

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed mixed trends today in the market. MCX cotton October contract stood lower at Rs.19050/bale on Thursday. ICE cotton futures closed in green on Wednesday.

News: *The heavy rainfall since last two days in Telangana, crop damage is expected in some regions in Warangal and Adilabad region. And the main cotton growing regions; Guntur, Krishna and Prakasam districts in Andhra Pradesh likely to have affected with heavy rainfall and expects a damage in the quality of cotton and resulting in the yield loss. As this year, the farmers were expecting higher yield as there were no pink bollworm infestation. However, after 17th October, rains will be reducing and clear weather is expected in Southern regions of India with scattered rains only.*

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, Marathawada, 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 Wednesday session higher by 0.10 points Oct 20, Cotton is at 68.93. The cotlook index closed higher by 0.50 to 74.5 cents/lb against 74 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	-0.37	19120	19120	19010	19050	119	23	539	32
20-Nov	-0.62	19250	19320	19210	19210	58	68	599	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 15th Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Oct-20	14-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5150	5100	50
	Gondal	Shankar-6	5130	5130	Unch
	Rajkot	B.T. Cotton	5210	5285	-75
	Patan	B.T. Cotton	5155	5085	70
	Kadi	B.T. Cotton	5250	5125	125
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4800	4740	60
Haryana	Bhiwani	B.T. Cotton	5300	5250	50
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5225	5250	-25
	Fatehabad	B.T. Cotton	5300	5250	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5750	5725	25
Rajasthan	Hanumangarh	B.T. Cotton	5070	5100	-30
	Rawatsar	B.T. Cotton	5050	5075	-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	5025	5056	-31
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5349	5311	38
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5030	5000	30
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Oct-20	14-Oct-20	
Punjab	Bhatinda	J-34	4040	4030	10
	Abohar	J-34	4040	4040	Unch
	Mansa	J-34	4020	4020	Unch
Haryana	Sirsa	J-34	4010	4000	10
Rajasthan	Sri-Ganganagar	J-34	3713	3713	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	15-Oct-20	14-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	23800	13600	10200
	Gondal	Shankar-6	1560	2047	-487
	Rajkot	B.T. Cotton	2425	2050	375
	Patan	B.T. Cotton	10035	10450	-415
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	51	38	13
Haryana	Bhiwani	B.T. Cotton	90000	75000	15000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	850	-340
	Fatehabad	B.T. Cotton	700	1500	-800
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	4000	3500	500
Rajasthan	Hanumangarh	B.T. Cotton	1000	500	500
	Rawatsar	B.T. Cotton	500	300	200
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	8102	10288	-2186
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	584	223	361
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1492	945	547
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Oct-20	14-Oct-20	
Punjab	Bhatinda	J-34	13600	13600	Unch
	Abohar	J-34	17000	2720	14280
	Mansa	J-34	1700	1360	340
Haryana	Sirsa	J-34	2550	2040	510
Rajasthan	Sri-Ganganagar	J-34	2500	3000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	15-Oct-20	14-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	940	940	Unch
Delhi	New Delhi	Rs. /10 Kg.	920	915	5
Telangana	Hyderabad	Rs. /10 Kg.	935	935	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	960	960	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-Oct-20	14-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1800	1817	-17
Maharashtra	Akola	Rs./Qtl	1908	1904	4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Oct-20	13-Oct-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	36500	36300	200
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	37200	37000	200
J-34	27mm	3.5 - 4.9	23	37300	37100	200
H-4/ MECH-1	28mm	3.5 - 4.9	27	37500	37300	200
Shankar-6	29mm	3.5 - 4.9	28	38600	38400	200
Bunny/ Brahma	31mm	3.5 - 4.9	30	40100	39900	200
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	40500	40300	200
DCH-32	34mm	3.0 - 3.8	33	56200	56000	200

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

Index	Unit	15-Oct-20	14-Oct-20	Change
CCIndex(328)	RMB/Ton	14306	14003	303
CCIndex(527)	RMB/Ton	13141	12870	271
CCIndex(229)	RMB/Ton	14518	14213	305
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	15-Oct-20	14-Oct-20	Change
FC Index (S)	Cents/lb	77.97	77.97	Unch
FC Index (M)	Cents/lb	75.18	75.18	Unch
FC Index (L)	Cents/lb	73.86	73.86	Unch

Cotlook Index:

Cotlook Indices	Unit	14-Oct-20	13-Oct-20	Change
A-Index	Cents/Pound	74.5	74	0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-Oct-20	14-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 14-Oct-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9800	180	9980
Equivalent	40 Kgs	10503	193	10696

Daily Futures Price Listing Wed Oct 14, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int.	Change
Cotton(ICE)									
20-Oct	201014	68.82	69.39	68.55	68.93	0.1	21,406	127,320	879
20-Dec	201014	69.64	70.14	69.34	69.72	0.08	8,406	61,706	808
21-Mar	201014	70.39	70.84	70.06	70.41	0.01	2,499	14,129	289
21-May	201014	70.97	71.31	70.61	70.92	-0.05	931	9,957	27
21-Jul	201014	69.42	69.42	69.42	69.42	0.41	1	5	0
21-Oct	201014	68.87	69.18	68.5	68.77	-0.1	797	17,513	-96
Total Volume and Open Interest							34,547	232,903	1,949

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.