

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed mixed trend amid mixed sentiments in the market. MCX cotton October contract stood higher at Rs.17940/bale on Tuesday. ICE cotton futures closed in red on Monday.

News: The new cotton have started arriving in the Malwa region (Bhatinda and Mansa) of Punjab. The farmers are getting very low price at around Rs.4600/q which is very low below MSP of Rs. 5825/q. The mandi officers have recommended the farmers to bring cotton from 1st Oct'20 when CCI begins the procurement and must ensure that their produce contains between 8 to 12% moisture content to get remunerative prices.

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.

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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall with extremely heavy falls at isolated places over Assam & Meghalaya and East Uttar Pradesh; heavy to very heavy rainfall at isolated places over West Uttar Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim, Gujarat region and Konkan & Goa and heavy rainfall at isolated places over Uttarakhand, East Rajasthan, East Madhya Pradesh, Jharkhand, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton Futures ended Monday session lower by 0.42 points Oct 20, Cotton is at 63.74. The Cotlook index closed lower by 0.20 points to 70.95 cents/lb against 71.15 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	+0.28	17900	17950	17850	17940	48	91	746	36
20-Nov	+0.17	17760	17820	17730	17820	10	22	331	5
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 22nd Sep 2020 @ 5.30 pmCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Sep-20	21-Sep-20	
Gujarat	Ahmedabad	Shankar-6	5125	5125	Unch
	Gondal	Shankar-6	4930	5085	-155
	Rajkot	B.T. Cotton	5000	4990	10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4730	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	Closed	Closed	-
	Hathras	Desi	Closed	Closed	-

Andhra Pradesh	Adoni	Medium Staple	5181	5170	11
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5269	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5100	5280	-180
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Sep-20	21-Sep-20	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3725	3750	-25
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	22-Sep-20	21-Sep-20	-
Gujarat	Ahmedabad	Shankar-6	2890	3400	-510
	Gondal	Shankar-6	330	320	10
	Rajkot	B.T. Cotton	1025	1200	-175
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	25	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	Closed	Closed	-
	Hathras	Desi	Closed	Closed	-

Andhra Pradesh	Adoni	Medium Staple	4494	4068	426
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	1137	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	135	37	98
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Sep-20	21-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	22-Sep-20	21-Aug-20	
Gujarat	Rajkot	Rs. /10 Kg.	980	985	-5
Delhi	New Delhi	Rs. /10 Kg.	950	960	-10
Telangana	Hyderabad	Rs. /10 Kg.	980	990	-10
Maharashtra	Mumbai	Rs. /10 Kg.	995	990	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Sep-20	21-Aug-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1884	1911	-27
Maharashtra	Akola	Rs./Qtl	1945	1955	-10

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Sep-20	19-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	35500	35400	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	38200	38100	100
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	38400	38400	Unch
DCH-32	34mm	3.0 - 3.8	33	53900	53800	100

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

Index	Unit	22-Sep-20	21-Sep-20	Change
CCIndex(328)	RMB/Ton	12848	12806	42
CCIndex(527)	RMB/Ton	11911	11842	69
CCIndex(229)	RMB/Ton	13193	13131	62

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

China Foreign Cotton (FCE) Index :

Index	Unit	22-Sep-20	21-Sep-20	Change
FC Index (S)	Cents/lb	NR	74.85	-
FC Index (M)	Cents/lb	NR	71.9	-
FC Index (L)	Cents/lb	NR	70.81	-

Cotlook Index:

Cotlook Indices	Unit	21-Sep-20	18-Sep-20	Change
A-Index	Cents/Pound	70.95	71.15	-0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Sep-20	21-Sep-20	Bales
Southeast	cents/lb.	62.24	64.49	-
North Delta	cents/lb.	61.24	63.49	-
South Delta	cents/lb.	61.24	63.49	-
East TX-OK	cents/lb.	58.99	61.24	1708
West Texas	cents/lb.	58.24	60.74	876
Desert SW	cents/lb.	57.49	61.49	-
SJ Valley	cents/lb.	57.99	66.89	-

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 21-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 Mon Sep 21, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	200921	65.05	65.79	63.74	63.74	-0.42	49	96	-2
20-Dec	200921	65.51	66.23	64.72	65.24	-0.42	14,040	125,564	-320
21-Mar	200921	66.49	67.08	65.66	66.24	-0.34	3,690	54,959	-155
21-May	200921	67.42	67.83	66.45	67.08	-0.27	1,075	12,045	-32
21-Jul	200921	68.05	68.45	67.11	67.77	-0.24	525	10,471	60
21-Oct	200921	66.74	66.74	66.74	66.74	-0.23	-	4	0
Total Volume and Open Interest							20,132	221,398	-574

Source: MRCI

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