

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

The Gujarat cotton physical market closed higher side amid weak supplies today in the market. MCX cotton October contract stood higher at Rs.17970/bale on Monday. ICE cotton futures closed in red on Thursday.

**News: CCI sales declined as the mills already have excess stock due to the lower demand and only limited stock of quality cotton is available.** However, Indian spinning mills are getting good overseas demand for yarn and that has supported the domestic market, during last week. In fact, Chinese exporters are complaining that many of their orders were being switched to India and Pakistan. The delay in arrivals could led to only a slight surge in prices in October, as there is already excess stock with CCI and mills.

**All India daily arrivals increased to around 10,000 bales by the end of second week of Sep'20. If the weather helps** in the right time of harvesting cotton in north zone of India and CCI starts its procurement in the first week of Oct'20, then the daily all arrivals by the first week of October would increase to around 25,000 to 35,000 bales per day otherwise the arrivals would limit to around 10,000 to 15,000 bales.

**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.

**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.

**Weather Forecast for tomorrow:**

*Heavy to very heavy rainfall with extremely heavy falls at isolated places likely over Sub-Himalayan West Bengal & Sikkim and Assam & Meghalaya; heavy to very heavy rainfall at isolated places over Arunachal Pradesh, Coastal Karnataka and Konkan & Goa and heavy rainfall at isolated places over Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, Gangetic West Bengal, Odisha, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Marathawada, Telangana, Interior Karnataka and Kerala & Mahe.*

**International Fundamentals:**

***Cotton Futures ended Thursday session at lower by 0.62 points Oct 20, Cotton is at 64.35. The Cotlook index closed lower by 0.50 points to 71.15 cents/lb against 71.65 cents/lb in previous day.***

***The Brazilian cotton started flowing in the market and the new crop is expected to fulfill export orders in the Asian markets by late October and November. Both Brazilian and Indian cotton is expected to arrive in the market at the same time. Spinners have recently moved to focus on Brazilian and US for contamination improvement and better contract performance. But the improved quality of the CCI offers in India could compete over Brazil in the interests of Chinese mills.***

***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.***

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Oct	+0.50	17990	18000	17820	17970	139	95	782	8
20-Nov	+0.22	17810	17830	17750	17830	32	14	326	-
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 21<sup>st</sup> Sep 2020 @ 5.30 pmCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Sep-20	19-Sep-20	
Gujarat	Ahmedabad	Shankar-6	5125	5125	Unch
	Gondal	Shankar-6	5085	5105	-20
	Rajkot	B.T. Cotton	4990	5000	-10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4585	-
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	Closed	5300	-
	Hathras	Desi	Closed	4300	-

Andhra Pradesh	Adoni	Medium Staple	NA	5160	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5253	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Sep-20	19-Sep-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3750	3800	-50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	21-Sep-20	19-Sep-20	-
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	320	360	-40
	Rajkot	B.T. Cotton	1200	1800	-600
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	20	-
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	Closed	200	-
	Hathras	Desi	Closed	60	-

Andhra Pradesh	Adoni	Medium Staple	NA	2824	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	539	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	142	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Sep-20	19-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	21-Sep-20	19-Aug-20	
Gujarat	Rajkot	Rs. /10 Kg.	985	985	Unch
Delhi	New Delhi	Rs. /10 Kg.	960	960	Unch
Telangana	Hyderabad	Rs. /10 Kg.	990	990	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	990	980	10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Sep-20	19-Aug-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1911	1966	-55
Maharashtra	Akola	Rs./Qtl	1955	1956	-1

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Sep-20	18-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	35400	35300	100
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	21-Sep-20	18-Sep-20	Change
CCIndex(328)	RMB/Ton	12806	12803	3
CCIndex(527)	RMB/Ton	11842	11837	5
CCIndex(229)	RMB/Ton	13131	13129	2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	21-Sep-20	18-Sep-20	Change
FC Index (S)	Cents/lb	74.85	75.11	-0.26
FC Index (M)	Cents/lb	71.9	72.15	-0.25
FC Index (L)	Cents/lb	70.81	71.06	-0.25

**Cotlook Index:**

Cotlook Indices	Unit	18-Sep-20	17-Sep-20	Change
A-Index	Cents/Pound	71.15	71.65	-0.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Sep-20	18-Sep-20	Bales
Southeast	cents/lb.	62.66	64.91	1744
North Delta	cents/lb.	61.66	63.91	0
South Delta	cents/lb.	61.66	63.91	0
East TX-OK	cents/lb.	59.41	61.66	143
West Texas	cents/lb.	58.66	61.16	717
Desert SW	cents/lb.	57.91	61.91	0
SJ Valley	cents/lb.	58.41	67.31	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 19-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)									
<a href="#">20-Oct</a>	200917	64.97	64.97	64.35	64.35	-0.62	22	97	-3
<a href="#">20-Dec</a>	200917	66.37	66.55	65.64	65.85	-0.52	17,456	125,295	397
<a href="#">21-Mar</a>	200917	67.38	67.38	66.51	66.79	-0.39	6,724	55,387	644
<a href="#">21-May</a>	200917	67.7	67.98	67.26	67.55	-0.25	2,472	12,139	30
<a href="#">21-Jul</a>	200917	68.19	68.51	67.92	68.18	-0.16	1,365	10,507	-9
<a href="#">21-Oct</a>	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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