

Domestic Fundamentals:**Market Outlook:**

The Gujarat cotton physical market showed mixed trends today in the market. MCX cotton October contract stood lower at Rs.19160/bale on Friday. ICE cotton futures closed in red on Friday.

News: The exponential rise in raw cotton and fiber demand from the overseas has led to the rise in the cotton exports.

According to Cotton Association of India, India have exported around 6 lakh bales and 25,000 to 50,000 bales of cotton are lined up at the Indian ports from the beginning of the new season (October'20). But the lack of availability of containers at the port are causing delay in exports. The traders claims that groundnut oil and castor shipments are getting priority against cotton because of higher demand from China.

According to the trade sources, India is expected to have exported around 5 lakh bales in September 2020. China and Bangladesh has imported notable quantity of raw cotton from India of around 2 lakh bales each at an average FOB of \$1.41/kg and \$1.49/kg, respectively. Vietnam was also a major importing country after China & Bangladesh buying around 54,000 bales at \$1.34/kg FOB followed by Mauritius (3,500 bales at \$1.42/kg), and Oman (2,450 bales at \$1.42/kg). The demand from China has increased significantly in September surpassing the demand from Bangladesh. The demand for organic cotton has also risen during September especially from Bangladesh, China and Indonesia.

Cotton Corporation of India (CCI) procurement under MSP have been increased gradually in North India (Punjab, Haryana, and Rajasthan). According to the sources, CCI procured a total of 2.36 lakh bales of cotton till 20th October 2020.

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.

Weather Forecast for tomorrow:

Heavy rainfall very likely at isolated places over Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning very likely at isolated places over Nagaland, Manipur, Mizoram & Tripura, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

Cotton Futures ended Friday session lower by 0.90 points Oct 20, Cotton is at 68.92. The cotlook index stood lower by 1.45 points to 76.95 cents/lb against 78.4 cents/lb.

The China have announced that the cotton purchasing for 2020-21 crop would commence from 1st December and continue till 31st March next year with a daily purchasing limit of 40,000 bales and with a target of 2.93 million bales. This will equal nearly 10% of the record Xinjiang crop. As Xinjiang area crop expects a record high as raw cotton yields in almost all areas have exceeded last year which could leave a positive impact on the Chinese market when the purchases of high quality cotton commences.

Despite the increasing kapas arrivals, active procurement of CCI could support the market in coming days. At present, CCI is procuring around 60% of the total arrival in north India per day. As of 20th Oct'20, CCI purchases were reported around 2.3 lakh bales in the Northern India. In Telangana, CCI has announced that the MSP will be paid only for 8% moisture, with premiums for 6% and 7% moisture levels. Purchases will be made to a maximum of 12%, with discounts for each 1% of moisture above 8%.

Bangladesh cotton imports for September were 4.57 tonnes, an increase of 43% from the prior month, but a decline of 22% year over year. During August to September the imports were 7.76 tonnes, down from the last two years, a 30% reduction.

U.S. Export Sales were 51% from the prior 4- week average. Net UPLAND sales of 2,27,800 RB for 2020- 2021 primarily sold to Pakistan 93,300 RB, China 47,500 RB, Mexico 33,800 RB, Vietnam 30,100 RB, Bangladesh 9,000 RB and reductions were from Japan 1,000 RB and Indonesia 800 RB.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Oct	-1.64	19230	19370	19160	19160	4	2	58	52
20-Nov	-0.66	19560	19590	19420	19430	225	61	1065	22
20-Dec	-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 30th Oct 2020 @ 5.30 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	31-Oct-20	30-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5400	5400	Unch
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	5485	5445	40
	Patan	B.T. Cotton	Closed	5280	-
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5230	NA	-
Haryana	Bhiwani	B.T. Cotton	5250	5300	-50
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5300	5320	-20
	Fatehabad	B.T. Cotton	5270	5300	-30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5700	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5250	5300	-50
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch
	Hathras	Desi	5500	5500	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	31-Oct-20	30-Oct-20	
Punjab	Bhatinda	J-34	4180	4200	-20
	Abohar	J-34	4170	4200	-30
	Mansa	J-34	4160	4190	-30
Haryana	Sirsa	J-34	4140	4150	-10
Rajasthan	Sri-Ganganagar	J-34	3807	3901	-94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		NA
State	Centre	Variety	31-Oct-20	30-Oct-20	-
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	2650	3225	-575
	Patan	B.T. Cotton	Closed	11122	-
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	99	NA	-
Haryana	Bhiwani	B.T. Cotton	40000	25000	15000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1190	Unch
	Fatehabad	B.T. Cotton	350	500	-150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1500	1500	Unch
Rajasthan	Hanumangarh	B.T. Cotton	200	500	-300
	Rawatsar	B.T. Cotton	300	500	-200
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	150	150	Unch
	Hathras	Desi	20	20	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	31-Oct-20	30-Oct-20	
Punjab	Bhatinda	J-34	20400	17000	3400
	Abohar	J-34	8500	5950	2550
	Mansa	J-34	2210	1700	510
Haryana	Sirsa	J-34	1700	2550	-850
Rajasthan	Sri-Ganganagar	J-34	3000	2000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	31-Oct-20	30-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	970	970	Unch
Delhi	New Delhi	Rs. /10 Kg.	955	955	Unch
Telangana	Hyderabad	Rs. /10 Kg.	960	960	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	980	975	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	31-Oct-20	30-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1859	1887	-28
Maharashtra	Akola	Rs./Qtl	1939	1943	-4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Oct-20	28-Oct-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	38200	38200	Unch
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	38800	38800	Unch
J-34	27mm	3.5 - 4.9	23	39100	39100	Unch
H-4/ MECH-1	28mm	3.5 - 4.9	27	38600	38800	-200
Shankar-6	29mm	3.5 - 4.9	28	40400	40600	-200
Bunny/ Brahma	31mm	3.5 - 4.9	30	41000	41200	-200
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	41800	42000	-200
DCH-32	34mm	3.0 - 3.8	33	56000	56000	Unch

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

Index	Unit	30-Oct-20	29-Oct-20	Change
CCIndex(328)	RMB/Ton	14599	14641	-42
CCIndex(527)	RMB/Ton	13596	13601	-5
CCIndex(229)	RMB/Ton	14859	14892	-33
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	30-Oct-20	29-Oct-20	Change
FC Index (S)	Cents/lb	79.55	79.77	-0.22
FC Index (M)	Cents/lb	76.95	76.98	-0.03
FC Index (L)	Cents/lb	75.68	75.72	-0.04

Cotlook Index:

Cotlook Indices	Unit	29-Oct-20	28-Oct-20	Change
A-Index	Cents/Pound	76.95	78.4	-1.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-Oct-20	29-Oct-20	Bales
Southeast	cents/lb.	67.57	69.82	0
North Delta	cents/lb.	66.82	69.07	0
South Delta	cents/lb.	66.82	69.07	0
East TX-OK	cents/lb.	64.32	66.82	40
West Texas	cents/lb.	64.32	67.07	610
Desert SW	cents/lb.	62.57	66.57	388
SJ Valley	cents/lb.	63.07	71.97	0

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

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	10100	180	10280
Equivalent	40 Kgs	10824	193	11017

Daily Futures Price Listing Fri Oct 30, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int.	Change
Cotton(ICE)									
20-Oct	201030	69.86	70.05	68.37	68.92	-0.9	26,624	121,635	-2,221
20-Dec	201030	70.8	70.96	69.35	69.78	-1.02	13,532	79,296	2,981
21-Mar	201030	71.51	71.63	70.13	70.58	-0.91	2,715	15,444	488
21-May	201030	72.02	72.1	70.81	71.26	-0.73	1,628	10,817	4
21-Jul	201030	69.76	69.76	69.76	69.76	-0.47	0	6	0
21-Oct	201030	69.09	69.17	68.25	68.41	-0.62	821	19,803	99
Total Volume and Open Interest							45,330	249,451	1,349

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.