

### Domestic Fundamentals:

#### **Market Outlook:**

The Gujarat cotton physical market showed mixed trends today in the market. MCX cotton October contract stood higher at Rs.19040/bale on Tuesday. ICE cotton futures closed in green on Monday.

**News: According to Cotton Association of India (CAI), the cotton production in 2019-20 is expected to have reached 360 lakh bales up from 354.5 lakh bales as estimated earlier and declined imports by 50,000 bales to 15.5 lakh bales from the previous estimates. The exports and consumption figures remained unchanged at 50 lakh bales and 250 lakh bales, respectively. Till 6th October'20, 3.12 lakh bales of new crop of raw cotton had arrived in the market. Out of which, CCI could procure 2,311 bales in Haryana, Punjab and Rajasthan as against zero procurement in the corresponding period of last year.**

**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 Monday session higher by 0.73 points Oct 20, Cotton is at 68.37. The cotlook index closed higher by 0.25 to 73.2 cents/lb against 72.95 cents/lb in previous day.**

**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	+0.53	18990	19090	18850	19040	183	116	600	7
20-Nov	+0.47	19100	19240	19020	19240	186	107	552	7
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 13<sup>th</sup> Oct 2020 @ 5.30 pm

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Oct-20	12-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5125	5125	Unch
	Gondal	Shankar-6	5105	5205	-100
	Rajkot	B.T. Cotton	5085	5000	85
	Patan	B.T. Cotton	5125	5075	50
	Kadi	B.T. Cotton	5150	5050	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4600	4330	270
Haryana	Bhiwani	B.T. Cotton	5300	5250	50
	Bhiwani	Desi	6000	6200	-200
	Adampur	B.T. Cotton	5280	5250	30
	Fatehabad	B.T. Cotton	5300	5250	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5725	5500	225
Rajasthan	Hanumangarh	B.T. Cotton	5150	5250	-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	5500	5500	Unch
	Hathras	Desi	4500	4650	-150
Andhra Pradesh	Adoni	Medium Staple	5049	5059	-10
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5323	5291	32
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	5000	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Oct-20	12-Oct-20	
Punjab	Bhatinda	J-34	4030	3950	80
	Abohar	J-34	4030	3980	50
	Mansa	J-34	4010	3960	50
Haryana	Sirsa	J-34	4000	3950	50
Rajasthan	Sri-Ganganagar	J-34	3713	3713	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	13-Oct-20	12-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	13600	17000	-3400
	Gondal	Shankar-6	2185	1540	645
	Rajkot	B.T. Cotton	2400	3100	-700
	Patan	B.T. Cotton	11174	13412	-2238
	Kadi	B.T. Cotton	20000	15000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	49	55	-6
Haryana	Bhiwani	B.T. Cotton	80000	90000	-10000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	850	170
	Fatehabad	B.T. Cotton	2000	2000	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2500	2800	-300
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	400	400	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	400	300	100
	Hathras	Desi	100	250	-150
Andhra Pradesh	Adoni	Medium Staple	7930	7150	780
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	782	1397	-615
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1185	1207	-22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Oct-20	12-Oct-20	
Punjab	Bhatinda	J-34	8500	3400	5100
	Abohar	J-34	4250	1700	2550
	Mansa	J-34	2550	680	1870
Haryana	Sirsa	J-34	2040	1870	170
Rajasthan	Sri-Ganganagar	J-34	2500	2000	500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	13-Oct-20	12-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	940	940	Unch
Delhi	New Delhi	Rs. /10 Kg.	935	935	Unch
Telangana	Hyderabad	Rs. /10 Kg.	935	935	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	962	955	7

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Oct-20	12-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1825	1803	22
Maharashtra	Akola	Rs./Qtl	1940	1944	-4

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Oct-20	10-Oct-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	36100	35800	300
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	36800	36500	300
J-34	27mm	3.5 - 4.9	23	36900	36600	300
H-4/ MECH-1	28mm	3.5 - 4.9	27	37100	36800	300
Shankar-6	29mm	3.5 - 4.9	28	38200	37900	300
Bunny/ Brahma	31mm	3.5 - 4.9	30	39700	39400	300
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	40100	39800	300
DCH-32	34mm	3.0 - 3.8	33	55800	55500	300

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

Index	Unit	13-Oct-20	9-Oct-20	Change
CCIndex(328)	RMB/Ton	13832	12963	869
CCIndex(527)	RMB/Ton	12665	11991	674
CCIndex(229)	RMB/Ton	14046	13280	766
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	13-Oct-20	12-Oct-20	Change
FC Index (S)	Cents/lb	77.47	76.72	0.75
FC Index (M)	Cents/lb	74.68	73.93	0.75
FC Index (L)	Cents/lb	73.36	72.61	0.75

**Cotlook Index:**

Cotlook Indices	Unit	12-Oct-20	9-Oct-20	Change
A-Index	Cents/Pound	73.2	72.95	0.25

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Oct-20	12-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 12-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 Mon Oct 12, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int.	Change
Cotton(ICE)									
<a href="#">20-Oct</a>	201012	68.02	69.47	68.02	68.37	0.73	16,721	125,433	-954
<a href="#">20-Dec</a>	201012	68.79	70.21	68.79	69.18	0.76	7,827	60,328	650
<a href="#">21-Mar</a>	201012	69.49	70.91	69.49	69.93	0.81	1,525	13,461	45
<a href="#">21-May</a>	201012	70.13	71.33	70.13	70.46	0.85	793	10,001	-81
<a href="#">21-Jul</a>	201012	68.61	68.61	68.61	68.61	0.85	0	4	0
<a href="#">21-Oct</a>	201012	68	69.51	68	68.38	0.85	493	17,262	34
Total Volume and Open Interest							27,390	228,152	-306

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.