

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

The cotton physical market showed steady to weak trend today in the market. MCX cotton October contract stood lower at Rs.19270/bale on Monday. ICE cotton futures closed in red on Friday.

**News: CCI is planning to expand buying but remains limited by the high moisture content of seed cotton.** The Shankar-6 1 1/8 ex-gin is back near 68.75 cents/lbs from the high of 71 cents/lbs during the month. But CCI has continuously raising floor prices in its auctions by around Rs.500 to 1000 per candy. The price weakness has again aided the attraction of Indian cotton for export. Chinese mills have purchased Indian cotton that are at large discounts to domestic cotton. Bangladesh and Vietnam were also active buyers of Indian cotton.

**Yavatmal district of Maharashtra was affected by the incessant rains.** Growers are drying cotton in the open hoping that it will bring down the moisture in it so that CCI will buy their produce. Excess drying could also lead to weight reduction, which again is a loss. Not only in jalka but farmers across the state are reported to be facing an unprecedented crisis due to extended rains. However, CCI procurement will likely to be started after cotton of fair average quality (FAQ) is available.

**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 A index for the 29th retreated 145 points to 76.95 cents/lb. The week's Adjusted World Price for cotton is to 57.37, up 1.66 cents.**

**The China cotton fiber imports have reached 9.65 lakh bales and the import volume has driven with the arrival of US Reserve purchases amounting to 6.70 lakh bales. Similarly, cotton yarn imports have reached equivalent to more than 9 lakh bales of cotton fiber. Such a surge in imports was driven by the revival of domestic demand and the attraction of cotton yarn imports because China enjoy quota free status and a small duty rates.**

**Lower demand in the textile and garment sector as a result of COVID-19 had a bad impact on Indonesia's economy. As a result, capacity utilization of the textile industry from March to June 2020 reached only 50%, down from a normal range of 70-80%. Similarly, utilization in Indonesia's garment sector declined to 80% from a normal utilization of 90%.**

**Iran's cotton production is estimated to reach 16 lakh bales, from which about 4 lakh bales of refined cotton are expected to be produced in the current fiscal year started in March 2020, a 15.71% increase compared with last year. Iran will be able to meet 68% of its domestic demand this year against 58% last year. Iran imports around 3.5-4.5 lakh bales of cotton every year from the world.**

**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 30<sup>th</sup> Oct 2020 @ 5.30 pmDOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Nov-20	31-Oct-20	
Gujarat	Ahmedabad	Shankar-6	5400	5400	Unch
	Gondal	Shankar-6	5530	Closed	-
	Rajkot	B.T. Cotton	NR	5485	-
	Patan	B.T. Cotton	NR	Closed	-
	Kadi	B.T. Cotton	5300	5400	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5230	-
Haryana	Bhiwani	B.T. Cotton	5200	5250	-50
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5225	5300	-75
	Fatehabad	B.T. Cotton	5250	5270	-20
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5725	5700	25
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5250	5250	Unch
Madhya Pradesh	Khandwa	Mech-1	5600	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4900	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6050	6000	50
	Hathras	Desi	5500	5500	Unch

Andhra Pradesh	Adoni	Medium Staple	4929	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	4900	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Nov-20	31-Oct-20	
Punjab	Bhatinda	J-34	4180	4180	Unch
	Abohar	J-34	4170	4170	Unch
	Mansa	J-34	4160	4160	Unch
Haryana	Sirsa	J-34	4130	4140	-10
Rajasthan	Sri-Ganganagar	J-34	3826	3807	19

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Nov-20	31-Oct-20	
Gujarat	Ahmedabad	Shankar-6	34000	42500	-8500
	Gondal	Shankar-6	5055	Closed	-
	Rajkot	B.T. Cotton	NR	2650	-
	Patan	B.T. Cotton	NR	Closed	-
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	99	-
Haryana	Bhiwani	B.T. Cotton	45000	40000	5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1190	-170
	Fatehabad	B.T. Cotton	500	350	150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2950	1500	1450
Rajasthan	Hanumangarh	B.T. Cotton	200	200	Unch
	Rawatsar	B.T. Cotton	200	300	-100
Madhya Pradesh	Khandwa	Mech-1	1000	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	3000	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	150	-50
	Hathras	Desi	20	20	Unch

Andhra Pradesh	Adoni	Medium Staple	13900	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	360	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Nov-20	31-Oct-20	
Punjab	Bhatinda	J-34	17000	20400	-3400
	Abohar	J-34	6800	8500	-1700
	Mansa	J-34	2890	2210	680
Haryana	Sirsa	J-34	2550	1700	850
Rajasthan	Sri-Ganganagar	J-34	3500	3000	500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	2-Nov-20	31-Oct-20	
Gujarat	Rajkot	Rs. /10 Kg.	960	970	-10
Delhi	New Delhi	Rs. /10 Kg.	950	955	-5
Telangana	Hyderabad	Rs. /10 Kg.	950	960	-10
Maharashtra	Mumbai	Rs. /10 Kg.	980	980	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	2-Nov-20	31-Oct-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1812	1859	-47
Maharashtra	Akola	Rs./Qtl	1946	1939	7

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-Oct-20	30-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	38900	39100	-200
H-4/ MECH-1	28mm	3.5 - 4.9	27	38400	38600	-200
Shankar-6	29mm	3.5 - 4.9	28	40200	40400	-200
Bunny/ Brahma	31mm	3.5 - 4.9	30	40800	41000	-200
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	41600	41800	-200
DCH-32	34mm	3.0 - 3.8	33	56000	56000	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	2-Nov-20	30-Oct-20	Change
CCIndex(328)	RMB/Ton	14600	14599	1
CCIndex(527)	RMB/Ton	13607	13596	11
CCIndex(229)	RMB/Ton	14866	14859	7
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	2-Nov-20	30-Oct-20	Change
FC Index (S)	Cents/lb	78.61	79.55	-0.94
FC Index (M)	Cents/lb	76.54	76.95	-0.41
FC Index (L)	Cents/lb	75.32	75.68	-0.36

Cotlook Index:

Cotlook Indices	Unit	30-Oct-20	29-Oct-20	Change
A-Index	Cents/Pound	76.7	76.95	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Oct-20	30-Oct-20	Bales
Southeast	cents/lb.	66.92	69.17	516
North Delta	cents/lb.	65.92	68.17	0
South Delta	cents/lb.	65.92	68.17	0
East TX-OK	cents/lb.	63.42	65.92	126
West Texas	cents/lb.	63.42	66.17	239
Desert SW	cents/lb.	61.67	65.67	0
SJ Valley	cents/lb.	62.17	71.07	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 31-Oct-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	10000	180	10180
Equivalent	40 Kgs	10717	193	10910

Daily Futures Price Listing Fri October 30, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Dec</a>	201030	69.86	70.05	68.37	68.92	-0.90	26,624	121,635	-2,221
<a href="#">21-Mar</a>	201030	70.80	70.96	69.35	69.78	-1.02	13532	79296	2981
<a href="#">21-May</a>	201030	71.51	71.63	70.13	70.58	-0.91	2,715	15,444	488
<a href="#">21-Jul</a>	201030	72.02	72.10	70.81	71.26	-0.73	1,628	10,817	4
<a href="#">21-Oct</a>	201030	69.76	69.76	69.76	69.76	-0.47	0	6	0
<a href="#">21-Dec</a>	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

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