

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 lower at Rs.20, 150/bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: According to cotton Association of India, the raw cotton prices have increased about 25% to Rs 5,000 -6,000 per quintal in 2 months. The daily arrivals have also increased about 310,000 bales, which is the highest in a decade. Total arrivals in the market have reached about 7 million bales. CCI has also begun cotton procurement in 10 states, which has led to an increase in cotton seed prices.

Cotton growers in Gujarat discontinue picking. After first two pickings, cotton farmers in Gujarat have stopped picking and have switched over to other winter crops as pest infestation has taken a toll on the yield. Farmers have started sowing wheat, mustard and channa due to sufficient water availability.

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.

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.

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.

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 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 Rayalaseema, Coastal Andhra Pradesh & Yanam and Telangana and very heavy rainfall at isolated places over South Interior Karnataka and Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning likely at isolated places over southeast Madhya Pradesh, Vidarbha, Chattisgarh, Coastal Andhra Pradesh, Yanam, Telangana, Rayalseema, South Interior Karnataka, Tamil Nadu, Puducherry & Karaikal.

International Fundamentals:

The ICE cotton Futures ended down by 62 point at 71.53 cents/lb. The Cotlook A index was up 130 points to 79.20 cents/lb. The AWP for cotton is 56.84 cents/lb.

Cotton prices have been increased in Pakistan by Rs 200 to Rs 300 per maund under the influence of bullish trend in the international market and also due to drastic decrease in the production. There is a need of increasing the production of cotton on policy of 'Now or Never'. According to the estimates about 7 million bales of cotton worth 4 billion dollars will have to be imported from abroad due to low cotton production in the country.

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	25-Nov-20	24-Nov-20	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	5855	5955	-100
	Rajkot	B.T. Cotton	6005	6040	-35
	Patan	B.T. Cotton	5825	5770	55
	Kadi	B.T. Cotton	5600	5700	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5775	5980	-205
Haryana	Bhiwani	B.T. Cotton	5380	5380	Unch
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5450	5400	50
	Fatehabad	B.T. Cotton	5450	5475	-25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5725	5725	Unch
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5500	-
	Rawatsar	B.T. Cotton	5550	5600	-50

Madhya Pradesh	Khandwa	Mech-1	5600	5600	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5500	5450	50
	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	5775	5775	Unch
Karnataka	Bijapur	Bunny	5909	5988	-79
	Hubli	D.C.H.	5651	5309	342
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5550	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	25-Nov-20	24-Nov-20	
Punjab	Bhatinda	J-34	4350	4410	-60
	Abohar	J-34	4350	4390	-40
	Mansa	J-34	4340	4390	-50
Haryana	Sirsa	J-34	4280	4320	-40
Rajasthan	Sri-Ganganagar	J-34	4014	4014	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Nov-20	24-Nov-20	
Gujarat	Ahmedabad	Shankar-6	59500	54400	5100
	Gondal	Shankar-6	3229	3091	138
	Rajkot	B.T. Cotton	2300	4000	-1700
	Patan	B.T. Cotton	8027	8867	-840
	Kadi	B.T. Cotton	40000	45000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	251	240	11
Haryana	Bhiwani	B.T. Cotton	20000	20000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1700	-680
	Fatehabad	B.T. Cotton	700	800	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2500	2600	-100
Rajasthan	Hanumangarh	B.T. Cotton	Closed	400	-
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	1500	1500	Unch

	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	8000	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	1978955	2862297	-883342
Karnataka	Bijapur	Bunny	7872	6511	1361
	Hubli	D.C.H.	23	2	21
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	330	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Nov-20	24-Nov-20	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	850	1360	-510
	Mansa	J-34	850	1530	-680
Haryana	Sirsa	J-34	1700	2040	-340
Rajasthan	Sri-Ganganagar	J-34	1000	2000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-Nov-20	24-Nov-20	
Gujarat	Rajkot	Rs. /10 Kg.	1035	1035	Unch
Delhi	New Delhi	Rs. /10 Kg.	995	1010	-15
Telangana	Hyderabad	Rs. /10 Kg.	1045	1035	10
Maharashtra	Mumbai	Rs. /10 Kg.	1045	1052	-7

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Nov-20	24-Nov-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2057	2050	7
Maharashtra	Akola	Rs./Qtl	2060	2067	-7

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

Index	Unit	25-Nov-20	23-Nov-20	Change
CCIndex(328)	RMB/Ton	14589	14531	58
CCIndex(527)	RMB/Ton	13732	13668	64
CCIndex(229)	RMB/Ton	14863	14800	63

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

China Foreign Cotton (FCE) Index :

Index	Unit	25-Nov-20	23-Nov-20	Change
FC Index (S)	Cents/lb	83.68	83.27	0.41
FC Index (M)	Cents/lb	81.88	81.39	0.49
FC Index (L)	Cents/lb	80.78	80.26	0.52

Cotlook Index:

Cotlook Indices	Unit	23-Nov-20	22-Nov-20	Change
A-Index	Cents/Pound	79.2	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		23-Nov-20	23-Nov-20	Bales
Southeast	cents/lb.	71.55	73.8	929
North Delta	cents/lb.	70.55	72.8	0
South Delta	cents/lb.	70.55	72.8	0
East TX-OK	cents/lb.	68.3	70.8	9739
West Texas	cents/lb.	68.3	71.3	33080
Desert SW	cents/lb.	66.3	70.55	0
SJ Valley	cents/lb.	66.8	75.7	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 24-Nov-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	9630
Equivalent	40 Kgs	10074	193	10321

Daily Futures Price Listing Tuesday November 24, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Dec	201124	72.00	72.00	70.87	71.53	-0.62	3,146	580	-2,071
21-Mar	201124	73.80	73.88	71.85	72.98	-0.82	18,061	138,606	+2,688
21-May	201124	74.58	74.71	72.73	73.83	-0.82	3,666	33,772	+733
21-Jul	201124	75.18	75.33	73.38	74.47	-0.77	1,136	18,759	-191
21-Oct	201124	72.07	72.07	72.07	72.07	-0.37	1	5	+1
21-Dec	201124	71.50	71.81	70.22	71.03	-0.47	582	21,392	+306
Total Volume and Open Interest							26,630	215,677	+1,488

Source: MRCI

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