

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed mixed trends today in the market. MCX cotton October contract stood lower at Rs.19610/bale on Tuesday. ICE cotton futures closed in green on Monday.

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.

Weather Forecast for tomorrow:

Heavy rainfall very likely at isolated places over Odisha, Coastal Andhra Pradesh & Yanam, Madhya Maharashtra, south Konkan & Goa, Telangana, Rayalaseema, Mizoram, Tamilnadu, Puducherry & Karaikal and Karnataka. Thunderstorm with lightning very likely at isolated places over Vidarbha, Gangetic West Bengal, Chhattisgarh, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Marathwada, Konkan & Goa, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton Futures ended Monday session higher by 1.24 points Oct 20, Cotton is at 71.16. The cotlook index closed higher by 0.75 points to 75.4 cents/lb against 74.65 cents/lb.

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	-1.21	19850	19930	19570	19610	316	83	374	94
20-Nov	-0.65	20000	20150	19800	19880	424	41	836	109
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 20th Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Oct-20	19-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5530	5480	50
	Rajkot	B.T. Cotton	5425	5675	-250
	Patan	B.T. Cotton	5365	5500	-135
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5205	5000	205
Haryana	Bhiwani	B.T. Cotton	5350	5350	Unch
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5420	5400	20
	Fatehabad	B.T. Cotton	5380	5400	-20
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5725	5800	-75
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5350	-
	Rawatsar	B.T. Cotton	5350	5250	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	5350	5350	Unch
	Hathras	Desi	4500	4500	Unch
Andhra Pradesh	Adoni	Medium Staple	5109	5100	9
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5439	5411	28
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5100	5030	70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Oct-20	19-Oct-20	
Punjab	Bhatinda	J-34	4250	4230	20
	Abohar	J-34	4250	4230	20
	Mansa	J-34	4250	4120	130
Haryana	Sirsa	J-34	4220	4200	20
Rajasthan	Sri-Ganganagar	J-34	3948	3854	94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	20-Oct-20	19-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	34000	34000	Unch
	Gondal	Shankar-6	3060	1952	1108
	Rajkot	B.T. Cotton	2825	1050	1775
	Patan	B.T. Cotton	13222	12002	1220
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	90	40	50
Haryana	Bhiwani	B.T. Cotton	60000	50000	10000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1800	3000	-1200
Rajasthan	Hanumangarh	B.T. Cotton	Closed	800	-
	Rawatsar	B.T. Cotton	200	500	-300
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	300	300	Unch
	Hathras	Desi	100	100	Unch
Andhra Pradesh	Adoni	Medium Staple	22508	15000	7508
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	547	2011	-1464
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	450	2400	-1950
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Oct-20	19-Oct-20	
Punjab	Bhatinda	J-34	18700	17000	1700
	Abohar	J-34	4250	6800	-2550
	Mansa	J-34	2890	3400	-510
Haryana	Sirsa	J-34	2550	5100	-2550
Rajasthan	Sri-Ganganagar	J-34	2000	3000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	20-Oct-20	19-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	945	950	-5
Delhi	New Delhi	Rs. /10 Kg.	925	920	5
Telangana	Hyderabad	Rs. /10 Kg.	935	940	-5
Maharashtra	Mumbai	Rs. /10 Kg.	955	957	-2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	20-Oct-20	19-Oct-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1934	1955	-21
Maharashtra	Akola	Rs./Qtl	1946	1905	41

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Oct-20	16-Oct-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	37300	36500	800
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	37900	37200	700
J-34	27mm	3.5 - 4.9	23	38700	37700	1000
H-4/ MECH-1	28mm	3.5 - 4.9	27	38600	37700	900
Shankar-6	29mm	3.5 - 4.9	28	40000	38800	1200
Bunny/ Brahma	31mm	3.5 - 4.9	30	41400	40300	1100
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	42000	40700	1300
DCH-32	34mm	3.0 - 3.8	33	57500	56400	1100

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

Index	Unit	20-Oct-20	19-Oct-20	Change
CCIndex(328)	RMB/Ton	14923	14923	Unch
CCIndex(527)	RMB/Ton	13729	13723	6
CCIndex(229)	RMB/Ton	15113	15116	-3
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	20-Oct-20	19-Oct-20	Change
FC Index (S)	Cents/lb	80.23	78.98	1.25
FC Index (M)	Cents/lb	77.44	76.19	1.25
FC Index (L)	Cents/lb	76.11	74.86	1.25

Cotlook Index:

Cotlook Indices	Unit	19-Oct-20	16-Oct-20	Change
A-Index	Cents/Pound	75.4	74.65	0.75

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		19-Oct-20	19-Oct-20	Bales
Southeast	cents/lb.	68.16	70.41	64
North Delta	cents/lb.	67.41	69.66	-
South Delta	cents/lb.	67.41	69.66	-
East TX-OK	cents/lb.	65.41	67.91	1013
West Texas	cents/lb.	64.66	67.16	3358
Desert SW	cents/lb.	63.66	67.66	500
SJ Valley	cents/lb.	64.16	73.06	-

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 19-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 Mon Oct 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int.	Change
Cotton(ICE)									
20-Oct	201019	70	71.22	70	71.16	1.24	13,654	126,423	599
20-Dec	201019	70.85	71.92	70.78	71.83	1.27	3,775	64,518	838
21-Mar	201019	71.51	72.55	71.51	72.41	1.18	1,176	14,475	236
21-May	201019	72.1	73.06	72.1	72.86	1.15	494	10,539	175
21-Jul	201019	71.52	71.52	71.52	71.52	1.1	1	5	0
21-Oct	201019	69.93	70.81	69.9	70.62	1.1	320	17,826	86
Total Volume and Open Interest							19,507	236,051	1,979

Source: MRCI

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