

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

*The Gujarat cotton physical market showed firm trend today in the market. MCX cotton October contract stood higher at Rs.18200/bale on Thursday. ICE cotton futures closed in green on Wednesday.*

**News:** *The state government in Maharashtra has urged for the farmer's registration at procurement centres from 1st Oct'20 onwards and cotton procurement would start from 15th Oct'20. The CCI as well as the Maharashtra Cotton Federations assures that there will procurement at MSP. Last year, around 40 lakh the farmers were forced to sell their produce to the private traders at lower prices as CCI was non- operational during the lockdown.*

**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.*

### Weather Forecast for tomorrow:

Heavy rainfall likely at isolated places over Odisha, Andaman & Nicobar Islands, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura. Thunderstorm with lightning at isolated places likely over Bihar, Jharkhand, West Bengal & Sikkim, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

### International Fundamentals:

**Cotton Futures ended Wednesday session higher by 0.49 points Oct 20, Cotton is at 64.49. 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	-0.05	18200	18230	18170	18200	122	26	786	7
20-Nov	+0.11	18200	18220	18200	18200	18	11	414	10
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 1<sup>st</sup> Sep 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Oct-20	30-Sep-20	
Gujarat	Ahmedabad	Shankar-6	5125	5125	Unch
	Gondal	Shankar-6	4955	4855	100
	Rajkot	B.T. Cotton	5010	4955	55
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5400	NA	-
	Bhiwani	Desi	6000	NA	-
	Adampur	B.T. Cotton	5200	5190	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	5300	Unch
	Hathras	Desi	4800	4400	400
Andhra Pradesh	Adoni	Medium Staple	NA	5234	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5289	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5270	5200	70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Oct-20	30-Sep-20	
Punjab	Bhatinda	J-34	3840	3850	-10
	Abohar	J-34	3830	3840	-10
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	3830	3840	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	1-Oct-20	30-Sep-20	-
Gujarat	Ahmedabad	Shankar-6	6800	6800	Unch
	Gondal	Shankar-6	606	582	24
	Rajkot	B.T. Cotton	1850	1750	100
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	8000	NA	-
	Bhiwani	Desi	200	NA	-
	Adampur	B.T. Cotton	340	255	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	500	800	-300
	Hathras	Desi	200	250	-50
Andhra Pradesh	Adoni	Medium Staple	NA	3578	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	1458	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	277	330	-53
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Oct-20	30-Sep-20	
Punjab	Bhatinda	J-34	510	340	170
	Abohar	J-34	340	510	-170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	1-Oct-20	31-Sep-20	
Gujarat	Rajkot	Rs. /10 Kg.	935	932	3
Delhi	New Delhi	Rs. /10 Kg.	925	920	5
Telangana	Hyderabad	Rs. /10 Kg.	925	925	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	970	970	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Oct-20	30-Sep-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1811	1790	21
Maharashtra	Akola	Rs./Qtl	1928	1927	1

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Sep-20	30-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	1-Oct-20	30-Sep-20	Change
CCIndex(328)	RMB/Ton	NR	12891	-
CCIndex(527)	RMB/Ton	NR	11915	-
CCIndex(229)	RMB/Ton	NR	13222	-

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

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

Index	Unit	1-Oct-20	30-Sep-20	Change
FC Index (S)	Cents/lb	NR	74.25	-
FC Index (M)	Cents/lb	NR	71.42	-
FC Index (L)	Cents/lb	NR	70.31	-

**Cotlook Index:**

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

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Sep-20	30-Sep-20	Bales
Southeast	cents/lb.	62.54	64.79	<b>2236</b>
North Delta	cents/lb.	61.79	64.04	<b>0</b>
South Delta	cents/lb.	61.79	64.04	<b>0</b>
East TX-OK	cents/lb.	59.54	61.79	<b>2915</b>
West Texas	cents/lb.	58.79	61.29	<b>680</b>
Desert SW	cents/lb.	58.04	62.04	<b>0</b>
SJ Valley	cents/lb.	58.54	67.44	<b>0</b>

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 30-Sep-2020**

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

Daily Futures Price Listing Wed 30, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Oct</a>	200930	64.49	64.49	64.49	64.49	0.49	0	70	-20
<a href="#">20-Dec</a>	200930	65.28	66.24	65.09	65.79	0.5	14,015	125,050	477
<a href="#">21-Mar</a>	200930	65.94	66.94	65.85	66.54	0.51	5,031	54,735	115
<a href="#">21-May</a>	200930	66.7	67.67	66.67	67.27	0.47	1,399	12,386	233
<a href="#">21-Jul</a>	200930	67.45	68.31	67.43	67.92	0.45	569	10,916	62
<a href="#">21-Oct</a>	200930	67.09	67.09	67.09	67.09	0.31	0	6	0
Total Volume and Open Interest							21,624	221,618	989

Source: MRCI

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