

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed weak trend at various trading centers today in the market. MCX cotton October contract stood higher at Rs.18190/bale on Wednesday. ICE cotton futures closed in red on Tuesday.

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 to very heavy rainfall very likely at isolated places over Odisha and heavy rainfall very likely at isolated places over Nagaland, Manipur, Mizoram & Tripura. Thunderstorm with lightning at isolated places very likely over Jharkhand, Gangetic West Bengal, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Marathwada, Telangana and Coastal Andhra Pradesh & Yanam.

International Fundamentals:

Cotton Futures ended Tuesday session lower by 0.40 points Oct 20, Cotton is at 64. The cotlook index closed lower by 0.20 to 71.15 cents/lb against 71.35 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	+0.50	18080	18200	18080	18190	96	34	793	20397
20-Nov	+0.44	18150	18180	18110	18110	7	34	404	3386
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 30th Sep 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Sep-20	29-Sep-20	
Gujarat	Ahmedabad	Shankar-6	5125	5000	125
	Gondal	Shankar-6	4855	5005	-150
	Rajkot	B.T. Cotton	4955	5005	-50
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	3500	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5190	5200	-10
	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	5500	-200
	Hathras	Desi	4400	4250	150
Andhra Pradesh	Adoni	Medium Staple	5234	5233	1
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5289	5281	8
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5200	5300	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Sep-20	29-Sep-20	
Punjab	Bhatinda	J-34	3850	3855	-5
	Abohar	J-34	3840	3850	-10
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3840	3850	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	30-Sep-20	29-Sep-20	-
Gujarat	Ahmedabad	Shankar-6	6800	5950	850
	Gondal	Shankar-6	582	906	-324
	Rajkot	B.T. Cotton	1750	1800	-50
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	17	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	340	-85
	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	800	300	500
	Hathras	Desi	250	100	150
Andhra Pradesh	Adoni	Medium Staple	3578	4717	-1139
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1458	977	481
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	330	495	-165
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Sep-20	29-Sep-20	
Punjab	Bhatinda	J-34	340	255	85
	Abohar	J-34	510	850	-340
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	510	850	-340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	30-Sep-20	29-Aug-20	
Gujarat	Rajkot	Rs. /10 Kg.	932	950	-18
Delhi	New Delhi	Rs. /10 Kg.	920	925	-5
Telangana	Hyderabad	Rs. /10 Kg.	925	940	-15
Maharashtra	Mumbai	Rs. /10 Kg.	970	975	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-Sep-20	29-Aug-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1790	1820	-30
Maharashtra	Akola	Rs./Qtl	1927	1932	-5

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Sep-20	28-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	30-Sep-20	29-Sep-20	Change
CCIndex(328)	RMB/Ton	12891	12861	30
CCIndex(527)	RMB/Ton	11915	11906	9
CCIndex(229)	RMB/Ton	13222	13202	20
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	30-Sep-20	29-Sep-20	Change
FC Index (S)	Cents/lb	74.25	74.63	-0.38
FC Index (M)	Cents/lb	71.42	71.78	-0.36
FC Index (L)	Cents/lb	70.31	70.67	-0.36

Cotlook Index:

Cotlook Indices	Unit	29-Sep-20	28-Sep-20	Change
A-Index	Cents/Pound	71.15	71.35	-0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-Sep-20	29-Sep-20	Bales
Southeast	cents/lb.	62.29	64.54	-
North Delta	cents/lb.	61.29	63.54	-
South Delta	cents/lb.	61.29	63.54	-
East TX-OK	cents/lb.	59.04	61.29	221
West Texas	cents/lb.	58.29	60.79	490
Desert SW	cents/lb.	57.54	61.54	-
SJ Valley	cents/lb.	58.04	66.94	-

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 29-Sep-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8950	180	9130
Equivalent	40 Kgs	9592	193	9785

Daily Futures Price Listing Tue 29, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	200929	64	64	64	64	-0.4	0	90	0
20-Dec	200929	65.67	65.68	64.7	65.29	-0.4	12,924	124,573	218
21-Mar	200929	66.51	66.51	65.5	66.03	-0.35	3,235	54,620	-97
21-May	200929	66.92	66.92	66.28	66.8	-0.29	926	12,153	-60
21-Jul	200929	67.42	67.47	66.96	67.47	-0.26	434	10,854	46
21-Oct	200929	66.78	66.78	66.78	66.78	-0.07	0	6	0
Total Volume and Open Interest							17,972	220,629	228

Source: MRCI

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