

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market extended mixed trend amid mixed sentiments in the market. MCX cotton October contract stood higher at Rs.18130/bale on Tuesday. ICE cotton futures closed in red on Monday.

News: *According to the trade sources, India in August'20 would likely to have exported cotton significantly higher about 7-8 lakh bales. Bangladesh has imported notable quantity of raw cotton from India of around 6-7 lakh bales in Aug'20 at an average FOB of \$1.39/kg. While China was also a major importing country after Bangladesh buying around 55,000 bales at \$1.33/kg FOB followed by Vietnam (39,000 bales at \$1.29/kg), Oman (9,800 bales at \$1.39/kg) and Turkey (6,300 bales at \$1.36/kg). However, the Indian exports likely to continue with good pace in September due to the increasing yarn and garments demand in China. Bangladesh followed by Vietnam being the hub of garments and fabrics exporters would seek Indian raw material to fulfill the demand.*

The Haryana State government has announced that the cotton procurement would start from 1st Oct'20 at MSP through CCI (Cotton Corporation of India). *The state announced that the number of procurement centers would be increased to 40 this time where were only 20 centers were active last year. Last year, only 30 per cent of the total crop was procured by CCI but during 2020-21, the government assured that 100 per cent of the total arrivals will be procured.*

The cotton prices recovered to around Rs. 36,500- Rs.37,000 per candy from Rs. 31,000 per candy in April. *The good demand from the exporters and cotton yarn makers also from the reviving of the domestic mills have supported the prices. As the season is going to end within a week, therefore, provided well support to the prices. According to All Gujarat Spinner's Association (AGSA), yarn exports rose 10% in the past 2 months and the yarn prices surged to Rs.186 per kg from Rs.160-162 per kg during the lockdown.*

According to the sources, the cotton crop in Khandesh region have been affected due to the excess rainfall. The crop planted in late May and early June has been most affected. *The cotton bolls for first picking in Dhule, Jalgaona and Nandurbar (which covers 8.5 lakh ha area under cotton) were reported rotted. Also, in the further pickings, the quality of fibre likely to decline.*

According to the first advance estimate released by the Agriculture Ministry, cotton production is estimated to be at 371.2 lakh bales (of 170 kg each) is higher by 16.3 lakh bales than the production of 354.91 lakh bales during 2019-20. *The estimated production might fall lower than expected because of heavy rainfall as already the crop damage have been reported in Punjab, Haryana, Gujarat and Maharashtra.*

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.*

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.*

Weather Forecast for tomorrow:

Heavy rainfall likely at isolated places over Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and North Interior Karnataka. Thunderstorm with lightning at isolated places likely over Vidarbha, Chhattisgarh, Odisha, Madhya Maharashtra, Marathwada, Konkan & Goa, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Interior Karnataka and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton Futures ended Monday session lower by 0.26 points Oct 20, Cotton is at 64.40. The cotlook index closed lower by 0.60 to 71.35 cents/lb against 70.75 cents/lb.

Pakistan is facing shortage of cotton but with the increasing number of cases of coronavirus in India is shifting the international yarn market towards Pakistan. However, due to the shortage of cotton in Pakistan, there has been a rise in raw cotton import on month on month basis, which grew by 30 percent since July 2020. The pandemic has affected the textile industries in India and Bangladesh, therefore, the sudden rise in garment export orders were reported as the neighboring countries are not able to produce and deliver goods to European and American markets on time. But the challenge to the country is to combat the shortage of raw material, especially yarn.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Oct	-0.17	18130	18150	18030	18130	130	133	21190	20399
20-Nov	-0.17	18030	18100	18000	18070	41	3	3790	3379
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 29th Sep 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Sep-20	28-Sep-20	
Gujarat	Ahmedabad	Shankar-6	5000	5000	Unch
	Gondal	Shankar-6	5005	5005	Unch
	Rajkot	B.T. Cotton	5005	NR	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	3500	4550	-1050
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5200	5250	-50
	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	5500	5500	Unch
	Hathras	Desi	4250	4300	-50
Andhra Pradesh	Adoni	Medium Staple	5233	5199	34
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5281	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5300	5030	270
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Sep-20	28-Sep-20	
Punjab	Bhatinda	J-34	3855	3830	25
	Abohar	J-34	3850	3835	15
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3850	3830	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	29-Sep-20	28-Sep-20	-
Gujarat	Ahmedabad	Shankar-6	5950	6290	-340
	Gondal	Shankar-6	906	684	222
	Rajkot	B.T. Cotton	1800	NR	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	17	17	Unch
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	340	Unch
	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	300	450	-150
	Hathras	Desi	100	100	Unch
Andhra Pradesh	Adoni	Medium Staple	4717	4050	667
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	977	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	495	210	285
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Sep-20	28-Sep-20	
Punjab	Bhatinda	J-34	255	850	-595
	Abohar	J-34	850	1020	-170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	510	340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	29-Sep-20	28-Aug-20	
Gujarat	Rajkot	Rs. /10 Kg.	950	950	Unch
Delhi	New Delhi	Rs. /10 Kg.	925	925	Unch
Telangana	Hyderabad	Rs. /10 Kg.	940	940	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	975	935	40

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-Sep-20	28-Aug-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1820	1835	-15
Maharashtra	Akola	Rs./Qtl	1932	1954	-22

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Sep-20	26-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	36000	36000	Unch
H-4/ MECH-1	28mm	3.5 - 4.9	27	35900	35900	Unch
Shankar-6	29mm	3.5 - 4.9	28	37200	37200	Unch
Bunny/ Brahma	31mm	3.5 - 4.9	30	38500	38500	Unch
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	39000	39000	Unch
DCH-32	34mm	3.0 - 3.8	33	54500	54500	Unch

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

Index	Unit	29-Sep-20	28-Sep-20	Change
CCIndex(328)	RMB/Ton	12861	12851	10
CCIndex(527)	RMB/Ton	11906	11895	11
CCIndex(229)	RMB/Ton	13202	13193	9

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



China Foreign Cotton (FCE) Index :

Index	Unit	29-Sep-20	28-Sep-20	Change
FC Index (S)	Cents/lb	74.63	74.88	-0.25
FC Index (M)	Cents/lb	71.78	72.03	-0.25
FC Index (L)	Cents/lb	70.67	70.92	-0.25

Cotlook Index:

Cotlook Indices	Unit	28-Sep-20	25-Sep-20	Change
A-Index	Cents/Pound	71.35	70.75	0.60

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-Sep-20	28-Sep-20	Bales
Southeast	cents/lb.	62.69	64.94	-
North Delta	cents/lb.	61.69	63.94	-
South Delta	cents/lb.	61.69	63.94	-
East TX-OK	cents/lb.	59.44	61.69	499
West Texas	cents/lb.	58.69	61.19	961
Desert SW	cents/lb.	57.94	61.94	-
SJ Valley	cents/lb.	58.44	67.34	-

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 28-Sep-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8900	180	9080
Equivalent	40 Kgs	9538	193	9731

Daily Futures Price Listing Fri 28, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	200928	64.4	64.4	64.4	64.4	-0.26	0	90	0
20-Dec	200928	65.95	66.6	65.2	65.69	-0.26	19,037	124,355	-939
21-Mar	200928	66.75	67.26	65.91	66.38	-0.28	3,484	54,717	-186
21-May	200928	67.32	67.84	66.67	67.09	-0.26	1,002	12,213	47
21-Jul	200928	67.95	68.44	67.35	67.73	-0.27	457	10,808	39
21-Oct	200928	66.85	66.85	66.85	66.85	-0.51	2	6	2
Total Volume and Open Interest							24,188	220,401	-993

Source: MRCI

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