

**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 green on Friday.*

**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, 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.**

**Weather Forecast for tomorrow:**

*Heavy to very heavy rainfall likely at isolated places over Odisha, Andaman & Nicobar Islands and Coastal Andhra Pradesh & Yanam; heavy rainfall very likely at isolated places over Madhya Maharashtra, Konkan & Goa, Telangana, Coastal & North Interior Karnataka. Thunderstorm with lightning at isolated places over East Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Madhya Maharashtra, Konkan & Goa, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka and Tamilnadu, Puducherry & Karaikal.*

### International Fundamentals:

**Cotton Futures ended Friday session higher by 0.15 points Oct 20, Cotton is at 67.64.**

**The escalated trade war between the US and China likely to be beneficial for Indian cotton textile exports.** US recently issued Withhold Release Order on cotton and apparel imports from Xinjiang region in China. China exported around 20% of the total apparel exports to US during first quarter of the financial year. This could lead to the lower purchases of raw material by China from US. Therefore, the buyers would divert to other countries and the major suppliers after US are India and Brazil. However, against Brazil, India could get opportunity because of low cost raw material availability and India has established companies that are committed for a long time in US and China.

**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	+0.43	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 9<sup>th</sup> Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Oct-20	9-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5000	5000	Unch
	Gondal	Shankar-6	5055	4955	100
	Rajkot	B.T. Cotton	4870	4825	45
	Patan	B.T. Cotton	5000	4895	105
	Kadi	B.T. Cotton	4850	4800	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4200	4220	-20
Haryana	Bhiwani	B.T. Cotton	5380	5350	30
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5250	5200	50
	Fatehabad	B.T. Cotton	5250	5150	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5250	5200	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	5500	Unch
	Hathras	Desi	4700	4700	Unch
Andhra Pradesh	Adoni	Medium Staple	5059	5130	-71
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5239	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5200	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Oct-20	9-Oct-20	
Punjab	Bhatinda	J-34	3900	3880	20
	Abohar	J-34	3930	3890	40
	Mansa	J-34	3910	3860	50
Haryana	Sirsa	J-34	3900	3850	50
Rajasthan	Sri-Ganganagar	J-34	3619	3596	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	10-Oct-20	9-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	11900	11900	Unch
	Gondal	Shankar-6	2037	1450	587
	Rajkot	B.T. Cotton	2650	2950	-300
	Patan	B.T. Cotton	8488	9009	-521
	Kadi	B.T. Cotton	10000	10000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	35	27	8
Haryana	Bhiwani	B.T. Cotton	70000	35000	35000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	900	2500	-1600
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2000	1900	100
Rajasthan	Hanumangarh	B.T. Cotton	700	600	100
	Rawatsar	B.T. Cotton	500	500	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	500	450	50
	Hathras	Desi	200	150	50
Andhra Pradesh	Adoni	Medium Staple	8059	11600	-3541
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	905	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1905	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Oct-20	9-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	10-Oct-20	9-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	925	915	10
Delhi	New Delhi	Rs. /10 Kg.	925	910	15
Telangana	Hyderabad	Rs. /10 Kg.	920	910	10
Maharashtra	Mumbai	Rs. /10 Kg.	940	935	5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Oct-20	9-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1803	1803	Unch
Maharashtra	Akola	Rs./Qtl	1925	1925	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Oct-20	8-Oct-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	35800	35600	200
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36500	36300	200
J-34	27mm	3.5 - 4.9	23	36400	36000	400
H-4/ MECH-1	28mm	3.5 - 4.9	27	36800	36600	200
Shankar-6	29mm	3.5 - 4.9	28	37900	37700	200
Bunny/ Brahma	31mm	3.5 - 4.9	30	39400	39200	200
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	39800	39600	200
DCH-32	34mm	3.0 - 3.8	33	55000	55000	Unch

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

Index	Unit	10-Oct-20	9-Oct-20	Change
CCIndex(328)	RMB/Ton	Closed	NR	-
CCIndex(527)	RMB/Ton	Closed	NR	-
CCIndex(229)	RMB/Ton	Closed	NR	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	10-Oct-20	9-Oct-20	Change
FC Index (S)	Cents/lb	Closed	NR	-
FC Index (M)	Cents/lb	Closed	NR	-
FC Index (L)	Cents/lb	Closed	NR	-

**Cotlook Index:**

Cotlook Indices	Unit	9-Oct-20	8-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
		9-Oct-20	9-Oct-20	Bales
Southeast	cents/lb.	NA	NA	NA
North Delta	cents/lb.	NA	NA	NA
South Delta	cents/lb.	NA	NA	NA
East TX-OK	cents/lb.	NA	NA	NA
West Texas	cents/lb.	NA	NA	NA
Desert SW	cents/lb.	NA	NA	NA
SJ Valley	cents/lb.	NA	NA	NA

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 Fri Oct 9, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Oct</a>	201009	67.75	68.68	67.54	67.64	0.15	18,892	126,387	1,262
<a href="#">20-Dec</a>	201009	68.47	69.4	68.34	68.42	0.16	6,905	59,678	304
<a href="#">21-Mar</a>	201009	69.07	69.99	69.02	69.12	0.22	1,912	13,416	-240
<a href="#">21-May</a>	201009	69.68	70.42	69.5	69.61	0.29	1,156	10,082	-38
<a href="#">21-Jul</a>	201009	68.14	68.14	67.76	67.76	-0.06	-	4	-
<a href="#">21-Oct</a>	201009	67.35	68.59	67.35	67.53	0.36	685	17,228	247
Total Volume and Open Interest							161,075	960,304	13,865

Source: MRCI

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