

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

*The Gujarat cotton physical market showed steady to weak tone today in the market. MCX cotton October contract stood higher at Rs.18250/bale on Monday. 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.*

### Weather Forecast for tomorrow:

Heavy rainfall at isolated places over East Madhya Pradesh, Chhattisgarh, Jharkhand, Odisha, Arunachal Pradesh and Assam & Meghalaya. Moderate thunderstorm with lightning likely at isolated places over East Uttar Pradesh, East Madhya Pradesh, Vidarbha, Chhattisgarh, Jharkhand, Sub-Himalayan West Bengal & Sikkim and Arunachal Pradesh.

### 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.**

**The Chinese State Reserve sales in the last 66 days total stands at 2,292,098 bales. This series of sales has ended on September 30th, with a sales target of about 2,296,500 bales. The largest cotton growing region Xinjiang has started harvesting cotton and large scale arrival is likely to pick up during October. According to the China Agriculture department, the country is expected to have bumper production in 2020-21 season.**

**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.**

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Oct	+0.05	18250	18270	18060	18250	137	15	713	73
20-Nov	+0.16	18290	18310	18210	18290	87	69	417	3
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 5<sup>th</sup> Oct 2020 @ 5.30 pm

### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Oct-20	3-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5000	5000	Unch
	Gondal	Shankar-6	5005	5005	Unch

	Rajkot	B.T. Cotton	4960	5050	-90
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4000	3625	375
Haryana	Bhiwani	B.T. Cotton	5325	5350	-25
	Bhiwani	Desi	NA	6000	-
	Adampur	B.T. Cotton	5150	5240	-90
	Fatehabad	B.T. Cotton	5450	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	4500	Unch
Andhra Pradesh	Adoni	Medium Staple	5210	5216	-6
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5196	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Oct-20	3-Oct-20	
Punjab	Bhatinda	J-34	3825	3830	-5
	Abohar	J-34	3830	3840	-10
	Mansa	J-34	3825	NA	-
Haryana	Sirsa	J-34	3810	3850	-40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

## Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	5-Oct-20	3-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	10200	10200	Unch

	Gondal	Shankar-6	834	1104	-270
	Rajkot	B.T. Cotton	2500	2000	500
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	30	12	18
Haryana	Bhiwani	B.T. Cotton	50000	25000	25000
	Bhiwani	Desi	NA	200	-
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	600	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	900	Unch
	Hathras	Desi	100	100	Unch
Andhra Pradesh	Adoni	Medium Staple	8306	7315	991
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	493	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Oct-20	3-Oct-20	
Punjab	Bhatinda	J-34	850	255	595
	Abohar	J-34	1530	850	680
	Mansa	J-34	1190	NA	-
Haryana	Sirsa	J-34	1360	510	850
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	5-Oct-20	3-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	5-Oct-20	3-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1811	1811	Unch
Maharashtra	Akola	Rs./Qtl	1922	1928	-6

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Oct-20	1-Oct-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	5-Oct-20	3-Oct-20	Change
CCIndex(328)	RMB/Ton	NR	Closed	-
CCIndex(527)	RMB/Ton	NR	Closed	-
CCIndex(229)	RMB/Ton	NR	Closed	-

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

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

Index	Unit	5-Oct-20	3-Oct-20	Change
FC Index (S)	Cents/lb	NR	Closed	-
FC Index (M)	Cents/lb	NR	Closed	-

FC Index (L)	Cents/lb	NR	Closed	-
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**Cotlook Index:**

Cotlook Indices	Unit	3-Oct-20	1-Oct-20	Change
A-Index	Cents/Pound	NA	71.3	-

**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

Pakistan Cotton Spot rates: As on 3-Oct-2020				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9050	180	9230
Equivalent	40 Kgs	9699	193	9892

**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)									
<a href="#">20-Oct</a>	201002	64.52	64.52	64.52	64.52	-0.09	0	70	0
<a href="#">20-Dec</a>	201002	65.85	66	64.86	65.82	-0.09	13,871	125,757	561
<a href="#">21-Mar</a>	201002	66.6	66.8	65.71	66.63	-0.07	3,097	54,821	-13
<a href="#">21-May</a>	201002	67.14	67.45	66.46	67.27	-0.1	845	12,660	29
<a href="#">21-Jul</a>	201002	67.68	68.07	67.12	67.84	-0.12	545	11,031	115
<a href="#">21-Oct</a>	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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