

**Domestic Fundamentals:****Market Outlook:**

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

**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 rainfall very likely at isolated places over Coastal Andhra Pradesh & Yanam and Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning very likely at isolated places over Odisha, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Marathawada, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and Tamilnadu, Puducherry & Karaikal.

### International Fundamentals:

**Cotton Futures ended Friday session higher by 0.70 points Oct 20, Cotton is at 69.92.**

**The Cotton Development Board (CDB), Bangladesh reported that the country has imported 7.1 million bales of cotton in the 2019-20 financial year.** The Bangladesh Ministry of Agriculture has set a target of producing 2 million bales of cotton in the country by 2041. In 2019-20, cotton was cultivated on around 44,000 ha land and the production was over 0.17 million bales. And the average yield in the country during last fiscal year 2019-20 was 6.15 bales/ha. However, according to USDA the production is expected to increase to around 0.2 million bales with 9.34 million bales of imports in 2020-21.

**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	-0.37	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 15<sup>th</sup> Oct 2020 @ 5.30 pm

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Oct-20	16-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	5200	5205	-5
	Rajkot	B.T. Cotton	5300	5230	70
	Patan	B.T. Cotton	5255	5120	135
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	Closed	5250	-
	Bhiwani	Desi	Closed	6000	-
	Adampur	B.T. Cotton	5300	5250	50
	Fatehabad	B.T. Cotton	5280	5250	30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5665	5700	-35
Rajasthan	Hanumangarh	B.T. Cotton	5150	5050	100
	Rawatsar	B.T. Cotton	5100	5050	50
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	5400	Unch
	Hathras	Desi	4500	4500	Unch
Andhra Pradesh	Adoni	Medium Staple	5073	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5356	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5030	5100	-70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Oct-20	16-Oct-20	
Punjab	Bhatinda	J-34	4120	4060	60
	Abohar	J-34	4125	4070	55
	Mansa	J-34	4070	4040	30
Haryana	Sirsa	J-34	4100	4010	90
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	17-Oct-20	16-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	23800	23800	Unch
	Gondal	Shankar-6	1500	2589	-1089
	Rajkot	B.T. Cotton	1850	2725	-875
	Patan	B.T. Cotton	10593	10385	208
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	Closed	40000	-
	Bhiwani	Desi	Closed	NA	-
	Adampur	B.T. Cotton	850	510	340
	Fatehabad	B.T. Cotton	400	600	-200
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1000	4000	-3000
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	250	400	-150
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	500	Unch
	Hathras	Desi	200	200	Unch
Andhra Pradesh	Adoni	Medium Staple	13400	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	764	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1687	1395	292
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Oct-20	16-Oct-20	
Punjab	Bhatinda	J-34	8500	13600	-5100
	Abohar	J-34	3060	4760	-1700
	Mansa	J-34	3060	3400	-340
Haryana	Sirsa	J-34	850	2550	-1700
Rajasthan	Sri-Ganganagar	J-34	3000	2000	1000

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	17-Oct-20	16-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	950	940	10
Delhi	New Delhi	Rs. /10 Kg.	915	910	5
Telangana	Hyderabad	Rs. /10 Kg.	940	935	5
Maharashtra	Mumbai	Rs. /10 Kg.	965	962	3

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Oct-20	16-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1839	1839	Unch
Maharashtra	Akola	Rs./Qtl	1924	1924	Unch

**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	37700	37300	400
H-4/ MECH-1	28mm	3.5 - 4.9	27	37700	37500	200
Shankar-6	29mm	3.5 - 4.9	28	38800	38600	200
Bunny/ Brahma	31mm	3.5 - 4.9	30	40300	40100	200
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	40700	40500	200
DCH-32	34mm	3.0 - 3.8	33	56400	56200	200

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

Index	Unit	17-Oct-20	16-Oct-20	Change
CCIndex(328)	RMB/Ton	Closed	14421	-
CCIndex(527)	RMB/Ton	Closed	13242	-
CCIndex(229)	RMB/Ton	Closed	14630	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	17-Oct-20	16-Oct-20	Change
FC Index (S)	Cents/lb	Closed	78.24	-
FC Index (M)	Cents/lb	Closed	75.44	-
FC Index (L)	Cents/lb	Closed	74.12	-

**Cotlook Index:**

Cotlook Indices	Unit	16-Oct-20	15-Oct-20	Change
A-Index	Cents/Pound	NA	74	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Oct-20	16-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 16-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 Fri Oct 16, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int.	Change
Cotton(ICE)									
<a href="#">20-Oct</a>	201016	69.01	70.04	69	69.92	0.7	13,709	125,824	-45
<a href="#">20-Dec</a>	201016	69.93	70.7	69.72	70.56	0.63	5,113	63,680	964
<a href="#">21-Mar</a>	201016	70.59	71.37	70.57	71.23	0.58	1,034	14,239	-44
<a href="#">21-May</a>	201016	71.17	71.88	71.16	71.71	0.5	755	10,364	168
<a href="#">21-Jul</a>	201016	70.42	70.42	70.42	70.42	0.51	0	5	0
<a href="#">21-Oct</a>	201016	69.01	69.73	69.01	69.52	0.51	387	17,740	131
Total Volume and Open Interest							21,010	234,072	1,178

Source: MRCI

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