

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed mixed trend today in the market. MCX cotton October contract stood higher at Rs.18200/bale on Thursday. ICE cotton futures closed in red on Friday.

News: *By the September end, all India arrivals stood around 25,000 to 30,000 bales per day. Cotton Corporation of India (CCI) is expected to have started procurement in North zone (Punjab, Haryana & Rajasthan) from Oct 01, 2020. The farmers in Madhya Pradesh are receiving lower value with arrivals around 3000 bales due to higher moisture content. Similarly, the new arrivals in Gujarat and Maharashtra are sluggish amid heavy rainfall due to which the arrivals likely to increase its pace after 2nd week of October. The Southern India is expecting rainfall in the 1st week of October due to which the arrivals in Telangana, Andhra Pradesh and Tamil Nadu would also get delayed and likely to pick up after 10th October.*

The state government in Maharashtra has urged for the farmer's registration at procurement centers 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.

Weather Forecast for tomorrow:

Heavy rainfall at isolated places over Sub-Himalayan West Bengal & Sikkim, Odisha, Arunachal Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura. Moderate thunderstorm with lightning very likely at isolated places over East Uttar Pradesh, East Madhya Pradesh, Chhattisgarh, Bihar, Sub-Himalayan West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Konkan & Goa and North Interior Karnataka.

International Fundamentals:

Cotton Futures ended Friday session lower by 0.09 points Oct 20, Cotton is at 64.52. The cotlook index closed higher by 0.15 to 71.30 cents/lb against 71.15 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.

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 1st Sep 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Oct-20	1-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5000	5125	-125
	Gondal	Shankar-6	5005	4955	50
	Rajkot	B.T. Cotton	5050	5010	40
	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	5350	5400	-50
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5240	5200	40
	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	4500	4800	-300
Andhra Pradesh	Adoni	Medium Staple	5216	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5273	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5270	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Oct-20	1-Oct-20	
Punjab	Bhatinda	J-34	3830	3840	-10
	Abohar	J-34	3840	3830	10
	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	3-Oct-20	1-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	10200	6800	3400
	Gondal	Shankar-6	1104	606	498
	Rajkot	B.T. Cotton	2000	1850	150
	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	25000	8000	17000
	Bhiwani	Desi	200	200	Unch
	Adampur	B.T. Cotton	680	340	340
	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	900	500	400
	Hathras	Desi	100	200	-100
Andhra Pradesh	Adoni	Medium Staple	7315	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	903	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	277	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Oct-20	1-Oct-20	
Punjab	Bhatinda	J-34	255	510	-255
	Abohar	J-34	850	340	510
	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	3-Oct-20	1-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	910	935	-25
Delhi	New Delhi	Rs. /10 Kg.	910	925	-15
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	3-Oct-20	1-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1811	1811	Unch
Maharashtra	Akola	Rs./Qtl	1928	1928	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Oct-20	30-Sep-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	3-Oct-20	1-Oct-20	Change
CCIndex(328)	RMB/Ton	Closed	NR	-
CCIndex(527)	RMB/Ton	Closed	NR	-
CCIndex(229)	RMB/Ton	Closed	NR	-

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



China Foreign Cotton (FCE) Index :

Index	Unit	3-Oct-20	1-Oct-20	Change
FC Index (S)	Cents/lb	Closed	NR	-
FC Index (M)	Cents/lb	Closed	NR	-
FC Index (L)	Cents/lb	Closed	NR	-

Cotlook Index:

Cotlook Indices	Unit	1-Oct-20	29-Sep-20	Change
A-Index	Cents/Pound	71.3	71.15	0.15

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		1-Oct-20	1-Oct-20	Bales
Southeast	cents/lb.	62.66	64.91	0
North Delta	cents/lb.	61.91	64.16	0
South Delta	cents/lb.	61.91	64.16	0
East TX-OK	cents/lb.	59.66	61.91	4031
West Texas	cents/lb.	58.91	61.41	2118
Desert SW	cents/lb.	58.16	62.16	0
SJ Valley	cents/lb.	58.66	67.56	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

<u>Pakistan Cotton Spot rates: As on 1-Oct-2020</u>				(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 Fri 2, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	201002	64.52	64.52	64.52	64.52	-0.09	0	70	0
20-Dec	201002	65.85	66	64.86	65.82	-0.09	13,871	125,757	561
21-Mar	201002	66.6	66.8	65.71	66.63	-0.07	3,097	54,821	-13
21-May	201002	67.14	67.45	66.46	67.27	-0.1	845	12,660	29
21-Jul	201002	67.68	68.07	67.12	67.84	-0.12	545	11,031	115
21-Oct	201002	67.12	67.12	67.12	67.12	-0.12	0	6	0
Total Volume and Open Interest							18,848	222,896	747

Source: MRCI

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