

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed mixed trend today due to the commencement of CCI procurement on large scale. MCX cotton spot price stood higher at Rs.19,540/bale on Thursday. ICE cotton futures closed red on Wednesday.

News: Cotton arrivals in the mandi has increased with the coming of the festival season. About 1,80,000 bales of cotton per day has been brought by the farmers in various mandis during this week. CCI procurement operations are going on MSP in various states by purchasing around 11 lakh bales so far from the total arrivals of 40 lakh bales. In various states, the daily arrivals in Punjab are around 12,000 bales, 20,000 bales in Haryana, 25,000 bales in Rajasthan, 30,000 bales in Gujarat, 38,000 bales in Maharashtra, 20,000 bales in Madhya Pradesh, 13,000 bales in Andhra Pradesh, 13,000 bales in Karnataka and 15,000 bales in Telangana.

Cotton arrivals in Punjab mandi has slowed down. According to Indian Cotton Association Limited (ICAL) 14.55 lakh bales of cotton has arrived in the mandis of Punjab, Haryana and Rajasthan till 31st October 2020 against 15.05 lakh bales during the same period last year. The unexpected rains have delayed ripening of the crop and slowed down the arrivals. A total of 3.3 lakh bales in Punjab, 5.5 lakh bales in Haryana and 8.5 lakh bales in Rajasthan is expected to have arrived in the market till 1st week of November 2020. CCI is purchasing around 60-70% of the cotton out of the total cotton arriving in the market.

Cotton Corporation of India (CCI) has slashed Minimum support price in Telangana. The cotton farmers panicked by the CCI decision to slash MSP, in Adilabad district, who were already distressed with the high natural moisture content due to foggy weather and pink boll worm infestation in the crops. CCI has started lifting the produce at Rs.5,775 per quintals as against Rs.5,825 per quintals for which the cotton was purchased till Saturday.

Cotton Market likely to remain firm. Cotton market in India has stabilized in recent weeks. As unlocking rolls out, demand prospects of Indian cotton continue to improve both in local and overseas demand. Indian cotton is being offered at around 75 cents per lb, cost and freight basis, to buyers in China, Bangladesh and Vietnam for November shipments.

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.

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 has 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 very likely at isolated places over Tamilnadu, Puducherry&Karaikal. Thunderstorm with lightning very likely at isolated places over Coastal Andhra Pradesh & Yanam, Tamilnadu, Puducherry&Karaikal, Kerala&Mahe and Lakshadweep.

International Fundamentals:

The ICE cotton Futures ended lower by 57 point at 69.28 cents/lb. The Cotlook A index was up 140 points to 77.60 cents/lb. The AWP for cotton is 56.01 cents/lb.

According to USDA October report, 2020-21 world cotton supply and demand report shows lower production, higher consumption and trade, and lower ending stocks compared with last month production is lowered more than 1 million bale (1 bale equivalent to 170 kgs) with decline in Mali, Pakistan and Greece offsetting a large expected crop in Uzbekistan and Nigeria. Consumption is 1.95 million bales higher, after revision for China and India. World ending stock in 2020-21 is now projected 3.47 million bales lower than in September at 129.45 million bales.

Revival of cotton farming may help Kenya to boost economy. The cabinet has allowed farmers of Kenya to grow BT cotton in December last year. In a follow up, the government has made 16.3 tonnes of BT cotton seeds available to farmers in eastern Kenya in a project that will, ultimately spread out to cotton growing regions. Reviving this industry would also lead to the creation of thousands jobs in the cotton farms and factories.

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%.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
20-Nov	-130	19810	19820	19710	19870	215	30	1493	-7
20-Dec	-	-	-	-	19950	-	-	-	-
21-Jan	-	-	-	-	-	-	-	-	-

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

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Nov-20	11-Nov-20	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5830	5855	-25
	Rajkot	B.T. Cotton	5790	5590	200
	Patan	B.T. Cotton	NR	5450	-
	Kadi	B.T. Cotton	5600	5500	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5590	-
Haryana	Bhiwani	B.T. Cotton	5100	5100	Unch
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5300	5300	Unch
	Fatehabad	B.T. Cotton	5300	5320	-20
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5725	-25
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5300	-
	Rawatsar	B.T. Cotton	5150	5200	-50
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	5150	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5800	Unch
	Hathras	Desi	5500	5500	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	5755	5775	-20
Karnataka	Bijapur	Bunny	5456	5501	-45
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5350	5350	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	12-Nov-20	11-Nov-20	
Punjab	Bhatinda	J-34	4270	4270	Unch

	Abohar	J-34	4270	4270	Unch
	Mansa	J-34	4250	4250	Unch
Haryana	Sirsa	J-34	4170	4180	-10
Rajasthan	Sri-Ganganagar	J-34	3901	3901	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Nov-20	11-Nov-20	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	1969	3127	-1158
	Rajkot	B.T. Cotton	2800	4350	-1550
	Patan	B.T. Cotton	NR	1350	-
	Kadi	B.T. Cotton	35000	25000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	83	-
Haryana	Bhiwani	B.T. Cotton	30000	30000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1360	-170
	Fatehabad	B.T. Cotton	300	250	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2500	2500	Unch
Rajasthan	Hanumangarh	B.T. Cotton	Closed	200	-
	Rawatsar	B.T. Cotton	600	500	100
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	10000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	10	10	Unch
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	2929005	2661944	267061
Karnataka	Bijapur	Bunny	5111	6082	-971
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	337	337	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Nov-20	11-Nov-20	
Punjab	Bhatinda	J-34	17000	17000	Unch
	Abohar	J-34	2550	3740	-1190

	Mansa	J-34	1870	1530	340
Haryana	Sirsa	J-34	850	3400	-2550
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	12-Nov-20	11-Nov-20	
Gujarat	Rajkot	Rs. /10 Kg.	1030	1000	30
Delhi	New Delhi	Rs. /10 Kg.	980	980	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1020	990	30
Maharashtra	Mumbai	Rs. /10 Kg.	1010	1000	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Nov-20	11-Nov-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1930	1900	30
Maharashtra	Akola	Rs./Qtl	1994	1981	13

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

Index	Unit	12-Nov-20	09-Nov-20	Change
CCIndex(328)	RMB/Ton	14501	14458	43
CCIndex(527)	RMB/Ton	13615	13587	5
CCIndex(229)	RMB/Ton	14772	14742	30

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

China Foreign Cotton (FCE) Index :

Index	Unit	12-Nov-20	09-Nov-20	Change
FC Index (S)	Cents/lb	80.11	78.7	1.41
FC Index (M)	Cents/lb	78.09	76.67	1.42
FC Index (L)	Cents/lb	76.87	75.46	1.41

Cotlook Index:

Cotlook Indices	Unit	10-Nov-20	09-Nov-20	Change
A-Index	Cents/Pound	77.6	76.2	1.40

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Nov-20	10-Nov-20	Bales
Southeast	cents/lb.	68.6	70.85	0

North Delta	cents/lb.	67.6	69.85	0
South Delta	cents/lb.	67.6	69.85	0
East TX-OK	cents/lb.	64.85	67.35	2694
West Texas	cents/lb.	64.85	67.6	4647
Desert SW	cents/lb.	63.1	67.1	1129
SJ Valley	cents/lb.	63.6	72.5	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 11-Nov-2020				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	9580
Equivalent	40 Kgs	10074	193	10267

Daily Futures Price Listing Wednesday November 11, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Dec	201111	69.94	70.38	69.25	69.28	-0.57	30,760	80,861	-11,766
21-Mar	201111	71.79	72.19	71.29	71.38	-0.27	27,430	103,253	+6,885
21-May	201111	72.85	73.13	72.28	72.34	-0.30	4,898	21,597	+1,699
21-Jul	201111	73.62	73.81	73.00	73.06	-0.31	2,450	15,111	+1,130
21-Oct	201111	70.57	70.57	70.57	70.57	-0.30	0	5	+0
21-Dec	201111	70.46	70.68	69.85	69.94	-0.31	429	20,675	+267
Total Volume and Open Interest							65,975	244,064	-1,787

Source: MRCI

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