

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton price stood firm at Rs.4785/q, up by Rs.65. In Adoni market of Andhra Pradesh, the prices stood firm at Rs. 4789/q. MCX cotton stood firm at Rs.15970/bale on Wednesday. ICE cotton futures rose on Tuesday, after forecasts for hot and dry weather in major cotton growing regions in the United States stoked fears of deteriorating crop conditions.

News: CCI has offered bulk discounts to encourage cotton sales started since June and also reduced the base prices. So far, about 15 lakh bales have been sold under the bulk discount scheme till 5th Aug'20. CCI is offering over 8 lakh bales (2019-20 crop) cotton per day for sale. According to the market sources, the ginneries are having enough stock with them, therefore, the sale is slow. According to the traders, CCI can sell about 35-45 lakh bales of cotton by the end of the season out of the total procured cotton of 105 lakh bales in 2019-20.

Although the country is expecting an increase in cotton area by 5% but there are possibilities in decline in the yield. The continuous rainfall across the country could cause damage as cotton crop does not sustain for more than two days of stagnating water. Also, the cotton crop in Marathwada and Vidarbha region (41.8 lakh ha) in Maharashtra has started flowering that was sown in early June. Thus, the early signs of pink bollworm infestation was noticed in the fields. Aurangabad, Jalna and Beed, the main cotton growing areas (over 15.9 lakh hectare area is under cotton cultivation) in the Marathwada region have found some traces of pink bollworm as the bud formation has started. The government has issued an alert to the farmers to take precautionary measures against the attack of pink bollworm on the cotton crop.

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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over Gujarat state, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal; Heavy to very heavy rainfall at isolated places over ghat areas of Madhya Maharashtra, north Konkan , Coastal & South Interior Karnataka and heavy rainfall at isolated places over East Uttar Pradesh, East Rajasthan, Madhya Pradesh, Jharkhand, Odisha, Marathawada, Telangana, North Interior Karnataka and Assam & Meghalaya.

International Fundamentals:

Cotton futures saw 9 to 41 point gains in most contracts on Tuesday, Oct 20 Cotton closed at 63.93, up 40 points. The Cotlook A index was back down by 50 points to 69.55 cents/lb. The AWP for cotton is 47.71 cents/lb.

The United States Department of Agriculture's weekly crop progress report showed 45% of the crop in good/excellent condition, compared with 54% a year ago. Hot temperatures returned in West Texas on Tuesday with most of the region above 100 degrees Fahrenheit, according to a National Weather Service bulletin.

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	100	16300	16400	16280	16300	225	-255	2313	150
20-Sep	150	16730	17120	16730	16680	4	-363	60	-1223
20-Oct	170	16690	16710	16690	16540	3	-805	5	-1535

Spread	20-Aug	20-Sep	20-Oct	--	--	--
Spot					-	-
20-Aug	-380	-	-	-	-	-
20-Sep	-	140	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 05th Aug @ 5.30 pm

* Updated at as on 05-Aug- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Aug-20	4-Aug-20	
Gujarat	Ahmedabad	Shankar-6	4850	4750	100
	Gondal	Shankar-6	4655	4710	-55
	Rajkot	B.T. Cotton	4785	4720	65
	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	4761	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	4673	4602	71
	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	5-Aug-20	4-Aug-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3600	3600	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Aug-20	4-Aug-20	
Gujarat	Ahmedabad	Shankar-6	11900	11900	Unch
	Gondal	Shankar-6	762	965	-203
	Rajkot	B.T. Cotton	800	1800	-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	NA	1373	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	600	1015	-415
	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	5-Aug-20	4-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	5-Aug-20	4-Aug-20	
Gujarat	Rajkot	Rs. /10 Kg.	870	870	Unch
Delhi	New Delhi	Rs. /10 Kg.	840	850	-10
Telangana	Hyderabad	Rs. /10 Kg.	830	830	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	890	890	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Aug-20	4-Aug-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2050	2048	2
Maharashtra	Akola	Rs./Qtl	1905	1929	-24

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Aug-20	3-Aug-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	36100	36300	-200
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36700	36900	-200
J-34	26mm	3.5 - 4.9	23	34000	33700	300
H-4/ MECH-1	28mm	3.5 - 4.9	27	33800	33700	100
Shankar-6	29mm	3.5 - 4.9	28	34900	34600	300
Bunny/ Brahma	31mm	3.5 - 4.9	30	36300	36300	Unch
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	37400	37400	Unch
DCH-32	34mm	3.0 - 3.8	33	52500	52500	Unch

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

Index	Unit	5-Aug-20	4-Aug-20	Change
CCIndex(328)	RMB/Ton	12362	12333	29
CCIndex(527)	RMB/Ton	11489	11479	10
CCIndex(229)	RMB/Ton	12769	12732	37

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

China Foreign Cotton (FCE) Index :

Index	Unit	5-Aug-20	4-Aug-20	Change
FC Index (S)	Cents/lb	73.51	73.51	Unch
FC Index (M)	Cents/lb	70.25	70.25	Unch

FC Index (L)	Cents/lb	69.31	69.31	Unch
--------------	----------	-------	-------	------

Cotlook Index:

Cotlook Indices	Unit	4-Aug-20	3-Aug-20	Change
A-Index	Cents/Pound	70.35	69.55	0.80

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Aug-20	4-Aug-20	Bales
Southeast	cents/lb.	61.93	64.18	1158
North Delta	cents/lb.	60.93	63.18	0
South Delta	cents/lb.	60.93	63.18	0
East TX-OK	cents/lb.	59.43	61.68	12782
West Texas	cents/lb.	59.43	61.93	15744
Desert SW	cents/lb.	57.18	61.18	2814
SJ Valley	cents/lb.	57.68	66.58	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 4-Aug-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8200	175	8380
Equivalent	40 Kgs	8788	188	8981

Daily Futures Price Listing Tue August 04, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	200804	63.80	63.94	63.25	63.93	0.40	6	125	0
20-Dec	200804	63.87	64.28	63.54	64.01	0.14	11949	114664	290
21-Mar	200804	64.45	64.93	64.24	64.71	0.17	3,793	30,891	-373
21-May	200804	64.75	65.39	64.70	65.12	0.17	1,911	6,766	-177
21-Jul	200804	65.04	65.68	65.04	65.39	0.14	682	8,701	-50
21-Oct	200804	63.99	63.99	63.99	63.99	0.18	0	1	0
Total Volume and Open Interest							18,531	174,380	-380

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2020 Indian Agribusiness Systems Pvt. Ltd.