

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.18560/bale on Friday. ICE cotton futures closed in red on Thursday.

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 rainfall very likely at isolated places over Andaman & Nicobar Islands, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and Karnataka. Thunderstorm with lightning at isolated places over East Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Odisha, Andaman & Nicobar Islands, Maharashtra & Goa, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton Futures ended Thursday session lower by 0.01 points Oct 20, Cotton is at 66.19.

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	+0.43	18500	18560	18450	18560	138	3	669	5
20-Nov	+0.48	18700	18740	18660	18740	84	20	449	66
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 9th Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Oct-20	8-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5000	5000	Unch
	Gondal	Shankar-6	4955	5005	-50
	Rajkot	B.T. Cotton	4825	4880	-55
	Patan	B.T. Cotton	4895	4860	35
	Kadi	B.T. Cotton	4800	4750	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4220	NA	-
Haryana	Bhiwani	B.T. Cotton	5350	5300	50
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5200	5150	50
	Fatehabad	B.T. Cotton	5150	5100	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5200	5150	50
Rajasthan	Hanumangarh	B.T. Cotton	5100	5100	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	5500	5200	300
	Hathras	Desi	4700	4500	200
Andhra Pradesh	Adoni	Medium Staple	NA	5171	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5189	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Oct-20	8-Oct-20	
Punjab	Bhatinda	J-34	3880	3830	50
	Abohar	J-34	3890	3850	40
	Mansa	J-34	3860	3830	30
Haryana	Sirsa	J-34	3850	3830	20
Rajasthan	Sri-Ganganagar	J-34	3596	3596	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	9-Oct-20	8-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	11900	11900	Unch
	Gondal	Shankar-6	1450	1218	232
	Rajkot	B.T. Cotton	2950	2425	525
	Patan	B.T. Cotton	9009	8325	684
	Kadi	B.T. Cotton	10000	10000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	27	NA	-
Haryana	Bhiwani	B.T. Cotton	35000	50000	-15000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	2500	1500	1000
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1900	1700	200
Rajasthan	Hanumangarh	B.T. Cotton	600	1000	-400
	Rawatsar	B.T. Cotton	500	400	100
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	450	800	-350
	Hathras	Desi	150	50	100
Andhra Pradesh	Adoni	Medium Staple	NA	8450	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	953	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1777	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Oct-20	8-Oct-20	
Punjab	Bhatinda	J-34	1700	850	850
	Abohar	J-34	680	680	Unch
	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	1360	1530	-170
Rajasthan	Sri-Ganganagar	J-34	2000	2300	-300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	9-Oct-20	8-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	915	900	15
Delhi	New Delhi	Rs. /10 Kg.	910	905	5
Telangana	Hyderabad	Rs. /10 Kg.	910	895	15
Maharashtra	Mumbai	Rs. /10 Kg.	935	905	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	9-Oct-20	8-Oct-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1803	1788	15
Maharashtra	Akola	Rs./Qtl	1925	1914	11

Cotton Association of India Spot Rates:

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

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

Index	Unit	9-Oct-20	8-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	9-Oct-20	8-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	8-Oct-20	7-Oct-20	Change
A-Index	Cents/Pound	-	72.3	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		8-Oct-20	8-Oct-20	Bales
Southeast	cents/lb.	64.24	66.49	0
North Delta	cents/lb.	63.74	65.99	0
South Delta	cents/lb.	63.74	65.99	1809
East TX-OK	cents/lb.	61.24	63.49	1476
West Texas	cents/lb.	60.49	62.99	2641
Desert SW	cents/lb.	59.74	63.74	0
SJ Valley	cents/lb.	60.24	69.14	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 8-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 Thu Oct 8, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Oct	201008	66.19	66.19	66.19	66.19	-0.1	0	70	0
20-Dec	201008	67.77	68.29	67.1	67.49	-0.1	15,025	125,125	-420
21-Mar	201008	68.52	69	67.87	68.26	-0.09	6,681	59,374	1,110
21-May	201008	69.11	69.54	68.48	68.9	-0.05	2,857	13,656	172
21-Jul	201008	69.49	69.93	68.91	69.32	-0.07	1,450	10,120	-299
21-Oct	201008	67.82	67.82	67.82	67.82	-0.12	0	4	0
Total Volume and Open Interest							26,216	226,996	666

Source: MRCI

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