

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.20, 340/bale on Monday. ICE cotton futures closed green on Friday.

News: India's cotton export has gained momentum. As Indian cotton is currently the cheapest in the world. Cotton Corporation of India, which is holding the largest stocks in the country, has sold around 5 million bales of cotton in the past 2 months, a lot of which has been shipped to abroad by private traders.

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 – Rs1000 per quintal and selling it in Adilabad, the produce bought by them from other district's 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.

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.

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 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.

Weather Forecast for tomorrow:

Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over Tamilnadu, Puducherry & Karaikal and heavy rainfall at isolated places over Coastal Andhra Pradesh & Yanam and Rayalaseema. Thunderstorm with lightning likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan & Muzaffarabad, Himachal Pradesh, Coastal Andhra Pradesh & Yanam, Rayalaseema and Kerala & Mahe.

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 enjoy quota free status and a small duty rates.

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 10thNov 2020 @ 5.30 pm

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Nov-20	21-Nov-20	
Gujarat	Ahmedabad	Shankar-6	5925	6000	-75
	Gondal	Shankar-6	6080	5930	150
	Rajkot	B.T. Cotton	6100	6010	90
	Patan	B.T. Cotton	NR	Closed	-
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5450	5450	Unch
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5450	5500	-50
	Fatehabad	B.T. Cotton	5500	5550	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5700	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5550	5500	50
	Rawatsar	B.T. Cotton	5600	5660	-60

Madhya Pradesh	Khandwa	Mech-1	5600	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5650	5500	150
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
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	23-Nov-20	21-Nov-20	
Punjab	Bhatinda	J-34	4390	4400	-10
	Abohar	J-34	4400	4420	-20
	Mansa	J-34	4525	4550	-25
Haryana	Sirsa	J-34	4300	4330	-30
Rajasthan	Sri-Ganganagar	J-34	4042	3995	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Nov-20	21-Nov-20	
Gujarat	Ahmedabad	Shankar-6	51000	45900	5100
	Gondal	Shankar-6	3762	2629	1133
	Rajkot	B.T. Cotton	5050	2450	2600
	Patan	B.T. Cotton	NR	Closed	-
	Kadi	B.T. Cotton	30000	40000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	15000	15000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	350	400	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2500	2000	500
Rajasthan	Hanumangarh	B.T. Cotton	1000	300	700
	Rawatsar	B.T. Cotton	100	100	Unch
Madhya Pradesh	Khandwa	Mech-1	2000	Closed	-

	Khargaon	Mech-1	NA	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	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
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	23-Nov-20	21-Nov-20	
Punjab	Bhatinda	J-34	11900	8500	3400
	Abohar	J-34	1190	510	680
	Mansa	J-34	1700	1190	510
Haryana	Sirsa	J-34	850	340	510
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	23-Nov-20	21-Nov-20	
Gujarat	Rajkot	Rs. /10 Kg.	1045	1055	-10
Delhi	New Delhi	Rs. /10 Kg.	1020	1020	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1045	1055	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1060	1080	-20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Nov-20	21-Nov-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2100	2031	69
Maharashtra	Akola	Rs./Qtl	2096	2019	77

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	23-Nov-20	20-Nov-20	Change
CCIndex(328)	RMB/Ton	14531	14531	Unch
CCIndex(527)	RMB/Ton	13668	13665	3
CCIndex(229)	RMB/Ton	14800	14799	1

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

China Foreign Cotton (FCE) Index :

Index	Unit	23-Nov-20	20-Nov-20	Change
FC Index (S)	Cents/lb	83.27	81.77	1.50
FC Index (M)	Cents/lb	81.39	79.89	1.50
FC Index (L)	Cents/lb	80.26	78.76	1.50

Cotlook Index:

Cotlook Indices	Unit	20-Nov-20	19-Nov-20	Change
A-Index	Cents/Pound	77.9	78.15	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Nov-20	20-Nov-20	Bales
Southeast	cents/lb.	70.71	72.96	209
North Delta	cents/lb.	69.71	71.96	441
South Delta	cents/lb.	69.71	71.96	0
East TX-OK	cents/lb.	67.46	69.96	6824
West Texas	cents/lb.	67.46	70.46	11296
Desert SW	cents/lb.	65.46	69.71	0
SJ Valley	cents/lb.	65.96	74.86	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 21-Nov-2020				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	9530
Equivalent	40 Kgs	10074	193	10213

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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2020 Indian Agribusiness Systems Pvt. Ltd.