

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

*The cotton physical market showed steady to mixed trend today in the market. MCX cotton November contract stood lower at Rs.19, 230/bale on Wednesday. ICE cotton futures closed green on Wednesday.*

**News:Cotton arrival in Punjab's has mandi 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 after paddy harvest phase. But due to ongoing farmers agitation panicked cotton growers and they rushed to mandi. 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 price 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.

**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 is causing delay in exports. The traders claim 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 has 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 centers.** 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 claim that they can get MSP price if the moisture content is reduced if the mandi officials could provide a space for drying cotton.

**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 is at large discounts to domestic cotton. Bangladesh and Vietnam were also active buyers of Indian cotton.

**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 and Kerala &Mahe& Thunderstorm with lightning very likely at isolated places over Coastal Andhra Pradesh &Yanam, Rayalaseema, SouthInterior Karnataka, Kerala &Mahe and Tamilnadu, Puducherry&Karaikal.*

#### **International Fundamentals:**

*The cotton Futures ended higher by +1.28 points Oct20. The Cotlook A index for the 11/02 was 75.75 cents/lb, down another 95 points. The AWP for cotton is 57.37 through Tuesday.*

**The Cotton Supply Chain Continues to Suffer from COVID, Trade Tension and a Sluggish Global Economy.** *The Production in 2020-21 is expected to be 146 million bales and is projected to outpace consumption by 500,000 tonnes. Many major producers are expected to see their total drop in coming years such as USA, Brazil, Pakistan and West Africa. Inclement weather and trade conflicts would compound the challenges in some region like USA which is experiencing a hurricane season and is also engaged in trade war with china. However, India and China world's top two producers are expected to increase their total in the coming season. **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.*

**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	70	19710	19710	19630	19650	456	240	1199	-137
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 4<sup>th</sup>Nov 2020 @ 5.30 pmDOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Nov-20	03-Nov-20	
Gujarat	Ahmedabad	Shankar-6	5500	5400	100
	Gondal	Shankar-6	5580	5480	100
	Rajkot	B.T. Cotton	5385	NR	-
	Patan	B.T. Cotton	NR	5330	-
	Kadi	B.T. Cotton	5300	5300	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5340	NA	-
Haryana	Bhiwani	B.T. Cotton	5150	5200	-50
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5300	5220	80
	Fatehabad	B.T. Cotton	5250	5200	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5725	-25
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5200	5200	Unch
Madhya Pradesh	Khandwa	Mech-1	5600	5600	Unch
	Khargaon	Mech-1	NA	NA	-

Maharashtra	Amravati	Mech-1	5000	4900	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch
	Hathras	Desi	5300	5300	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	5825	5825	Unch
Karnataka	Bijapur	Bunny	NA	5049	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	4900	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Nov-20	03-Nov-20	
Punjab	Bhatinda	J-34	4200	4170	30
	Abohar	J-34	4200	4170	30
	Mansa	J-34	4200	4125	75
Haryana	Sirsa	J-34	4150	4120	30
Rajasthan	Sri-Ganganagar	J-34	3788	3779	9

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Nov-20	03-Nov-20	
Gujarat	Ahmedabad	Shankar-6	42500	34000	8500
	Gondal	Shankar-6	4787	3115	1672
	Rajkot	B.T. Cotton	3800	NR	-
	Patan	B.T. Cotton	NR	14595	-
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	74	NA	-
Haryana	Bhiwani	B.T. Cotton	50000	50000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	500	400	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	3000	3000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	150	200	-50
	Rawatsar	B.T. Cotton	300	400	-100
Madhya Pradesh	Khandwa	Mech-1	1000	1200	-200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5000	4500	500

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	60	60	Unch
	Hathras	Desi	50	50	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	288148	332561.4	-44413.4
Karnataka	Bijapur	Bunny	NA	4941	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	345	307	38
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Nov-20	03-Nov-20	
Punjab	Bhatinda	J-34	17000	17000	Unch
	Abohar	J-34	5100	5100	Unch
	Mansa	J-34	2550	2550	Unch
Haryana	Sirsa	J-34	2550	2040	510
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

#### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				02-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	02-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	02-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	02-Nov-20	30-Oct-20	Change
A-Index	Cents/Pound	75.75	#N/A	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		02-Nov-20	02-Nov-20	Bales
Southeast	cents/lb.	66.73	68.98	713
North Delta	cents/lb.	65.73	67.98	0
South Delta	cents/lb.	65.73	67.98	0
East TX-OK	cents/lb.	63.23	65.73	1140
West Texas	cents/lb.	63.23	65.98	1077
Desert SW	cents/lb.	61.48	65.48	0
SJ Valley	cents/lb.	61.98	70.88	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 3-Nov-2020**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9700	180	9880
Equivalent	40 Kgs	10395	193	10588

**Daily Futures Price Listing Tuesday November 03, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">20-Dec</a>	201103	68.74	70.33	68.73	70.24	+1.51	24,444	111,976	-5,800
<a href="#">21-Mar</a>	201103	69.60	71.30	69.60	71.20	+1.48	14,458	85,343	+2,599
<a href="#">21-May</a>	201103	70.60	72.08	70.60	72.00	+1.48	2,600	16,030	+439
<a href="#">21-Jul</a>	201103	71.28	72.75	71.24	72.70	+1.48	1,570	11,545	+682
<a href="#">21-Oct</a>	201103	70.30	70.30	70.30	70.30	+1.28	0	6	0
<a href="#">21-Dec</a>	201103	68.50	69.79	68.50	69.70	+1.19	703	19,943	-16
Total Volume and Open Interest							44,038	247,459	-1,926

Source: MRCI

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