

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton price stood slightly weak at Rs.4660/q, down by Rs.20. In Adoni market of Andhra Pradesh, the prices stood steady at Rs. 4690/q. MCX cotton stood weak at Rs.15840/bale on Wednesday. The cotton market ended Friday on a negative note, closing down some 55 points.

News: Cotton area across India covered around 121.25 lakh ha as on 31st July'20 for 2020-21 marketing year, down by around 5% compared to the total acreage under cotton last year. The cotton sowing in the northern part of India (Punjab, Haryana & Rajasthan) covered an area of 19.12 lakh ha. In Maharashtra the acreage increased to 41.19 lakh ha while in Gujarat the area is near about same at 22.16 lakh ha compared to corresponding time last year. AP and Telangana received 58% and 26% higher rainfall in July, thus, a surge in acreage is reported in both the states covering 4.24 lakh ha (+84%) and 21.71 lakh ha (+37%), respectively.

According to the trade sources, the Indian cotton exports for the June'20 were reported higher around 4.5 lakh bales, doubled compared to the prior month. In June'20, the Indian cotton prices were cheaper in the international market, therefore, the exports were increased during June. Bangladesh was the largest importer of Indian cotton purchasing around 2 lakh bales at an average FOB of \$1.46/kg followed by China (71,747 bales at \$1.29/kg), Vietnam (43,000 bales at \$1.25/kg) and Indonesia (20,000 bales at \$1.32/kg). The other export destinations of India were Korea, Turkey, Thailand & Italy.

The immense rainfall in Punjab, seems to have destroyed over 4,000 ha area. The reports said, 15-17% crop loss was reported in around 60 villages. The final assessment is yet to be done which will reveal the exact damage caused to cotton and other crops in Abohar, Fazilka and nearby areas. Although the area under cotton has increased by around 25% this year, but the continuous rains would decrease the cotton yield for the crop 2020-21.

The Maharashtra government has procured over 7 lakh bales of cotton from 1.37 lakh farmers in the five districts of Nashik division under MSP. After procurement, the state government has stocked 12,000 bales of cotton in Nashik district. Around 5 lakh bales of cotton were procured from Jalgaon district, followed by 98,000 bales from Ahmednagar district, 87,300 bales from farmers in Dhule and 86,100 lakh bales of cotton in Nandurbar district.

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.

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 over Odisha, Andaman & Nicobar Islands, ghat areas of Madhya Maharashtra, Marathawada, Kerala & Mahe and Coastal & ghat areas of South Interior Karnataka and heavy rainfall at isolated places over Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Nagaland, Manipur, Mizoram & Tripura, Gujarat state, North Interior Karnataka and ghat areas of Tamilnadu.

International Fundamentals:

Front month cotton futures closed the day 52 to 88 points down, Oct 20 Cotton closed at 62.3, down 52 points. The Cotlook A index was 50 points higher to 67.05 cents/lb on July 30. The week's AWP is 47.71 cents/lb, down 133 points from last week.

U.S. Export Sales was slightly good. Net sales of 118,700 RB for 2019/2020 were up noticeably from the previous week and from the prior 4-week average. Increases for Vietnam (76,500 RB), China (22,100 RB), Bangladesh (17,600 RB), Turkey (4,000 RB), Brazil (3,900 RB), were more than offset by reductions primarily for Ecuador (3,900 RB), Pakistan (2,500 RB), Mexico (2,100 RB), Philippines (1,900 RB), India (1,800 RB).

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Aug	130	16150	16320	16080	16150	369	-111	2591	428
20-Sep	90	16610	16690	16610	16600	8	-359	58	-1225
20-Oct	100	16540	16540	16540	16440	1	-807	2	-1538

Spread	20-Aug	20-Sep	20-Oct	--	--	--
Spot					-	-
20-Aug	-450	-	-	-	-	-
20-Sep	-	160	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 31st Jul @ 5.30 pm

* Updated at as on 31-Jul- 2019 @ 5:00 PM



DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Aug-20	31-Jul-20	
Gujarat	Ahmedabad	Shankar-6	4800	4750	50
	Gondal	Shankar-6	Closed	4655	-
	Rajkot	B.T. Cotton	4660	4680	-20
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4180	-
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	4690	-
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	4900	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Aug-20	31-Jul-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3580	3570	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Aug-20	31-Jul-20	
Gujarat	Ahmedabad	Shankar-6	11900	11900	Unch
	Gondal	Shankar-6	Closed	1046	-
	Rajkot	B.T. Cotton	800	1200	-400
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	12	-
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	1449	-
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	97	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Aug-20	31-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	1-Aug-20	31-Jul-20	
Gujarat	Rajkot	Rs. /10 Kg.	860	850	10
Delhi	New Delhi	Rs. /10 Kg.	835	830	5
Telangana	Hyderabad	Rs. /10 Kg.	820	815	5
Maharashtra	Mumbai	Rs. /10 Kg.	870	870	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Aug-20	31-Jul-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2071	2071	Unch
Maharashtra	Akola	Rs./Qtl	1934	1934	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-Jul-20	30-Jul-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	37300	37300	Unch
J-34	26mm	3.5 - 4.9	23	33500	33400	100
H-4/ MECH-1	28mm	3.5 - 4.9	27	33700	33700	Unch
Shankar-6	29mm	3.5 - 4.9	28	34500	34400	100
Bunny/ Brahma	31mm	3.5 - 4.9	30	36300	36300	Unch
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	37200	37200	Unch
DCH-32	34mm	3.0 - 3.8	33	52500	52500	Unch

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

Index	Unit	1-Aug-20	31-Jul-20	Change
CCIndex(328)	RMB/Ton	Closed	12319	-
CCIndex(527)	RMB/Ton	Closed	11467	-
CCIndex(229)	RMB/Ton	Closed	12710	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	1-Aug-20	31-Jul-20	Change
FC Index (S)	Cents/lb	Closed	72.87	-
FC Index (M)	Cents/lb	Closed	69.62	-

FC Index (L)	Cents/lb	Closed	68.7	-
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Cotlook Index:

Cotlook Indices	Unit	31-Jul-20	30-Jul-20	Change
A-Index	Cents/Pound	68.55	67.05	1.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-Jul-20	31-Jul-20	Bales
Southeast	cents/lb.	60.3	62.55	3513
North Delta	cents/lb.	59.3	61.55	0
South Delta	cents/lb.	59.3	61.55	0
East TX-OK	cents/lb.	57.8	60.05	1716
West Texas	cents/lb.	57.8	60.3	1299
Desert SW	cents/lb.	55.55	59.55	209
SJ Valley	cents/lb.	56.05	64.95	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 30-Jul-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8100	175	8275
Equivalent	40 Kgs	8681	188	8869

Daily Futures Price Listing Fri July 31, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	200731	62.62	62.63	61.96	62.30	-0.52	5	127	-1
20-Dec	200731	63.28	63.31	61.92	62.66	-0.52	8897	114228	-382
21-Mar	200731	63.83	63.94	62.50	63.25	-0.56	2,304	30,633	595
21-May	200731	64.51	64.51	63.15	63.72	-0.74	560	6,932	-42
21-Jul	200731	64.50	64.56	63.73	64.13	-0.88	280	8,733	59
21-Oct	200731	62.98	62.98	62.98	62.98	-0.81	0	1	0
Total Volume and Open Interest							12,208	173,982	271

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