab.** The cotton crop does not sustain for more than two days of stagnating water. Therefore, crops in few areas in Bhatinda and Mansa have started showing wilting symptoms. As the crop has reached near flowering stage in both the areas, the yield loss might increase if the area receives continuous rainfall in the coming days. The crop condition in Fazilka, Muktsar and Faridkot is also worrisome with heavy rainfall.

**According to the ICRA's forecast, revenue of India's cotton spinning sector will decline by 25-30% during 2020-21** due to the virus, and recovery will be slow. The reason behind it is that the demand has been sluggish after the pandemic affected the global economy. Also, the reduced offtake of cotton yarn and fibre exports reduced as a result of the China and India dispute.

**On 20<sup>th</sup> Jul'20, CCI sold around 4.5 lakh bales of cotton in three phases of auction.** In North India, Punjab purchased 44,000 bales followed by Haryana (12,500 bales) and Rajasthan (16,000 bales). In Central India, the maximum purchase was reported from Maharashtra (2.17 lakh bales), followed by Gujarat (0.715 bales) and Madhya Pradesh (8,500 bales). In South India, CCI sold 20,000 bales in Telangana, 8,900 bales in Karnataka and 1200 bales in Guntur, AP.

**Telangana covered an area of around 20.4 lakh ha so far till 15<sup>th</sup> Jul'20, up by 76%.** The government targets to cover another 4.5 lakh ha in the coming days which will be higher by around 30% compared to the previous year. The crop is in vegetative phase and few sucking pests were reported in few areas in Adilabad and Nagarkurnool district but no harm to the crop so far. The area covered by cotton in Andhra Pradesh is 2.74 lakh ha till 15<sup>th</sup> July'20 higher by 122% compared to the previous year during the same time. Sucking pests in about 20 ha was reported in Kadapa district but treated with pesticides on time.

**The Cotton Corporation of India have sold around 50,000 bales so far from the procured cotton in 2019-20.** The reserve sale price ranged between Rs. 35,200/candy and Rs. 36,400/candy, on which further discounts is offered on bulk purchases. In the 2019-20 (Oct-Sep) season, the agency has procured around 12 mln bales of the fibre. Last season, it had bought only 900,000 bales as spot prices of the fibre were mostly higher than its support prices.

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

Heavy to very heavy rainfall at isolated places over Uttarakhand, Haryana, Chandigarh & Delhi, Uttar Pradesh, East Rajasthan, SubHimalayan West Bengal & Sikkim, Arunachal Pradesh, Coastal & South Interior Karnataka and Kerala & Mahe and heavy rainfall at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Himachal Pradesh, Punjab, West Rajasthan, Madhya Pradesh, Andaman & Nicobar Islands, Assam & Meghalaya, Gujarat State, Madhya Maharashtra, Marathwada, Konkan & Goa, Telangana, Rayalaseema, North Interior Karnataka and Tamilnadu, Puducherry & Karaikal.

### **International Fundamentals:**

**Cotton futures on Tuesday cotton closed firm but lower with losses limited to 10 points in the front month contracts, Oct 20 Cotton closed at 60.59, down 10 points.** The July 27 Cotlook A index was down another 160 points to 65.55 cents/lb. The AWP for cotton is 49.04 cents/lb.

**U.S. Export Sales was poor but shipments. Net UPLAND sales reductions of 13,100 RB for 2019-2020 were down 25 percent** from the previous week and down noticeably from the prior 4-week average. Increases for Pakistan (5,500 RB, including 4,200 RB switched from Indonesia), Vietnam (2,400 RB), Turkey (500 RB, including decreases of 100 RB), and Thailand (200 RB), were more than offset by reductions primarily for Bangladesh (8,800 RB), China (4,400 RB), Indonesia (3,900 RB), and Mexico (2,300 RB). Shipment is satisfactory and will reach USDA target of 15 million bales.

**The demand at the Chinese Reserve auctions has remained good, with sales now exceeding 100,000 tons** since the auctions begun in first week this month, which implies increased mill use. A survey shows Chinese spinners were operating at more than 60% of capacity. Cotton use has recovered slightly and is steady, but the yarn and fabric sector are still suffering from weak apparel exports due to which the cotton yarn prices are weak.

**The Pakistan kapas prices stood slightly firm compared to the previous week but less than 1%.** The kapas supply has increased in the market. The supply of Kapas was coming from the lower areas of Sindh while it has been also started in limited amount from some areas of Punjab. The kapas in Sindh was affected due to the rains in some cotton producing

areas a week ago. A new spell of rains in many cotton producing areas of Sindh may affect the quality and picking of the cotton. However, rains are beneficial for the crop at this stage, but if there will be more rains, water accumulated in the fields may damage the crop.

**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.**

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Jul	140	15590	15590	15590	15450	14	-466	182	-1981
20-Aug	20	16000	16050	16000	16030	87	-280	568	-715
20-Sep	0	16190	16200	16120	16170	135	-673	2638	1098

Spread	20-Jul	20-Aug	20-Sep	--	--	--
Spot					-	-
20-Jul	-580	-	-	-	-	-
20-Aug	-	-140	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 29<sup>th</sup> Jul @ 5.30 pm

\* Updated at as on 29-Jul- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Jul-20	28-Jul-20	
Gujarat	Ahmedabad	Shankar-6	4800	4800	Unch
	Gondal	Shankar-6	4655	4705	-50
	Rajkot	B.T. Cotton	4625	4650	-25
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4240	-
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	4650	-
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	NR	4800	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Jul-20	28-Jul-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3530	3530	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jul-20	28-Jul-20	
Gujarat	Ahmedabad	Shankar-6	17000	11900	5100
	Gondal	Shankar-6	918	1644	-726
	Rajkot	B.T. Cotton	2620	2650	-30
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	37	-
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	2079	-
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	NR	142	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jul-20	28-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	29-Jul-20	28-Jul-20	
Gujarat	Rajkot	Rs. /10 Kg.	840	840	Unch
Delhi	New Delhi	Rs. /10 Kg.	820	815	5
Telangana	Hyderabad	Rs. /10 Kg.	810	810	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	860	865	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-Jul-20	28-Jul-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2063	2066	-3
Maharashtra	Akola	Rs./Qtl	1938	1934	4

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Jul-20	27-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	33400	33400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33700	33700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34400	34400	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	52500	52500	Unch

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

Index	Unit	29-Jul-20	28-Jul-20	Change
CCIndex(328)	RMB/Ton	12242	12239	3
CCIndex(527)	RMB/Ton	11413	11413	Unch
CCIndex(229)	RMB/Ton	12649	12647	2

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

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

Index	Unit	29-Jul-20	28-Jul-20	Change
FC Index (S)	Cents/lb	NR	71.28	-
FC Index (M)	Cents/lb	NR	67.86	-



FC Index (L)	Cents/lb	NR	66.9	-
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**Cotlook Index:**

Cotlook Indices	Unit	28-Jul-20	27-Jul-20	Change
A-Index	Cents/Pound	66.55	65.55	1.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-Jul-20	28-Jul-20	Bales
Southeast	cents/lb.	58.59	60.84	0
North Delta	cents/lb.	57.59	59.84	0
South Delta	cents/lb.	57.59	59.84	0
East TX-OK	cents/lb.	56.09	58.34	3080
West Texas	cents/lb.	56.09	58.59	0
Desert SW	cents/lb.	53.84	57.84	0
SJ Valley	cents/lb.	54.34	63.24	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 28-Jul-2020**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8150	175	8325
Equivalent	40 Kgs	8734	188	8922

**Daily Futures Price Listing Tue July 28, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Oct</a>	200728	60.54	60.95	60.12	60.59	-0.10	93	162	-17
<a href="#">20-Dec</a>	200728	61.58	61.60	60.77	61.11	-0.05	23974	117124	-3014
<a href="#">21-Mar</a>	200728	62.28	62.28	61.49	61.83	-0.02	4,604	29,197	278
<a href="#">21-May</a>	200728	62.92	62.99	62.30	62.59	-0.02	976	6,914	-111
<a href="#">21-Jul</a>	200728	63.51	63.65	63.07	63.27	-0.01	803	8,993	490
<a href="#">21-Oct</a>	200728	62.33	62.33	62.33	62.33	-0.03	0	1	0
Total Volume and Open Interest							30,888	175,702	-2,222

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