

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed mixed trends today in the market. MCX cotton October contract stood higher at Rs.19720/bale on Wednesday. ICE cotton futures closed in red on Tuesday.

News: *The crop in Khammam district of Telangana has been adversely affected with the recent rains that resulted in high moisture content in the produce brought by the farmers in the procurement centres. Even there are issues with the colour of the cotton not meeting the standards of CCI procurement. Therefore, the farmers are forced to sell their produce to the private traders below MSP. Some farmers brought the cotton that was kept in cold storage last year and are selling it at Rs 4,825 per quintal. The farmers claims that they can get MSP price if the moisture content is reduced if the mandi officials could provide a space for drying cotton.*

Telangana state Agriculture Minister said that the government will issue tokens to the farmers for purchase of cotton to prevent crowd near the procurement centres. CCI has established the procurement centres at 300 ginning mills and 9 market yards across the state.

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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall very likely at isolated places over Odisha and heavy rainfall at isolated places over Gangetic West Bengal, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Telangana, Coastal Karnataka, Coastal Andhra Pradesh & Yanam and Rayalaseema .

International Fundamentals:

Cotton Futures ended Tuesday session lower by 0.14 points Oct 20, Cotton is at 71.02. The cotlook index closed higher by 1.40 points to 76.8 cents/lb against 75.4 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	+0.56	19520	19830	19520	19720	242	136	291	213
20-Nov	+0.35	19720	20070	19720	19920	283	241	844	262
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 21st Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Oct-20	20-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5530	5530	Unch
	Rajkot	B.T. Cotton	5400	5425	-25
	Patan	B.T. Cotton	5330	5365	-35
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5205	-
Haryana	Bhiwani	B.T. Cotton	5350	5350	Unch
	Bhiwani	Desi	NA	6000	-
	Adampur	B.T. Cotton	5400	5420	-20
	Fatehabad	B.T. Cotton	5600	5380	220
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5725	-25
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	5325	5350	-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	6000	5350	650
	Hathras	Desi	5200	4500	700
Andhra Pradesh	Adoni	Medium Staple	5004	5109	-105
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5459	5439	20
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5100	5100	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Oct-20	20-Oct-20	
Punjab	Bhatinda	J-34	4240	4250	-10
	Abohar	J-34	4240	4250	-10
	Mansa	J-34	4235	4250	-15
Haryana	Sirsa	J-34	4210	4220	-10
Rajasthan	Sri-Ganganagar	J-34	3939	3948	-9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	21-Oct-20	20-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	39100	34000	5100
	Gondal	Shankar-6	2760	3060	-300
	Rajkot	B.T. Cotton	3350	2825	525
	Patan	B.T. Cotton	12805	13222	-417
	Kadi	B.T. Cotton	25000	20000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	90	-
Haryana	Bhiwani	B.T. Cotton	50000	60000	-10000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	850	170
	Fatehabad	B.T. Cotton	400	500	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2000	1800	200
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	300	200	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	50	300	-250
	Hathras	Desi	50	100	-50
Andhra Pradesh	Adoni	Medium Staple	23595	22508	1087
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	690	547	143
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	40	450	-410
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Oct-20	20-Oct-20	
Punjab	Bhatinda	J-34	20400	18700	1700
	Abohar	J-34	3400	4250	-850
	Mansa	J-34	2550	2890	-340
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Oct-20	20-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	960	945	15
Delhi	New Delhi	Rs. /10 Kg.	935	925	10
Telangana	Hyderabad	Rs. /10 Kg.	945	935	10
Maharashtra	Mumbai	Rs. /10 Kg.	962	955	7

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Oct-20	20-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1918	1934	-16
Maharashtra	Akola	Rs./Qtl	1955	1946	9

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Oct-20	19-Oct-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	37700	37300	400
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	38300	37900	400
J-34	27mm	3.5 - 4.9	23	39100	38700	400
H-4/ MECH-1	28mm	3.5 - 4.9	27	38800	38600	200
Shankar-6	29mm	3.5 - 4.9	28	40400	40000	400
Bunny/ Brahma	31mm	3.5 - 4.9	30	41400	41400	Unch
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	42000	42000	Unch
DCH-32	34mm	3.0 - 3.8	33	57000	57500	-500

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

Index	Unit	21-Oct-20	20-Oct-20	Change
CCIndex(328)	RMB/Ton	14822	14923	-101
CCIndex(527)	RMB/Ton	13699	13729	-30
CCIndex(229)	RMB/Ton	15058	15113	-55
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	21-Oct-20	20-Oct-20	Change
FC Index (S)	Cents/lb	80.14	80.23	-0.09
FC Index (M)	Cents/lb	77.37	77.44	-0.07
FC Index (L)	Cents/lb	76.03	76.11	-0.08

Cotlook Index:

Cotlook Indices	Unit	20-Oct-20	19-Oct-20	Change
A-Index	Cents/Pound	76.8	75.4	1.40

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Oct-20	20-Oct-20	Bales
Southeast	cents/lb.	68.02	70.27	303
North Delta	cents/lb.	67.27	69.52	-
South Delta	cents/lb.	67.27	69.52	-
East TX-OK	cents/lb.	65.27	67.77	1518
West Texas	cents/lb.	64.52	67.02	3192
Desert SW	cents/lb.	63.52	67.52	400
SJ Valley	cents/lb.	64.02	72.92	-

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 20-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 Tue Oct 20, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int.	Change
Cotton(ICE)									
20-Oct	201020	70.97	71.65	70.3	71.02	-0.14	19,953	126,117	-306
20-Dec	201020	71.54	72.28	71.02	71.7	-0.13	8,500	65,350	832
21-Mar	201020	72.2	72.84	71.63	72.29	-0.12	1,736	14,687	212
21-May	201020	72.64	73.31	72.11	72.78	-0.08	893	10,564	25
21-Jul	201020	71.42	71.42	71.42	71.42	-0.1	0	5	0
21-Oct	201020	70.41	71.25	70	70.57	-0.05	732	18,139	313
Total Volume and Open Interest							32,031	237,222	1,171

Source: MRCI

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