

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed firm trend at various trading center today in the market. MCX cotton October contract stood higher at Rs.18930/bale on Monday. ICE cotton futures closed in green on Friday.

News: The cotton textile ministry assures that Kasturi, the first national brand of Indian cotton can get at least 5% premium prices. Kasturi brand represents Whiteness, Brightness, Softness, Purity, and Luster. This premium cotton would be suitable for trade in the world cotton market.

Concerns over the protests against the farm bill in North India lead CCI to start the raw cotton purchases early this year. Only 10-12 procurement centres are opened in Punjab, and in Haryana where the government claimed that there would be 40 procurement centres but only 17 centres became functional so far followed by around 8 centres in Rajasthan. Whereas, CCI is expected to commence the procurement from November in Maharashtra, Gujarat and Madhya Pradesh as the agency is waiting for the moisture to decline in the cotton.

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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over Telangana; heavy to very heavy rainfall at isolated places over south Konkan & Goa, Madhya Maharashtra, Marathawada and Coastal & North Interior Karnataka and heavy rainfall at isolated places over Vidarbha, south Chhattisgarh, Odisha, Andaman Islands, north Coastal Andhra Pradesh, Rayalaseema, Kerala & Mahe and South Interior Karnataka.

International Fundamentals:

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

According to USDA latest report, the 2020-21 world cotton supply and demand forecasts lower production, higher consumption and trade, and lower ending stocks compared with last month. Production is lowered more than 900,000 bales with declines in Mali, Pakistan, and Greece offsetting a larger expected crop in Nigeria. Consumption is 1.5 million US bales higher, reflecting revisions for China and India. World ending stocks in 2020-21 are now projected 2.7 million US bales lower than in September, at 101.1 million bales.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Oct	+1.72	18660	18980	18660	18930	299	161	607	62
20-Nov	+2.13	18950	19170	18910	19160	293	209	559	110
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 10th Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Oct-20	10-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5125	5000	125
	Gondal	Shankar-6	5205	5055	150
	Rajkot	B.T. Cotton	5000	4870	130
	Patan	B.T. Cotton	5075	5000	75
	Kadi	B.T. Cotton	5050	4850	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4330	4200	130
Haryana	Bhiwani	B.T. Cotton	5250	5380	-130
	Bhiwani	Desi	6200	6000	200
	Adampur	B.T. Cotton	5250	5250	Unch
	Fatehabad	B.T. Cotton	5250	5250	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5500	5250	250
Rajasthan	Hanumangarh	B.T. Cotton	5250	5100	150
	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	4650	4700	-50
Andhra Pradesh	Adoni	Medium Staple	5059	5059	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5291	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5000	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Oct-20	10-Oct-20	
Punjab	Bhatinda	J-34	3950	3900	50
	Abohar	J-34	3980	3930	50
	Mansa	J-34	3960	3910	50
Haryana	Sirsa	J-34	3950	3900	50
Rajasthan	Sri-Ganganagar	J-34	3713	3619	94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	12-Oct-20	10-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	12-Oct-20	10-Oct-20	
Punjab	Bhatinda	J-34	3400	2550	850
	Abohar	J-34	1700	680	1020
	Mansa	J-34	680	340	340
Haryana	Sirsa	J-34	1870	680	1190
Rajasthan	Sri-Ganganagar	J-34	2000	1500	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	12-Oct-20	10-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	940	925	15
Delhi	New Delhi	Rs. /10 Kg.	935	925	10
Telangana	Hyderabad	Rs. /10 Kg.	935	920	15
Maharashtra	Mumbai	Rs. /10 Kg.	955	940	15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Oct-20	10-Oct-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1803	1803	Unch
Maharashtra	Akola	Rs./Qtl	1944	1925	19

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Oct-20	9-Oct-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	35800	35800	Unch
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36500	36500	Unch
J-34	27mm	3.5 - 4.9	23	36600	36400	200
H-4/ MECH-1	28mm	3.5 - 4.9	27	36800	36800	Unch
Shankar-6	29mm	3.5 - 4.9	28	37900	37900	Unch
Bunny/ Brahma	31mm	3.5 - 4.9	30	39400	39400	Unch
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	39800	39800	Unch
DCH-32	34mm	3.0 - 3.8	33	55500	55000	500

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 10-Oct-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9500	180	9680
Equivalent	40 Kgs	10181	193	10374


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)									
20-Oct	201009	67.75	68.68	67.54	67.64	0.15	18,892	126,387	1,262
20-Dec	201009	68.47	69.4	68.34	68.42	0.16	6,905	59,678	304
21-Mar	201009	69.07	69.99	69.02	69.12	0.22	1,912	13,416	-240
21-May	201009	69.68	70.42	69.5	69.61	0.29	1,156	10,082	-38
21-Jul	201009	68.14	68.14	67.76	67.76	-0.06	-	4	-
21-Oct	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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