

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, 890/bale on Saturday. ICE cotton futures closed green on Friday.

News: Due to heavy rains in October month, the staple size of cotton is less than normal. The price for cotton has been reduced as the staple length of cotton is less than normal. The unprecedented rains have adversely affected the cotton cultivation. Earlier CCI was offering Rs 5,825 per quintal if bunny brahma mode staple size is between 29.5 – 30.5 mm. Due to heavy rains the staple size remained below 29.5 mm, the farmers are now requesting to offer price of Rs 5,775 per quintal.

About 1.45L MT cotton to reach market in Yadadri(Telangana). According to the official estimates 1, 44,914 metric tonnes of produce is estimated to reach the market. Already, 14 cotton corporation of India limited operated centers in the district have commenced procurement and till date about 84,690 quintals of cotton has been purchased.

Maharashtra cotton seed companies will now specify production details of hybrid varieties. The government has directed cotton seed companies to specify production technology of hybrid varieties on packs. Although, the seed companies in Maharashtra have expressed displeasure at this decision.

Agri experts suggest farmers to sell the fiber after January. Agriculture experts have recommended farmers to hold their cotton crop and sell it after January 2021, when the prices of the fiber are expected to rise. As Cotton prices were lower in some of the mandi against the minimum support price of Rs 5,825 per quintal.

Middlemen procure cotton from other districts in Adilabad. With the new agriculture law, which allows farmer to sell their produce anywhere in the country, the middlemen in Adilabad were procuring cotton from Nizamabad and other places on a commission of Rs 500 – Rs 1000 per quintal and selling it in Adilabad, the produce bought by them from other districts has given priority in purchase while the local farmers were kept at bay. CCI is also rejecting the cotton ball with less than 30 mm of length and cotton on ground because of high moisture content.

Cotton Corporation of India has suspended purchase of cotton till November 22. The decision was taken after 2,500 cotton bales and unprocessed cotton worth Rs 5 crore were gutted on Sunday.

India's Cotton Production may be hit by rains and pink bollworm infestation. India's cotton crop output could be lower than initial estimates as it has been affected by rains and pest attack. Cotton Association of India has estimated cotton production at 356 lakh bales, although the crop has been affected by excess rains in some regions in the country besides infestation of pink bollworm. The crop has been affected in growing regions in North India, Telangana, Maharashtra and Gujarat. There are some unknown regions such as Guntur and Prakasam district in Andhra Pradesh which has also been affected.

Punjab's lone cotton cleaning, drying unit defunct since day 1. The state's first and lone cotton pre-cleaning, drying machine unit set up at the cotton market in Malout in 2014 is lying unused since its inauguration. The machine, which cost about Rs 2 crore, has been used just once and that too during its inauguration. A visit to the site revealed that most parts of the machine were turning into scrap and wires were broken. The Punjab State Agriculture Marketing Board had brought the machine from Nagpur in Maharashtra and handed over to the Malout Market Committee for the ease of cotton growers.

In the future market, Cotton for November delivery touched an intraday high of Rs 19,720 and an interday low of Rs 19,620 per bale on the MCX. Cotton future traded weak at Rs 19,700 per bale on November 13 as participants increased their short positions as seen from open interest. In the current series, the commodity has touched a low of Rs 16,620 and a high of Rs 20, 150. Cotton futures for October delivery have also declined to Rs 70 at Rs 19,700 per bale. The same for delivery December contract slipped Rs 40 at Rs 19,940 per bale with business volume of 272 lots. The value of November and December contract traded so far is Rs 4.13 crore and Rs 0.39 crore respectively.

Cotton prices increased globally. The largest increase in the price over the past month was in china. China cotton prices increased from 88 to 100 cents/lb where else Indian cotton prices increased from 66 to 69 cents/lb. In domestic terms, value increased from 37,900 to 40,200 INR/ candy. Also, Indian rupee weakened against USD from 73.2 to 74.2 INR/USD.

About 293 new ginning and spinning mills will start operating in Telangana from Monday onwards. CCI has agreed to purchase the entire cotton produced in telangana at Minimum support Price. Also, the payment process will be Aadhar linked and online so farmers need not to panic for selling. Although the production this year was lower because of untimely rains.

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 mandi 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 has 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.

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.

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.

Weather Forecast for tomorrow:

Heavy rainfall very likely at isolated places over Tamilnadu, Puducherry & Karaikal and heavy rain/snow at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad. Thunderstorm with lightning likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, Andaman & Nicobar Islands, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

The ICE cotton Futures ended higher by 156 point at 70.88 cents/lb. The Cotlook A index regained 50 points to 78.15 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 enjoys quota free status and a small duty rate.

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)

-70	19720	19750	19620	19770	139	-100	1527	34
-	-	-	-	19950	-	-	-	-
-	-	-	-	-	-	-	-	-

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

(NB: Spread Basis = Spot- Near Month Future) As updated on 10th Nov 2020 @ 5.30 pm

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Nov-20	20-Nov-20	
Gujarat	Ahmedabad	Shankar-6	6000	5825	175
	Gondal	Shankar-6	5930	5805	125
	Rajkot	B.T. Cotton	6010	5930	80
	Patan	B.T. Cotton	Closed	5855	-
	Kadi	B.T. Cotton	5750	5700	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5630	-
Haryana	Bhiwani	B.T. Cotton	5450	5200	250
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5500	5450	50
	Fatehabad	B.T. Cotton	5550	5425	125
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5725	-25
Rajasthan	Hanumangarh	B.T. Cotton	5500	5450	50

	Rawatsar	B.T. Cotton	5660	5665	-5
Madhya Pradesh	Khandwa	Mech-1	Closed	5600	-
	Khargaon	Mech-1	0	NA	-
Maharashtra	Amravati	Mech-1	5500	5500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	5321	-
Telangana	Adilabad	Un-Ginned	NA	5775	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Nov-20	20-Nov-20	
Punjab	Bhatinda	J-34	4400	4350	50
	Abohar	J-34	4420	4360	60
	Mansa	J-34	4550	4350	200
Haryana	Sirsa	J-34	4330	4260	70
Rajasthan	Sri-Ganganagar	J-34	3995	3995	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Nov-20	20-Nov-20	
Gujarat	Ahmedabad	Shankar-6	45900	34000	11900
	Gondal	Shankar-6	2629	1821	808
	Rajkot	B.T. Cotton	2450	2300	150
	Patan	B.T. Cotton	Closed	2275	-
	Kadi	B.T. Cotton	40000	30000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	85	-
Haryana	Bhiwani	B.T. Cotton	15000	7000	8000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	400	250	150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2000	2100	-100
Rajasthan	Hanumangarh	B.T. Cotton	300	200	100

	Rawatsar	B.T. Cotton	100	NA	-
Madhya Pradesh	Khandwa	Mech-1	Closed	2000	-
	Khargaon	Mech-1	0	NA	-
Maharashtra	Amravati	Mech-1	7000	7000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	19600	-
Telangana	Adilabad	Un-Ginned	NA	1998654	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Nov-20	20-Nov-20	
Punjab	Bhatinda	J-34	8500	11900	-3400
	Abohar	J-34	510	340	170
	Mansa	J-34	1190	1700	-510
Haryana	Sirsa	J-34	340	2550	-2210
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Nov-20	20-Nov-20	
Gujarat	Rajkot	Rs. /10 Kg.	1055	1055	Unch
Delhi	New Delhi	Rs. /10 Kg.	1020	1020	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1055	1055	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1080	1060	20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Nov-20	20-Nov-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2031	2026	5
Maharashtra	Akola	Rs./Qtl	2019	2023	-4

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	21-Nov-20	18-Nov-20	Change
CCIndex(328)	RMB/Ton	#N/A	14450	-
CCIndex(527)	RMB/Ton	#N/A	13606	-
CCIndex(229)	RMB/Ton	#N/A	14743	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	21-Nov-20	18-Nov-20	Change
FC Index (S)	Cents/lb	#N/A	81.22	-
FC Index (M)	Cents/lb	#N/A	79.3	-
FC Index (L)	Cents/lb	#N/A	78.11	-

Cotlook Index:

Cotlook Indices	Unit	19-Nov-20	18-Nov-20	Change
A-Index	Cents/Pound	78.15	77.6	0.55

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		19-Nov-20	19-Nov-20	Bales
Southeast	cents/lb.	69.42	71.67	0
North Delta	cents/lb.	68.42	70.67	23
South Delta	cents/lb.	68.42	70.67	22
East TX-OK	cents/lb.	65.92	68.42	2241
West Texas	cents/lb.	65.92	68.92	9797
Desert SW	cents/lb.	64.17	68.42	255
SJ Valley	cents/lb.	64.67	73.57	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 19-Nov-2020				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	9480
Equivalent	40 Kgs	10074	193	10160

Daily Futures Price Listing Friday November 20, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Dec	201120	69.32	71.25	69.32	70.88	+1.56	6,416	8,387	-4,098
21-Mar	201120	71.70	73.05	71.66	72.96	+1.29	14,044	135,973	+1,336
21-May	201120	72.62	73.87	72.57	73.79	+1.22	2,228	32,336	+740
21-Jul	201120	73.49	74.49	73.29	74.40	+1.13	1,170	18,772	+538
21-Oct	201120	71.55	71.55	71.53	71.53	+0.56	1	4	-1
21-Dec	201120	70.52	71.08	70.28	70.57	+0.25	360	21,009	+77
Total Volume and Open Interest							24,224	219,031	-1,140

Source: MRCI

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