

Domestic Fundamentals:

Market Outlook:

The Gujarat cotton physical market showed mixed trend amid mixed supplies today in the market. MCX cotton October contract stood higher at Rs.18460/bale on Thursday. ICE cotton futures closed in green on Wednesday.

News: Gujarat produces 28-30% of the cotton out of the total India's cotton production. Sowing in the state declined by around 15% in kharif 2020-21 season as many cotton growers have shifted to Groundnut amid weak demand due to the coronavirus pandemic. Despite the lower acreage, the Gujarat cotton traders expects higher exports in 2020-21 as the Indian cotton prices are on lower side compared to the international cotton prices.

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, Wyra, 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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall very likely at isolated places over Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Tamilnadu, Puducherry & Karaikal and Kerala & Mahe. Thundersquall (speed reaching 50-60 kmph) very likely at isolated places over Andaman & Nicobar Islands; thunderstorm with lightning at isolated places over Vidarbha, Chhattisgarh, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, Kerala & Mahe, Lakshadweep and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton Futures ended Wednesday session higher by 0.73 points Oct 20, Cotton is at 66.29.

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	+0.60	18370	18480	18370	18460	141	63	674	28
20-Nov	+0.59	18480	18660	18480	18610	64	110	383	16
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 8th Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Oct-20	7-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5000	5125	-125
	Gondal	Shankar-6	5005	4880	125
	Rajkot	B.T. Cotton	4880	4875	5
	Patan	B.T. Cotton	4860	4870	-10
	Kadi	B.T. Cotton	4750	4750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4150	-
Haryana	Bhiwani	B.T. Cotton	5300	5200	100
	Bhiwani	Desi	6000	NA	-
	Adampur	B.T. Cotton	5150	5125	25
	Fatehabad	B.T. Cotton	5100	5100	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5150	5075	75
Rajasthan	Hanumangarh	B.T. Cotton	5100	5000	100
	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	5200	5300	-100
	Hathras	Desi	4500	4500	Unch
Andhra Pradesh	Adoni	Medium Staple	5171	5200	-29
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5211	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5300	5200	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Oct-20	7-Oct-20	
Punjab	Bhatinda	J-34	3830	3820	10
	Abohar	J-34	3850	3830	20
	Mansa	J-34	3830	3825	5
Haryana	Sirsa	J-34	3830	3800	30
Rajasthan	Sri-Ganganagar	J-34	3596	3572	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	8-Oct-20	7-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	11900	10200	1700
	Gondal	Shankar-6	1218	1026	192
	Rajkot	B.T. Cotton	2425	2450	-25
	Patan	B.T. Cotton	8325	8080	245
	Kadi	B.T. Cotton	10000	10000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	34	-
Haryana	Bhiwani	B.T. Cotton	50000	45000	5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	1500	1500	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1700	1100	600
Rajasthan	Hanumangarh	B.T. Cotton	1000	1200	-200
	Rawatsar	B.T. Cotton	400	700	-300
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	800	500	300
	Hathras	Desi	50	100	-50
Andhra Pradesh	Adoni	Medium Staple	8450	10805	-2355
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	949	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1777	1477	300
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Oct-20	7-Oct-20	
Punjab	Bhatinda	J-34	850	1020	-170
	Abohar	J-34	680	680	Unch
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	1530	850	680
Rajasthan	Sri-Ganganagar	J-34	2300	2000	300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	8-Oct-20	7-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	900	900	Unch
Delhi	New Delhi	Rs. /10 Kg.	905	900	5
Telangana	Hyderabad	Rs. /10 Kg.	895	895	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	905	905	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	8-Oct-20	7-Oct-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1788	1804	-16
Maharashtra	Akola	Rs./Qtl	1914	1919	-5

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Oct-20	6-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	36600	36300	300
Shankar-6	29mm	3.5 - 4.9	28	37700	37500	200
Bunny/ Brahma	31mm	3.5 - 4.9	30	39200	38900	300
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	39600	39400	200
DCH-32	34mm	3.0 - 3.8	33	55000	55000	Unch

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

Index	Unit	8-Oct-20	7-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	8-Oct-20	7-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	71.55	71.3	.22

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		7-Oct-20	7-Oct-20	Bales
Southeast	cents/lb.	64.34	66.59	2884
North Delta	cents/lb.	63.59	65.84	0
South Delta	cents/lb.	63.59	65.84	0
East TX-OK	cents/lb.	61.34	63.59	4302
West Texas	cents/lb.	60.59	63.09	3395
Desert SW	cents/lb.	59.84	63.84	65
SJ Valley	cents/lb.	60.34	69.24	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 7-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 Wed Oct 7, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	201007	66.29	66.29	66.29	66.29	0.73	0	70	0
20-Dec	201007	66.7	67.83	66.42	67.59	0.73	25,737	125,545	10
21-Mar	201007	67.5	68.57	67.32	68.35	0.63	6,213	58,264	1,405
21-May	201007	67.96	69.12	67.95	68.95	0.63	3,502	13,484	729
21-Jul	201007	68.63	69.5	68.6	69.39	0.7	2,150	10,419	-556
21-Oct	201007	67.94	67.94	67.94	67.94	0.65	3	4	-2
Total Volume and Open Interest							24,161	224,724	971

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2020 Indian Agribusiness Systems Pvt. Ltd.