

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed mixed trend today in the market. MCX cotton November contract stood lower at Rs.19170/bale on Monday. ICE cotton futures closed in red on Monday.

News: Cotton arrival in Punjab's mandi has doubled this season compared with the corresponding period last season. A total of 10.92 lakh quintals were brought by the farmers to various purchase centers, for the same period in 2019 the arrival was 5.71 lakh quintals. Traditionally farmers used to hold back the harvested crop and bring them back to mandi's after paddy harvest phase. But due to ongoing farmers agitation panicked cotton growers and they rushed to mandi's. Although, CCI purchases are going smooth and the payments are being released in farmer's bank account within a week.

New cotton purchasing centre has been inaugurated in Warangal at Bhagyalakshmi Cotton Mill and State will buy cotton at reasonable prices to support farmers. As per the CCI, the government's MSP is 5,825 per quintal. Cotton would be procured if its moisture content would be between 8-12%. For moisture content above 12%, Rs.58.25 would be deducted for every 1% and for moisture content below 8%, CCI would provide 5,825/quintal and Rs.58.25 incentives per quintal.

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 0.19 points Oct 20, Cotton is at 68.73 cents/lbs. The Cotlook A index for the 30th retreated another 25 points to 76.70 cents/lb. The AWP for cotton is 57.37 for the week.

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-Nov | 150 | 19390 | 19610 | 19340 | 19410 | 333 | 20 | 1062 | -3 |
| 20-Dec | - | - | - | - | - | - | - | - | - |
| 21-Jan | - | - | - | - | - | - | - | - | - |

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 3rd November 2020 @ 5.30 pm

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|-----------|-----------|-------------|----------------------|----------|--------|
| State | Centre | Variety | 3-Nov-20 | 2-Nov-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 5400 | 5400 | Unch |
| | Gondal | Shankar-6 | 5480 | 5530 | -50 |
| | Rajkot | B.T. Cotton | NR | NR | - |
| | Patan | B.T. Cotton | 5330 | 5280 | 50 |
| | Kadi | B.T. Cotton | 5300 | 5300 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 5090 | - |
| Haryana | Bhiwani | B.T. Cotton | 5200 | 5200 | Unch |
| | Bhiwani | Desi | 6000 | 6000 | Unch |
| | Adampur | B.T. Cotton | 5220 | 5225 | -5 |
| | Fatehabad | B.T. Cotton | 5200 | 5250 | -50 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |

| | | | | | |
|----------------|----------------|---------------|--------------------|----------|--------|
| | Dabwali | B.T. Cotton | 5725 | 5725 | Unch |
| Rajasthan | Hanumangarh | B.T. Cotton | 5300 | 5300 | Unch |
| | Rawatsar | B.T. Cotton | 5200 | 5250 | -50 |
| Madhya Pradesh | Khandwa | Mech-1 | 5600 | 5600 | Unch |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 4900 | 4900 | Unch |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 6000 | 6050 | -50 |
| | Hathras | Desi | 5300 | 5500 | -200 |
| Andhra Pradesh | Adoni | Medium Staple | NA | 4929 | - |
| Telangana | Adilabad | Un-Ginned | 5825 | NA | - |
| Karnataka | Bijapur | Bunny | NA | 5211 | - |
| | Hubli | D.C.H. | NA | 5300 | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 4900 | 4900 | Unch |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 3-Nov-20 | 2-Nov-20 | |
| Punjab | Bhatinda | J-34 | 4170 | 4180 | -10 |
| | Abohar | J-34 | 4170 | 4170 | Unch |
| | Mansa | J-34 | 4125 | 4160 | -35 |
| Haryana | Sirsa | J-34 | 4120 | 4130 | -10 |
| Rajasthan | Sri-Ganganagar | J-34 | 3779 | 3826 | -47 |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|-----------|-----------|-------------|--------------------|----------|--------|
| State | Centre | Variety | 3-Nov-20 | 2-Nov-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 34000 | 34000 | Unch |
| | Gondal | Shankar-6 | 3115 | 5055 | -1940 |
| | Rajkot | B.T. Cotton | NR | NR | - |
| | Patan | B.T. Cotton | 14595 | 17322 | -2727 |
| | Kadi | B.T. Cotton | 20000 | 30000 | -10000 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 72 | - |
| Haryana | Bhiwani | B.T. Cotton | 50000 | 45000 | 5000 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 850 | 1020 | -170 |
| | Fatehabad | B.T. Cotton | 400 | 500 | -100 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |

| | | | | | |
|----------------|----------------|---------------|--------------------|----------|--------|
| | Dabwali | B.T. Cotton | 3000 | 2950 | 50 |
| Rajasthan | Hanumangarh | B.T. Cotton | 200 | 200 | Unch |
| | Rawatsar | B.T. Cotton | 400 | 200 | 200 |
| Madhya Pradesh | Khandwa | Mech-1 | 1200 | 1000 | 200 |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 4500 | 3000 | 1500 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 60 | 100 | -40 |
| | Hathras | Desi | 50 | 20 | 30 |
| Andhra Pradesh | Adoni | Medium Staple | NA | 13900 | - |
| Telangana | Adilabad | Un-Ginned | 332561.4 | NA | - |
| Karnataka | Bijapur | Bunny | NA | 7792 | - |
| | Hubli | D.C.H. | NA | 98 | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 307 | 360 | -53 |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 3-Nov-20 | 2-Nov-20 | |
| Punjab | Bhatinda | J-34 | 17000 | 17000 | Unch |
| | Abohar | J-34 | 5100 | 6800 | -1700 |
| | Mansa | J-34 | 2550 | 2890 | -340 |
| Haryana | Sirsa | J-34 | 2040 | 2550 | -510 |
| Rajasthan | Sri-Ganganagar | J-34 | 3000 | 3500 | -500 |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|----------|----------|--------|
| State | Centre | Unit | 3-Nov-20 | 2-Nov-20 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 965 | 960 | 5 |
| Delhi | New Delhi | Rs. /10 Kg. | 955 | 950 | 5 |
| Telangana | Hyderabad | Rs. /10 Kg. | 955 | 950 | 5 |
| Maharashtra | Mumbai | Rs. /10 Kg. | 975 | 980 | -5 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|----------|----------|--------|
| State | Centre | Unit | 3-Nov-20 | 2-Nov-20 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 1800 | 1812 | -12 |
| Maharashtra | Akola | Rs./Qtl | 1927 | 1946 | -19 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------|------------|------------|------------------|------------------|------------------|--------|
| | | | | 2-Nov-20 | 31-Oct-20 | |
| Bengal Deshi (RG)/Assam Comilla | Below 22mm | 5.0 - 7.0 | 15 | 38500 | 38200 | 300 |
| Bengal Deshi (SG) | Below 22mm | 5.0 - 7.0 | 15 | 39000 | 38800 | 200 |
| J-34 | 27mm | 3.5 - 4.9 | 23 | 38900 | 38900 | Unch |
| H-4/ MECH-1 | 28mm | 3.5 - 4.9 | 27 | 38400 | 38400 | Unch |
| Shankar-6 | 29mm | 3.5 - 4.9 | 28 | 40100 | 40200 | -100 |
| Bunny/ Brahma | 31mm | 3.5 - 4.9 | 30 | 40700 | 40800 | -100 |
| MCU-5/ Surabhi | 32mm | 3.3 - 4.9 | 31 | 41600 | 41600 | Unch |
| DCH-32 | 34mm | 3.0 - 3.8 | 33 | 56000 | 56000 | Unch |

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

| Index | Unit | 3-Nov-20 | 2-Nov-20 | Change |
|--------------|---------|----------|----------|--------|
| CCIndex(328) | RMB/Ton | 14597 | 14600 | -3 |
| CCIndex(527) | RMB/Ton | 13605 | 13607 | -2 |
| CCIndex(229) | RMB/Ton | 14861 | 14866 | -5 |

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

| Index | Unit | 3-Nov-20 | 2-Nov-20 | Change |
|--------------|----------|----------|----------|--------|
| FC Index (S) | Cents/lb | 78.59 | 78.61 | -0.02 |
| FC Index (M) | Cents/lb | 76.53 | 76.54 | -0.01 |
| FC Index (L) | Cents/lb | 75.32 | 75.32 | Unch |

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 | 9900 | 180 | 10080 |
| Equivalent | 40 Kgs | 10610 | 193 | 10803 |

| Daily Futures Price Listing Mon November 02, 2020 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 20-Dec | 201102 | 68.75 | 69.09 | 68.06 | 68.73 | -0.19 | 22,637 | 117,776 | -3,859 |
| 21-Mar | 201102 | 69.70 | 69.97 | 68.91 | 69.72 | -0.06 | 11494 | 82744 | 3448 |
| 21-May | 201102 | 70.41 | 70.73 | 69.71 | 70.52 | -0.06 | 1,567 | 15,591 | 147 |
| 21-Jul | 201102 | 71.09 | 71.30 | 70.40 | 71.22 | -0.04 | 681 | 10,863 | 46 |
| 21-Oct | 201102 | 68.74 | 69.02 | 68.74 | 69.02 | -0.74 | 0 | 6 | 0 |
| 21-Dec | 201102 | 68.29 | 68.73 | 68.00 | 68.51 | 0.10 | 449 | 19,959 | 156 |
| Total Volume and Open Interest | | | | | | | 36,834 | 249,385 | -66 |

Source: MRCI

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