

Domestic Fundamentals:

Market Outlook:

The Gujarat cotton physical market showed mixed trends today in the market. MCX cotton October contract stood higher at Rs.19080/bale on Wednesday. ICE cotton futures closed in green on Tuesday.

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 likely at isolated places over Andaman Islands, Madhya Maharashtra and Konkan & Goa and heavy rainfall at isolated places over Gujarat region, Marathwada, Kerala & Mahe and Coastal Karnataka. Thunderstorm with lightning likely at isolated places over Madhya Pradesh, Vidarbha, Gujarat state and Kerala & Mahe.

International Fundamentals:

Cotton Futures ended Tuesday session higher by 0.46 points Oct 20, Cotton is at 68.83. The cotlook index closed higher by 0.80 to 74 cents/lb against 73.2 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Oct	+0.69	18960	19220	18940	19080	142	41	571	570
20-Nov	+0.73	19170	19380	19170	19300	126	60	592	591
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 14th Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Oct-20	13-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5100	5125	-25
	Gondal	Shankar-6	5130	5105	25
	Rajkot	B.T. Cotton	5285	5085	200
	Patan	B.T. Cotton	5085	5125	-40
	Kadi	B.T. Cotton	5125	5150	-25
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4740	4600	140
Haryana	Bhiwani	B.T. Cotton	5250	5300	-50
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5250	5280	-30
	Fatehabad	B.T. Cotton	5250	5300	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5725	5725	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5100	5150	-50
	Rawatsar	B.T. Cotton	5075	5100	-25
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	4500	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	5049	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5311	5323	-12
	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	14-Oct-20	13-Oct-20	
Punjab	Bhatinda	J-34	4030	4030	Unch
	Abohar	J-34	4040	4030	10
	Mansa	J-34	4020	4010	10
Haryana	Sirsa	J-34	4000	4000	Unch
Rajasthan	Sri-Ganganagar	J-34	3713	3713	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	14-Oct-20	13-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	13600	13600	Unch
	Gondal	Shankar-6	2047	2185	-138
	Rajkot	B.T. Cotton	2050	2400	-350
	Patan	B.T. Cotton	10450	11174	-724
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	38	49	-11
Haryana	Bhiwani	B.T. Cotton	75000	80000	-5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	1020	-170
	Fatehabad	B.T. Cotton	1500	2000	-500
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	3500	2500	1000
Rajasthan	Hanumangarh	B.T. Cotton	500	1000	-500
	Rawatsar	B.T. Cotton	300	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	400	400	Unch
	Hathras	Desi	100	100	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	7930	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	223	782	-559
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	945	1185	-240
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-Oct-20	13-Oct-20	
Punjab	Bhatinda	J-34	13600	8500	5100
	Abohar	J-34	2720	4250	-1530
	Mansa	J-34	1360	2550	-1190
Haryana	Sirsa	J-34	2040	2040	Unch
Rajasthan	Sri-Ganganagar	J-34	3000	2500	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	14-Oct-20	13-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	940	940	Unch
Delhi	New Delhi	Rs. /10 Kg.	915	935	-20
Telangana	Hyderabad	Rs. /10 Kg.	935	935	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	960	962	-2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	14-Oct-20	13-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1817	1825	-8
Maharashtra	Akola	Rs./Qtl	1904	1940	-36

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Oct-20	12-Oct-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	36300	36100	200
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	37000	36800	200
J-34	27mm	3.5 - 4.9	23	37100	36900	200
H-4/ MECH-1	28mm	3.5 - 4.9	27	37300	37100	200
Shankar-6	29mm	3.5 - 4.9	28	38400	38200	200
Bunny/ Brahma	31mm	3.5 - 4.9	30	39900	39700	200
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	40300	40100	200
DCH-32	34mm	3.0 - 3.8	33	56000	55800	200

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

Index	Unit	14-Oct-20	13-Oct-20	Change
CCIndex(328)	RMB/Ton	14003	13832	171
CCIndex(527)	RMB/Ton	12870	12665	205
CCIndex(229)	RMB/Ton	14213	14046	167
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	14-Oct-20	13-Oct-20	Change
FC Index (S)	Cents/lb	77.97	77.47	0.50
FC Index (M)	Cents/lb	75.18	74.68	0.50
FC Index (L)	Cents/lb	73.86	73.36	0.50

Cotlook Index:

Cotlook Indices	Unit	13-Oct-20	12-Oct-20	Change
A-Index	Cents/Pound	74	73.2	0.80

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		13-Oct-20	13-Oct-20	Bales
Southeast	cents/lb.	65.83	68.08	-
North Delta	cents/lb.	65.08	67.33	-
South Delta	cents/lb.	65.08	67.33	-
East TX-OK	cents/lb.	62.58	64.83	790
West Texas	cents/lb.	61.83	64.33	3990
Desert SW	cents/lb.	61.08	65.08	-
SJ Valley	cents/lb.	61.58	70.48	-

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 13-Oct-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9650	180	9830
Equivalent	40 Kgs	10342	193	10535

Daily Futures Price Listing Tue Oct 13, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int.	Change
Cotton(ICE)									
20-Oct	201013	68.67	69.25	68.26	68.83	0.46	20,722	126,441	1,008
20-Dec	201013	69.44	70.02	69.08	69.64	0.46	6,005	60,898	570
21-Mar	201013	70.15	70.75	69.82	70.4	0.47	1,726	13,840	379
21-May	201013	70.71	71.29	70.56	70.97	0.51	1,397	9,930	-71
21-Jul	201013	69.01	69.01	69.01	69.01	0.4	1	5	1
21-Oct	201013	68.55	69.35	68.49	68.87	0.49	1,339	17,609	347
Total Volume and Open Interest							32,286	230,954	2,802

Source: MRCI

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