

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed mixed trends today in the market. MCX cotton October contract stood higher at Rs.19240/bale on Friday. ICE cotton futures closed in green on Thursday.

News: According to the preliminary estimates, a total of 50,000 ha was affected in Nalgonda where predominantly cotton and paddy are sown. In Khammam, Paddy and cotton crops were damaged on a little over 15,500 ha and 15,000 ha respectively. According to the reports in Andhra Pradesh, Krishna district suffered crop damage in 12,466 ha where normal area under cotton is around 48,000 ha. Guntur and Kadapa districts also had significant damage to both the agricultural and horticulture crops.

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.

Weather Forecast for tomorrow:

Heavy rainfall very likely at isolated places over Gujarat state and Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning very likely at isolated places over Nagaland, Manipur, Mizoram & Tripura, Gujarat state, Madhya Maharashtra, Coastal Andhra Pradesh & Yanam and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton Futures ended Thursday session higher by 0.29 points Oct 20, Cotton is at 69.22. The cotlook index closed steady 74.5 cents/lb.

The trade tension between China and Australia has deepened affecting the Australia's cotton industry. Chinese spinning mills are advised to stop buying the material from Australia as industry could face tariffs of up to 40%. China has been the major import destination for Australia's cotton industry for a long time. Australia exported around 0.478 million bales during Jan'20- Aug'20 of which China accounted for 50% out of the total exports. Australia sells about \$800 million worth of cotton to China each year.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Oct	+0.79	19100	19270	19070	19240	106	13	504	35
20-Nov	+0.78	19330	19400	19310	19400	42	16	582	17
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 16th Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Oct-20	15-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5300	5150	150
	Gondal	Shankar-6	5205	5130	75
	Rajkot	B.T. Cotton	5230	5210	20
	Patan	B.T. Cotton	5120	5155	-35
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4800	-
Haryana	Bhiwani	B.T. Cotton	5250	5300	-50
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5250	5225	25
	Fatehabad	B.T. Cotton	5250	5300	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5750	-50
Rajasthan	Hanumangarh	B.T. Cotton	5050	5070	-20
	Rawatsar	B.T. Cotton	5050	5050	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	5400	5500	-100
	Hathras	Desi	4500	4500	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	5025	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5356	5349	7
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5030	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Oct-20	14-Oct-20	
Punjab	Bhatinda	J-34	4060	4040	20
	Abohar	J-34	4070	4040	30
	Mansa	J-34	4040	4020	20
Haryana	Sirsa	J-34	4010	4010	Unch
Rajasthan	Sri-Ganganagar	J-34	3760	3713	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	16-Oct-20	15-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	23800	23800	Unch
	Gondal	Shankar-6	2589	1560	1029
	Rajkot	B.T. Cotton	2725	2425	300
	Patan	B.T. Cotton	10385	10035	350
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	51	-
Haryana	Bhiwani	B.T. Cotton	40000	90000	-50000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	600	700	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	4000	4000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	400	500	-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	500	400	100
	Hathras	Desi	200	100	100
Andhra Pradesh	Adoni	Medium Staple	NA	8102	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	764	584	180
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1492	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Oct-20	15-Oct-20	
Punjab	Bhatinda	J-34	13600	13600	Unch
	Abohar	J-34	4760	3400	1360
	Mansa	J-34	3400	1700	1700
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	2500	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	16-Oct-20	15-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	940	940	Unch
Delhi	New Delhi	Rs. /10 Kg.	910	920	-10
Telangana	Hyderabad	Rs. /10 Kg.	935	935	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	962	960	2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Oct-20	15-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1839	1800	39
Maharashtra	Akola	Rs./Qtl	1924	1908	16

Cotton Association of India Spot Rates:

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

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

Index	Unit	16-Oct-20	15-Oct-20	Change
CCIndex(328)	RMB/Ton	14421	14306	115
CCIndex(527)	RMB/Ton	13242	13141	101
CCIndex(229)	RMB/Ton	14630	14518	112
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	16-Oct-20	15-Oct-20	Change
FC Index (S)	Cents/lb	78.24	77.97	0.27
FC Index (M)	Cents/lb	75.44	75.18	0.26
FC Index (L)	Cents/lb	74.12	73.86	0.26

Cotlook Index:

Cotlook Indices	Unit	15-Oct-20	14-Oct-20	Change
A-Index	Cents/Pound	74.5	74.5	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Oct-20	15-Oct-20	Bales
Southeast	cents/lb.	66.22	68.47	-
North Delta	cents/lb.	65.47	67.72	-
South Delta	cents/lb.	65.47	67.72	-
East TX-OK	cents/lb.	63.22	65.47	956
West Texas	cents/lb.	62.47	64.97	4751
Desert SW	cents/lb.	61.47	65.47	-
SJ Valley	cents/lb.	61.97	70.87	-

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 15-Oct-2020**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	9900	180	10080
Equivalent	40 Kgs	10610	193	10803

Daily Futures Price Listing Thu Oct 15, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int.	Change
Cotton(ICE)									
20-Oct	201015	69.1	69.27	68.41	69.22	0.29	14,282	125,869	-1,451
20-Dec	201015	69.83	70	69.23	69.93	0.21	4,934	62,716	1,010
21-Mar	201015	70.51	70.68	69.95	70.65	0.24	1,534	14,283	154
21-May	201015	71.01	71.24	70.47	71.21	0.29	896	10,196	239
21-Jul	201015	69.91	69.91	69.91	69.91	0.49	1	5	0
21-Oct	201015	68.86	69.05	68.34	69.01	0.24	569	17,609	96
Total Volume and Open Interest							22,405	232,894	-9

Source: MRCI

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