

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

The cotton physical market showed slightly firm trend today in the Gujarat market due to the commencement of CCI procurement. MCX cotton November contract stood lower at Rs.19,280/bale on Friday. ICE cotton futures closed red on Friday.

**News: According to Cotton Association of India (CAI), India's cotton exports could increase by 40% in 2020-21 season.**

A surge in exports is expected in the view of depreciation in Indian rupee and a rise in global cotton prices that allowed the demand for Indian cotton in the international market. Therefore, India could achieve a target of 70 lakh bales cotton exports against 50 lakh bales in 2019-20 according to the association. Most of the demand is emerging from China and Bangladesh. In October, traders have expected to have exported around 7-8 lakh bales and around 10 lakh bales contract have been signed for November month.

**Government gave assurance to farmers that it will procure all the cotton produced in Telangana by paying MSP of Rs. 5,825 per quintal.** Due to heavy rains in Telangana the moisture content in cotton crop has been increased. The Government officials have requested CCI to purchase cotton of more than 12 percent moisture. CCI has lifted only 9.2 lakh bales of cotton out of 40.56 lakh bales of cotton stored in godowns so far. So to create enough spaces cotton needs to be lifted from these godowns.

**Government has increased Cotton Procurement under MSP Scheme** five of the growing states. The Center procurement operations will help in cotton prices recovery.

**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'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 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.

**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 likely at isolated places over Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning likely at isolated places over Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

#### **International Fundamentals:**

The cotton Futures ended lower by 145 point at 68.62 cents/lbs. The Cotlook A index remained at 77 cents/lb for 11/05. USDA lowered the week's AWP for cotton 136 points to 56.01 cents/lb.

**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	-100	19770	19820	19550	19770	349	120	1318	119
20-Dec	-	-	-	-	19950	-	-	-	-
21-Jan	-	-	-	-	-	-	-	-	-

  

Spread	20-Nov	20-Dec	20-Jan	--	--	--
Spot				-	-	-
20-Aug	-	-	-	-	-	-
20-Sep	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 4<sup>th</sup> Nov 2020 @ 5.30 pm

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Nov-20	6-Nov-20	
Gujarat	Ahmedabad	Shankar-6	5450	5450	Unch
	Gondal	Shankar-6	5730	5655	75
	Rajkot	B.T. Cotton	5560	5505	55
	Patan	B.T. Cotton	5420	5355	65
	Kadi	B.T. Cotton	5400	5100	300
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5395	5500	-105
Haryana	Bhiwani	B.T. Cotton	5100	5100	Unch
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5300	5290	10
	Fatehabad	B.T. Cotton	5300	5250	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5775	5750	25

Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5275	5300	-25
Madhya Pradesh	Khandwa	Mech-1	Closed	5650	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4900	4900	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6200	6200	Unch
	Hathras	Desi	5500	5500	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	5825	5825	Unch
Karnataka	Bijapur	Bunny	NA	5300	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4900	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	7-Nov-20	6-Nov-20	
Punjab	Bhatinda	J-34	4230	4240	-10
	Abohar	J-34	4240	4240	Unch
	Mansa	J-34	4220	4200	20
Haryana	Sirsa	J-34	4140	4150	-10
Rajasthan	Sri-Ganganagar	J-34	3901	3901	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Nov-20	6-Nov-20	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3026	4462	-1436
	Rajkot	B.T. Cotton	4600	1850	2750
	Patan	B.T. Cotton	8769	10079	-1310
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	88	80	8
Haryana	Bhiwani	B.T. Cotton	25000	15000	10000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1360	Unch
	Fatehabad	B.T. Cotton	250	300	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1500	2000	-500

Rajasthan	Hanumangarh	B.T. Cotton	300	200	100
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	1500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6000	5000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	15	15	Unch
	Hathras	Desi	10	10	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	3243136	3610588	-367452
Karnataka	Bijapur	Bunny	NA	5256	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	307	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Nov-20	6-Nov-20	
Punjab	Bhatinda	J-34	8500	17000	-8500
	Abohar	J-34	1190	3400	-2210
	Mansa	J-34	340	2550	-2210
Haryana	Sirsa	J-34	850	1700	-850
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	7-Nov-20	6-Nov-20	
Gujarat	Rajkot	Rs. /10 Kg.	990	990	Unch
Delhi	New Delhi	Rs. /10 Kg.	965	965	Unch
Telangana	Hyderabad	Rs. /10 Kg.	975	975	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1000	1000	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	7-Nov-20	6-Nov-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1843	1843	Unch
Maharashtra	Akola	Rs./Qtl	1951	1951	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Nov-20	5-Nov-20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	39000	39000	Unch
J-34	27mm	3.5 - 4.9	23	39400	39300	100
H-4/ MECH-1	28mm	3.5 - 4.9	27	38800	38700	100
Shankar-6	29mm	3.5 - 4.9	28	40200	40200	Unch
Bunny/ Brahma	31mm	3.5 - 4.9	30	41200	41000	200
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	42000	42000	Unch
DCH-32	34mm	3.0 - 3.8	33	56500	56300	200

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

Index	Unit	7-Nov-20	4-Nov-20	Change
CCIndex(328)	RMB/Ton	Closed	14585	-
CCIndex(527)	RMB/Ton	Closed	13603	-
CCIndex(229)	RMB/Ton	Closed	14858	-

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	7-Nov-20	4-Nov-20	Change
FC Index (S)	Cents/lb	Closed	80.09	-
FC Index (M)	Cents/lb	Closed	78.03	-
FC Index (L)	Cents/lb	Closed	76.82	-

**Cotlook Index:**

Cotlook Indices	Unit	5-Nov-20	4-Nov-20	Change
A-Index	Cents/Pound	77	77.5	-0.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		5-Nov-20	5-Nov-20	Bales
Southeast	cents/lb.	68.57	70.82	845
North Delta	cents/lb.	67.32	69.57	0
South Delta	cents/lb.	67.32	69.57	0
East TX-OK	cents/lb.	64.82	67.32	3122

West Texas	cents/lb.	64.82	67.57	<b>2842</b>
Desert SW	cents/lb.	62.82	66.82	<b>0</b>
SJ Valley	cents/lb.	63.32	72.22	<b>0</b>

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 5-Nov-2020				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32Kgs	9700	180	9880
<b>Equivalent</b>	40 Kgs	10395	193	10588

Daily Futures Price Listing Fri November 06, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Dec</a>	201106	70.00	70.27	68.55	68.62	-1.45	17,070	102,822	-4,451
<a href="#">21-Mar</a>	201106	71.20	71.43	70.07	70.15	-1.06	12221	87962	1531
<a href="#">21-May</a>	201106	72.01	72.22	70.95	71.02	-1.00	2,617	17,428	324
<a href="#">21-Jul</a>	201106	72.88	72.88	71.68	71.75	-0.96	1,475	12,275	-338
<a href="#">21-Oct</a>	201106	69.16	69.32	69.16	69.32	-0.84	0	6	0
<a href="#">21-Dec</a>	201106	69.20	69.34	68.60	68.67	-0.85	284	20,161	35
Total Volume and Open Interest							33,697	243,215	-2,901

Source: MRCI

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