

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

*The Gujarat cotton physical market showed steady to weak tone after heavy pace of arrivals today in the market. MCX cotton October contract stood higher at Rs.18340/bale on Wednesday. ICE cotton futures closed in green on Tuesday.*

**News:** *CCI is likely to procure cotton from at least 11 centres in Khammam district of Telangana. CCI has setup these centres at all market yards at Madhira, Nelakondapalli, Enkoor, Wyr, Khammam and other places in the district. About 2.26 lakh tonnes of cotton is produced in the district covering an acreage of 1.01 lakh ha under cotton. Telangana government assures the farmers to procure entire cotton produced in the state.*

**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.*

**Weather Forecast for tomorrow:**

**Heavy rainfall very likely at isolated places over Andaman Nicobar Islands, Coastal Andhra Pradesh & Yanam, Telangana,** *Tamilnadu, Puducherry & Karaikal and Kerala & Mahe. Thunderstorm with lightning very likely at isolated places over East Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, Gangetic West Bengal, Andaman Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Coastal Andhra Pradesh & Yanam, Telangana, Coastal Karnataka, Kerala & Mahe, Lakshadweep and Tamilnadu, Puducherry & Karaikal.*

### International Fundamentals:

**Cotton Futures ended Tuesday session higher by 0.83 points Oct 20, Cotton is at 65.56.**

**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 to 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	0.27	18310	18390	18260	18340	204	116	646	62
20-Nov	0.87	18370	18580	18360	18470	174	130	367	44
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 7<sup>th</sup> Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Oct-20	6-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5125	5125	Unch
	Gondal	Shankar-6	4880	5005	-125
	Rajkot	B.T. Cotton	4875	4915	-40
	Patan	B.T. Cotton	4870	4875	-5
	Kadi	B.T. Cotton	4750	4750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4150	4275	-125
Haryana	Bhiwani	B.T. Cotton	5200	5225	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5125	5130	-5
	Fatehabad	B.T. Cotton	5100	5200	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5075	5100	-25
Rajasthan	Hanumangarh	B.T. Cotton	5000	5000	Unch
	Rawatsar	B.T. Cotton	5100	5100	Unch
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	5200	5209	-9
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5207	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5200	5200	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	7-Oct-20	6-Oct-20	
Punjab	Bhatinda	J-34	3820	3805	15
	Abohar	J-34	3830	3800	30
	Mansa	J-34	3825	3800	25
Haryana	Sirsa	J-34	3800	3800	Unch
Rajasthan	Sri-Ganganagar	J-34	3572	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	7-Oct-20	6-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	10200	10200	Unch
	Gondal	Shankar-6	1026	834	192
	Rajkot	B.T. Cotton	2450	2225	225
	Patan	B.T. Cotton	8080	8836	-756
	Kadi	B.T. Cotton	10000	10000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	34	13	21
Haryana	Bhiwani	B.T. Cotton	45000	45000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	340	510
	Fatehabad	B.T. Cotton	1500	600	900
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1100	900	200
Rajasthan	Hanumangarh	B.T. Cotton	1200	1000	200
	Rawatsar	B.T. Cotton	700	300	400
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	500	Unch
	Hathras	Desi	100	100	Unch
Andhra Pradesh	Adoni	Medium Staple	10805	8150	2655
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	900	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1477	960	517
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Oct-20	6-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	7-Oct-20	6-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	900	890	10
Delhi	New Delhi	Rs. /10 Kg.	900	895	5
Telangana	Hyderabad	Rs. /10 Kg.	895	890	5
Maharashtra	Mumbai	Rs. /10 Kg.	905	920	-15

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	7-Oct-20	6-Oct-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1804	1798	6
Maharashtra	Akola	Rs./Qtl	1919	1916	3

**Cotton Association of India Spot Rates:**

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

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

Index	Unit	7-Oct-20	6-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	7-Oct-20	6-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	6-Oct-20	5-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
		6-Oct-20	6-Oct-20	Bales
Southeast	cents/lb.	63.61	65.86	-
North Delta	cents/lb.	62.86	65.11	-
South Delta	cents/lb.	62.86	65.11	-
East TX-OK	cents/lb.	60.61	62.86	981
West Texas	cents/lb.	59.86	62.36	2207
Desert SW	cents/lb.	59.11	63.11	-
SJ Valley	cents/lb.	59.61	68.51	-

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 6-Oct-2020**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9250	180	9430
Equivalent	40 Kgs	9913	193	10106



Daily Futures Price Listing Tues Oct 6, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Oct</a>	201006	65.56	65.56	65.56	65.56	0.83	0	70	0
<a href="#">20-Dec</a>	201006	65.65	66.95	65.65	66.86	0.83	15,183	125,535	50
<a href="#">21-Mar</a>	201006	66.73	67.78	66.59	67.72	0.8	5,509	56,859	895
<a href="#">21-May</a>	201006	67.4	68.47	67.32	68.32	0.74	2,020	12,755	52
<a href="#">21-Jul</a>	201006	68.09	68.99	68.07	68.69	0.61	1,062	10,975	48
<a href="#">21-Oct</a>	201006	67.29	67.29	67.29	67.29	0.62	0	6	0
Total Volume and Open Interest							24,161	224,724	971

Source: MRCI

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