

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

*The Gujarat cotton price stood slightly firm at Rs.4720/q, up by Rs.60. In Adoni market of Andhra Pradesh, the prices stood at Rs. 4761/q. MCX cotton stood weak at Rs.15930/bale on Tuesday. ICE cotton futures rose to a three week peak on Monday, after forecasts for hot and dry weather in major cotton growing regions in the United States stoked fears of deteriorating crop conditions.*

**News:** *Cotton area across India covered around 121.25 lakh ha as on 31<sup>st</sup> 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 likely over Konkan & Goa and Madhya Maharashtra; Heavy rainfall at a few places with very heavy falls at isolated places over Coastal Karnataka; heavy to very heavy rainfall at isolated places over Odisha, Gujarat Region, ghat areas of South Interior Karnataka and Kerala & Mahe and heavy rainfall at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Himachal Pradesh, Uttarakhand, Uttar Pradesh, Rajasthan, Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, Gangetic West Bengal, Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya, Marathwada, north Coastal Andhra Pradesh, Telangana, North Interior Karnataka and Tamilnadu, Puducherry & Karaikal.

### **International Fundamentals:**

**Cotton futures gained triple digits during the Monday session, Oct 20 Cotton closed at 63.53, up 123 points.** The Cotlook A index was 150 points higher to 68.55 cents/lb on July 31. The week's AWP is 47.71 cents/lb.

**U.S. Export Sales was recovered from last week. Net UPLAND sales of 1,18,700 RB for 2019-2020** were up from the previous week and from the prior 4-week average. Increases primarily for Vietnam (76,500 RB, including 2,200 RB switched from China and 800 RB switched from South Korea), China (22,100 RB), Bangladesh (17,600 RB), Turkey (4,000 RB), and Brazil (3,900 RB, switched from Ecuador), were offset by reductions for Ecuador (3,900 RB), Pakistan (2,500 RB), Mexico (2,100 RB), the Philippines (1,900 RB), and India (1,800 RB).

**Australia is facing with continuous dry conditions since last year. The 2020-21 forecast is for a recovery in cotton production to 1.7 million bales**, from a revised estimate of 0.625 million bales in 2019-20. As, the drought affected cotton growing States have received above average rainfall this year. However, it will still be the second smallest crop in a decade. As an advantage, Australia the only country that was spared stockpiling pressure due to the pandemic which is expected around 0.512 million bales in 2019-20, down by 64% y-o-y. China is the main export market for Australia which so far in 2019-20 has accounted for nearly two-thirds (65%) of total exports.

**Pakistan cotton prices remained weaker by around 2% during last week mainly because quality of kapas as well as supply was affected due to the monsoon rains.** Also, the downward trend was witnessed in the international market. The sowing area of cotton was decreased by 20 percent. The major reason for the decrease in the production of cotton is unavailability of good quality seeds.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Aug	30	16280	16300	16250	16260	205	-275	2432	269
20-Sep	20	16660	16690	16660	16670	2	-365	57	-1226
20-Oct	0	0	0	0	16540	0	-808	2	-1538

Spread	20-Aug	20-Sep	20-Oct	--	--	--
Spot					-	-
20-Aug	-410	-	-	-	-	-
20-Sep	-	130	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 31<sup>st</sup> 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	4-Aug-20	1-Aug-20	
Gujarat	Ahmedabad	Shankar-6	4750	4800	-50
	Gondal	Shankar-6	4710	Closed	-
	Rajkot	B.T. Cotton	4720	4660	60
	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	4761	NA	-
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	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Aug-20	1-Aug-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3600	3580	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Aug-20	1-Aug-20	
Gujarat	Ahmedabad	Shankar-6	11900	11900	Unch
	Gondal	Shankar-6	965	Closed	-
	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	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	1373	NA	-
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	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Aug-20	1-Aug-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	4-Aug-20	1-Aug-20	
Gujarat	Rajkot	Rs. /10 Kg.	870	860	10
Delhi	New Delhi	Rs. /10 Kg.	850	835	15
Telangana	Hyderabad	Rs. /10 Kg.	830	820	10
Maharashtra	Mumbai	Rs. /10 Kg.	890	870	20

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	4-Aug-20	1-Aug-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2048	2071	-23
Maharashtra	Akola	Rs./Qtl	1929	1934	-5

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Aug-20	31-Jul-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	36300	36600	-300
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36900	37300	-400
J-34	26mm	3.5 - 4.9	23	33700	33500	200
H-4/ MECH-1	28mm	3.5 - 4.9	27	33700	33700	Unch
Shankar-6	29mm	3.5 - 4.9	28	34600	34500	100
Bunny/ Brahma	31mm	3.5 - 4.9	30	36300	36300	Unch
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	37400	37200	200
DCH-32	34mm	3.0 - 3.8	33	52500	52500	Unch

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

Index	Unit	4-Aug-20	31-Jul-20	Change
CCIndex(328)	RMB/Ton	12333	12319	14
CCIndex(527)	RMB/Ton	11479	11467	12
CCIndex(229)	RMB/Ton	12732	12710	22
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	4-Aug-20	31-Jul-20	Change
FC Index (S)	Cents/lb	73.51	72.87	0.64
FC Index (M)	Cents/lb	70.25	69.62	0.63

FC Index (L)

Cents/lb

69.31

68.7

0.61

**Cotlook Index:**

Cotlook Indices	Unit	3-Aug-20	31-Jul-20	Change
A-Index	Cents/Pound	69.55	68.55	1.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		3-Aug-20	3-Aug-20	Bales
Southeast	cents/lb.	61.53	63.78	0
North Delta	cents/lb.	60.53	62.78	0
South Delta	cents/lb.	60.53	62.78	0
East TX-OK	cents/lb.	59.03	61.28	0
West Texas	cents/lb.	59.03	61.53	0
Desert SW	cents/lb.	56.78	60.78	0
SJ Valley	cents/lb.	57.28	66.18	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 3-Aug-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 Mon August 03, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Oct</a>	200803	62.70	63.70	62.30	63.53	1.23	14	125	-2
<a href="#">20-Dec</a>	200803	62.60	64.13	62.59	63.87	1.21	15341	114374	146
<a href="#">21-Mar</a>	200803	63.30	64.68	63.21	64.54	1.29	2,851	31,264	631
<a href="#">21-May</a>	200803	63.72	65.02	63.72	64.95	1.23	654	6,943	11
<a href="#">21-Jul</a>	200803	64.25	65.35	64.25	65.25	1.12	504	8,751	18
<a href="#">21-Oct</a>	200803	63.81	63.81	63.81	63.81	0.83	0	1	0
Total Volume and Open Interest							19,735	174,760	778

Source: MRCI



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