

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market closed lower side after weak in demand today in the market. MCX cotton October contract stood higher at Rs.17900/bale on Friday. ICE cotton futures closed in red on Thursday.

News: The hike in raw cotton MSP for the 2020-21 season by the government would eventually result in an increase in the production cost of cotton lint by the ginning mills. If the ginner sells cotton at higher prices to spinning mills, the cost of yarn production would increase. Hence, the entire chain of the cotton industry would incur a higher cost of production. The demand for cotton and its by-products is already lower in the domestic and international markets. At the higher price of yarn, fabrics and garments would discourage the Indian exports. Also, CCI's cotton selling policy is very uncertain because of no specification in the price and timing of cotton sales in the market. The whole cotton industry cannot make long-term business commitments regarding exports.

Earlier during this week, US has imposed restrictions on some textile imports from Xinjiang region of China. This move of US could benefit Indian textile industry as apart from China, India has been one of the major exporters of yarn and fabrics. Industry sources said that India has started receiving increased orders or are in active discussions with large international buyers, looking at increasing their sourcing from India.

As the advancement of rainfall in Maharashtra, Karnataka, Gujarat (Saurashtra), few areas in Madhya Pradesh & Telangana, and coastal AP is expected by IMD in the coming 2 weeks, therefore, the arrivals from the central & South India likely to be delayed by 10-15 days in Oct'20. Telangana is the CCI's largest procurement destination, if CCI commences the procurement on time in the state then full-fledged arrivals could be expected from Telangana if the weather favours. CCI expects that the agency would get extra days for exporting more if the arrivals get delayed and could reach to 55 lakh bales in the current season.

Cotton has been sown across India in around 129.29 lakh ha as of 10th Sep'20 for 2020-21, up by 0.9% to the total acreage under cotton last year. The cotton sowing in the northern part of India (Punjab, Haryana & Rajasthan) covered an area of 19.06 lakh ha. The yield loss is expected in Punjab and Haryana amid continuous rainfall and whitefly attack on the crop. In Maharashtra, around 42.24 lakh ha and in Gujarat the area under 22.79 lakh ha is covered by cotton sowing, down by -4.7% and -14.6%, respectively compared to last year's total acreage. The area in Andhra Pradesh is still lagging behind by 11.9% covering 5.64 lakh ha as of 10th Sep'20 and Telangana has reported the maximum surge of 29.7% (24.13 lakh ha) in area this year.

The area under cotton was expected to decline from the beginning kharif sowing earlier in June'20 as the farmers shifted to groundnut. Also, it is estimated that the Gujarat ginner have around 1-1.5 lakh bales of unsold cotton and around 70-75 thousand bales unsold raw cotton with the farmers. In the past one month, the weather was not playing a good role in the cotton growth in the state. Around 50,000-60,000 ha of area in Amreli of Saurashtra region which covers around 15% of total cotton area in the state was damaged followed by 10-15% crop loss in other districts (Jamnagar, Morbi, Surendernagar, Kutch & Sabarkantha). This year, area is not likely to cross 24 lakh ha against 26 lakh ha last year.

The agriculture officials have found the presence of Pink Bollworm (PBW) in cotton in Bhatinda, Punjab on around 100 acres so far. It seems to have originated from the empty cotton bolls that were discarded from the ginning mills after removing fiber that were in close proximity to the cotton fields. Earlier, PBW has appeared in some parts of Maharashtra in Nanded, Parbhani, Vidarbha and Khandesh and Telangana to some extent. The PBW infestation has not yet crossed ETL levels. The pest infestation was observed in the regions where the farmers opted for early planting. However, the extent of damage could be recorded with a clearer picture when the rain stops.

Coronavirus has hit hard on the global cotton textile industry. According to the statistics from the Vietnam Chamber of Commerce and Industry, the country's yarn exports declined 20.9 percent from January to July 2020. Fabric exports decreased by 40% while the export of processed textiles dropped 12.1%. And the Vietnamese textile exports are likely to

decline further by 14% in the second half of 2020. The Indian raw cotton exports to Vietnam in the first half of the year (Jan'20- June'20) declined by 33.6% compared to the same period last year.

According to Agriwatch, India is likely to end this year (2019-20) with record of around 104 lakh bales of cotton as closing stock. Cotton Corporation of India (CCI) has decided to sell a part of the surplus stock of about 15 to 20 lakh bales to Bangladesh, that would take place on a government-to-government basis and the shipments could start from next month onwards. Export prices will be decided by the two governments using the Cotlook index. As the current season is likely to end soon in one month, therefore, as soon as the exports starts India likely to ship around 5-7 lakh only and rest of the quantity would be off the ports in the coming season starting in October'20.

In the recent report published by Cotton Association of India (CAI), the agency increased its cotton crop estimate for 2019-20 to 354 lakh bales compared to its previous estimate of 335.5 lakh bales. The Agriwatch estimates that the production for the current season might reach to around 362 lakh bales out of which around 11 lakh bales might be carried forward in the coming season. The estimate of the cotton imports has been increased by the CAI at 16.00 lakh bales, up by 1 lakh bales from previous estimates. CAI also increased the estimated exports to 50 lakh bales from 47 lakh bales for 2019-20. According to market sources, Indian cotton arrivals during the months of October 2019 to July 2020 are estimated at 337 lakh bales.

With the context of favourable weather in India and increased area, USDA has increased the India's production estimates 38.04 million bales (170kg per bale) in 2020-21, up by 4% from previous month's estimates. While the import trade has been reduced to 1.28 million bales from 1.41 million bales in the previous month. As the recovery in revival of the cotton industry has been sluggish, the domestic use was also declined to 28.8 million bales in Aug'20 estimates from 29.46 million bales (Jul'20 estimates). Therefore, the assumptions are made that there would be higher ending stock 28.83 million bales compared to previous month's estimates (27.29 million bales) as well as from 2019-20 (24.60 million bales).

Weather Forecast for tomorrow:

Heavy to very heavy rainfall very likely at isolated places over Andaman & Nicobar Islands, Madhya Maharashtra, Konkan & Goa, Kerala & Mahe and Coastal & South Interior Karnataka and heavy rainfall at isolated places over Chhattisgarh, Odisha, south Gujarat region, Marathawada, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and North Interior Karnataka.

International Fundamentals:

Cotton Futures ended Thursday session at lower by 0.62 points Oct 20, Cotton is at 64.35. The Cotlook index closed steady 71.65 cents/lb.

In the latest report released by USDA in Sep'20, decreased the production estimates from 23.14 million bales (170kg per bale) in 2020-21 to 21.84 million bales, -6% compared to the previous estimates reflecting the poor crop health in the cotton belts after storms hit the areas amid hurricane. Along with the 0.7% increase in beginning stocks, the total supply declined to 31.12 million bales, down by 3.8% compared to the previous months' estimates (m-o-m). While, the total demand in the country is expected to decline by 3.3% to 21.91 million bales due to the estimated significant fall in consumption to 3.2 million bales from 3.46 million bales m-o-m.

In Pakistan, due to the starting of spell of rains in many areas of Punjab and Sindh the supply of kapas will be decreased as well as the quality will also be effected. The production of cotton crop might be effected in the cotton producing areas of Sindh because of rains. If rainwater collects in the field, it will damage the crops. Rains also increase the risk of attack of viruses and insects on the crop.

China cotton yarn imports are estimated to increase by 7.4% to 1.51 LT in Jul'20 compared to the previous month. According to foreign shipment data in June, cotton yarn imports of China from Vietnam in Jul are estimated at 70,400 tonnes followed by India 20,000 tonnes, from Pakistan 25,200 tonnes, Uzbekistan 15,000 tonnes, and from other regions

and countries at 20,000 tonnes. It is expected that the demand in August likely to remain stagnant as the operating rate of fabric mills declined. The high inventory and lack of demand may put pressure on yarn prices in the country.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Oct	-0.44	17950	17970	17870	17900	44	65	790	30
20-Nov	-0.39	17800	17860	17800	17800	18	13	326	49
20-Dec	-	-	-	-	-	-	-	-	-

Spread	20-Aug	20-Sep	20-Oct	--	--	--
Spot				-	-	-
20-Aug	-	-	-	-	-	-
20-Sep	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 18th Sep 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Sep-20	17-Sep-20	
Gujarat	Ahmedabad	Shankar-6	5050	5050	Unch
	Gondal	Shankar-6	5080	5105	-25
	Rajkot	B.T. Cotton	5120	5150	-30
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	3250	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	5300	5100	200
	Hathras	Desi	4300	4000	300
Andhra Pradesh	Adoni	Medium Staple	5170	5180	-10
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5211	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5280	5119	161
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Sep-20	17-Sep-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3800	3800	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	18-Sep-20	17-Sep-20	-
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	576	690	-114
	Rajkot	B.T. Cotton	1451	1411	40
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6	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	200	350	-150
	Hathras	Desi	60	100	-40
Andhra Pradesh	Adoni	Medium Staple	4048	1450	2598
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	896	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	90	15	75
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Sep-20	17-Sep-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	18-Sep-20	17-Aug-20	
Gujarat	Rajkot	Rs. /10 Kg.	985	975	10
Delhi	New Delhi	Rs. /10 Kg.	950	940	10
Telangana	Hyderabad	Rs. /10 Kg.	990	980	10
Maharashtra	Mumbai	Rs. /10 Kg.	980	975	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Sep-20	17-Aug-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1966	1972	-6
Maharashtra	Akola	Rs./Qtl	1956	1960	-4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Sep-20	16-Aug-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	35600	35600	Unch
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36300	36300	Unch
J-34	27mm	3.5 - 4.9	23	35300	35300	Unch
H-4/ MECH-1	28mm	3.5 - 4.9	27	35600	35600	Unch
Shankar-6	29mm	3.5 - 4.9	28	36800	36800	Unch
Bunny/ Brahma	31mm	3.5 - 4.9	30	38100	38100	Unch
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	38400	38400	Unch
DCH-32	34mm	3.0 - 3.8	33	53800	53800	Unch

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

Index	Unit	18-Sep-20	17-Sep-20	Change
CCIndex(328)	RMB/Ton	12803	12773	30
CCIndex(527)	RMB/Ton	11837	11781	56
CCIndex(229)	RMB/Ton	13129	13088	41
RMB -Renminbi, 1RMB =0.16 \$U.S.				



China Foreign Cotton (FCE) Index :

Index	Unit	18-Sep-20	17-Sep-20	Change
FC Index (S)	Cents/lb	NR	75.56	-
FC Index (M)	Cents/lb	NR	72.59	-
FC Index (L)	Cents/lb	NR	71.56	-

Cotlook Index:

Cotlook Indices	Unit	17-Sep-20	16-Sep-20	Change
A-Index	Cents/Pound	71.65	71.65	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Sep-20	17-Sep-20	Bales
Southeast	cents/lb.	62.85	65.1	-
North Delta	cents/lb.	61.85	64.1	-
South Delta	cents/lb.	61.85	64.1	-
East TX-OK	cents/lb.	59.6	61.85	3396
West Texas	cents/lb.	58.85	61.35	2313
Desert SW	cents/lb.	58.1	62.1	-
SJ Valley	cents/lb.	58.6	67.5	-

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 17-Sep-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8700	180	8880
Equivalent	40 Kgs	9324	193	9517



Daily Futures Price Listing Thu Sep 17, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	200917	64.97	64.97	64.35	64.35	-0.62	22	97	-3
20-Dec	200917	66.37	66.55	65.64	65.85	-0.52	17,456	125,295	397
21-Mar	200917	67.38	67.38	66.51	66.79	-0.39	6,724	55,387	644
21-May	200917	67.7	67.98	67.26	67.55	-0.25	2,472	12,139	30
21-Jul	200917	68.19	68.51	67.92	68.18	-0.16	1,365	10,507	-9
21-Oct	200917	66.88	66.88	66.88	66.88	-0.13	-	3	0
Total Volume and Open Interest							28,806	221,730	1,115

Source: MRCI

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