

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

The Gujarat cotton physical market showed mixed tone amid mixed sentiments today in the market. MCX cotton October contract stood higher at Rs.18280/bale on Tuesday. ICE cotton futures closed in green on Monday.

**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.

**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, Jalgaon 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, Andaman & Nicobar Islands and Arunachal Pradesh. Moderate to severe thunderstorm with lightning likely at isolated places over East Uttar Pradesh; Moderate thunderstorm with lightning likely at isolated places over East Madhya Pradesh, Vidarbha, Chhattisgarh, Jharkhand, Andaman & Nicobar Islands, Arunachal Pradesh, Coastal Andhra Pradesh & Yanam and Tamilnadu, Puducherry & Karaikal.

### International Fundamentals:

**Cotton Futures ended Friday session higher by 0.21 points Oct 20, Cotton is at 64.73.**

**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	-0.38	18300	18300	18190	18280	88	49	708	5
20-Nov	-0.65	18300	18310	18230	18270	44	43	411	6
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 6<sup>th</sup> Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Oct-20	5-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5125	5000	125
	Gondal	Shankar-6	5005	5005	Unch
	Rajkot	B.T. Cotton	4915	4960	-45
	Patan	B.T. Cotton	4875	5000	-125
	Kadi	B.T. Cotton	4750	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4275	4000	275
Haryana	Bhiwani	B.T. Cotton	5225	5325	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5130	5150	-20
	Fatehabad	B.T. Cotton	5200	5450	-250
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5100	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5000	NA	-
	Rawatsar	B.T. Cotton	5100	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	5209	5210	-1
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5207	5242	-35
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5200	5400	-200
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Oct-20	5-Oct-20	
Punjab	Bhatinda	J-34	3805	3825	-20
	Abohar	J-34	3800	3830	-30
	Mansa	J-34	3800	3825	-25
Haryana	Sirsa	J-34	3800	3810	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	6-Oct-20	5-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	10200	10200	Unch
	Gondal	Shankar-6	834	834	Unch
	Rajkot	B.T. Cotton	2225	2500	-275
	Patan	B.T. Cotton	8836	2100	6736
	Kadi	B.T. Cotton	10000	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	13	30	-17
Haryana	Bhiwani	B.T. Cotton	45000	50000	-5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	850	-510
	Fatehabad	B.T. Cotton	600	600	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	900	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	1000	NA	-
	Rawatsar	B.T. Cotton	300	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	900	-400
	Hathras	Desi	100	100	Unch
Andhra Pradesh	Adoni	Medium Staple	8150	8306	-156
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	900	1516	-616
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	960	1110	-150
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Oct-20	5-Oct-20	
Punjab	Bhatinda	J-34	1360	850	510
	Abohar	J-34	1700	1530	170
	Mansa	J-34	1360	1190	170
Haryana	Sirsa	J-34	1700	1360	340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	6-Oct-20	5-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	890	885	5
Delhi	New Delhi	Rs. /10 Kg.	895	905	-10
Telangana	Hyderabad	Rs. /10 Kg.	890	890	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	920	935	-15

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	6-Oct-20	5-Oct-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1798	1811	-13
Maharashtra	Akola	Rs./Qtl	1916	1922	-6

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Oct-20	3-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	36300	35900	400
Shankar-6	29mm	3.5 - 4.9	28	37500	37200	300
Bunny/ Brahma	31mm	3.5 - 4.9	30	38900	38500	400
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	39400	39000	400
DCH-32	34mm	3.0 - 3.8	33	55000	54500	500

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

Index	Unit	6-Oct-20	5-Oct-20	Change
CCIndex(328)	RMB/Ton	NR	NR	-
CCIndex(527)	RMB/Ton	NR	NR	-
CCIndex(229)	RMB/Ton	NR	NR	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	6-Oct-20	5-Oct-20	Change
FC Index (S)	Cents/lb	NR	NR	-
FC Index (M)	Cents/lb	NR	NR	-
FC Index (L)	Cents/lb	NR	NR	-

**Cotlook Index:**

Cotlook Indices	Unit	5-Oct-20	3-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
		5-Oct-20	5-Oct-20	Bales
Southeast	cents/lb.	62.78	65.03	-
North Delta	cents/lb.	62.03	64.28	-
South Delta	cents/lb.	62.03	64.28	3943
East TX-OK	cents/lb.	59.78	62.03	1810
West Texas	cents/lb.	59.03	61.53	2532
Desert SW	cents/lb.	58.28	62.28	-
SJ Valley	cents/lb.	58.78	67.68	-

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 5-Oct-2020**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9150	180	9330
Equivalent	40 Kgs	9806	193	9999



Daily Futures Price Listing Fri 5, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Oct</a>	201005	64.73	64.73	64.73	64.73	0.21	0	70	0
<a href="#">20-Dec</a>	201005	65.7	67.14	65.65	66.03	0.21	13,028	125,485	-272
<a href="#">21-Mar</a>	201005	66.52	67.91	66.52	66.92	0.29	3,920	55,964	1,143
<a href="#">21-May</a>	201005	67.41	68.51	67.23	67.58	0.31	1,002	12,703	43
<a href="#">21-Jul</a>	201005	68.2	69	67.83	68.08	0.24	468	10,927	-104
<a href="#">21-Oct</a>	201005	67.32	67.32	66.67	66.67	-0.45	0	6	0
Total Volume and Open Interest							18,593	223,753	857

Source: MRCI

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