

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, 140/bale on Thursday. ICE cotton futures closed red on Wednesday.

News: Telangana farmers are advised not to bring cotton to the procurement center. As the cyclone Nivar will have an impact on some parts of southern telangana farmers are advised not to bring cotton and paddy to the procurement center. Also, all the stock which has already been brought by farmers is cleared.

Cotton farmers in Adilabad suffer losses due to Pink bollworm attack. Farmers in Adilabad district are removing or burning their dried cotton crop that pests have attacked and damaged. Farmers are requesting state government to conduct a survey, assess crop damage and pay compensation to them who has suffered losses. As some farmers have not received their insurance money for their damaged crop earlier.

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 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:

Heavy rainfall at isolated places very likely over Rayalaseema, Telangana and Andaman & Nicobar Islands. Thunderstorm with lightning likely at isolated places over Vidarbha, Chhattisgarh, Kerala & Mahe, Telangana and Interior Karnataka. Cold wave condition at isolated places very likely over north Rajasthan, Punjab, Haryana, Chandigarh & Delhi and West Uttar Pradesh.

International Fundamentals:

The ICE cotton Futures ended down by 73 point at 70.8 cents/lb. The Cotlook A index was up by 90 points to 80.15 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 ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|-------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 26-Nov-20 | 25-Nov-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 5900 | 5900 | Unch |
| | Gondal | Shankar-6 | 5830 | 5855 | -25 |
| | Rajkot | B.T. Cotton | 5980 | 6005 | -25 |
| | Patan | B.T. Cotton | 5850 | 5825 | 25 |
| | Kadi | B.T. Cotton | 5750 | 5600 | 150 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 5770 | 5775 | -5 |
| Haryana | Bhiwani | B.T. Cotton | 5350 | 5380 | -30 |
| | Bhiwani | Desi | 6000 | 6000 | Unch |
| | Adampur | B.T. Cotton | 5500 | 5450 | 50 |
| | Fatehabad | B.T. Cotton | 5550 | 5450 | 100 |
| | 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 | Closed | - |
| | Rawatsar | B.T. Cotton | 5525 | 5550 | -25 |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 5600 | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 5550 | 5500 | 50 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Andhra Pradesh | Adoni | Medium Staple | 5340 | NA | - |
| Telangana | Adilabad | Un-Ginned | 5775 | 5775 | Unch |
| Karnataka | Bijapur | Bunny | 5917 | 5909 | 8 |
| | Hubli | D.C.H. | 5639 | 5651 | -12 |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 5570 | 5550 | 20 |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 26-Nov-20 | 25-Nov-20 | |
| Punjab | Bhatinda | J-34 | 4360 | 4350 | 10 |
| | Abohar | J-34 | 4360 | 4350 | 10 |
| | Mansa | J-34 | 4350 | 4340 | 10 |
| Haryana | Sirsa | J-34 | 4290 | 4280 | 10 |

| | | | | | |
|-----------|----------------|------|------|------|------|
| Rajasthan | Sri-Ganganagar | J-34 | 4014 | 4014 | Unch |
|-----------|----------------|------|------|------|------|

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 26-Nov-20 | 25-Nov-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 68000 | 59500 | 8500 |
| | Gondal | Shankar-6 | 3255 | 3229 | 26 |
| | Rajkot | B.T. Cotton | 5200 | 2300 | 2900 |
| | Patan | B.T. Cotton | 8815 | 8027 | 788 |
| | Kadi | B.T. Cotton | 40000 | 40000 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 255 | 251 | 4 |
| Haryana | Bhiwani | B.T. Cotton | 30000 | 20000 | 10000 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 1700 | 1020 | 680 |
| | Fatehabad | B.T. Cotton | 600 | 700 | -100 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 2000 | 2500 | -500 |
| Rajasthan | Hanumangarh | B.T. Cotton | 400 | Closed | - |
| | Rawatsar | B.T. Cotton | 300 | 300 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 1500 | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 12000 | 8000 | 4000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Andhra Pradesh | Adoni | Medium Staple | 13927 | NA | - |
| Telangana | Adilabad | Un-Ginned | 2734639 | 1978955 | 755684 |
| Karnataka | Bijapur | Bunny | 8393 | 7872 | 521 |
| | Hubli | D.C.H. | 135 | 23 | 112 |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 360 | 337 | 23 |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 26-Nov-20 | 25-Nov-20 | |
| Punjab | Bhatinda | J-34 | 11900 | 11900 | Unch |
| | Abohar | J-34 | 170 | 850 | -680 |
| | Mansa | J-34 | 170 | 850 | -680 |
| Haryana | Sirsa | J-34 | 170 | 1700 | -1530 |
| Rajasthan | Sri-Ganganagar | J-34 | 2000 | 1000 | 1000 |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 26-Nov-20 | 25-Nov-20 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1035 | 1035 | Unch |
| Delhi | New Delhi | Rs. /10 Kg. | 995 | 995 | Unch |
| Telangana | Hyderabad | Rs. /10 Kg. | 1055 | 1045 | 10 |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1045 | 1045 | Unch |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 26-Nov-20 | 25-Nov-20 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2115 | 2057 | 58 |
| Maharashtra | Akola | Rs./Qtl | 2114 | 2060 | 54 |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index | Unit | 26-Nov-20 | 23-Nov-20 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 14583 | 14531 | 52 |
| CCIndex(527) | RMB/Ton | 13733 | 13668 | 65 |
| CCIndex(229) | RMB/Ton | 14862 | 14800 | 62 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 26-Nov-20 | 23-Nov-20 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 83.14 | 83.27 | -0.13 |
| FC Index (M) | Cents/lb | 81.36 | 81.39 | -0.03 |
| FC Index (L) | Cents/lb | 80.28 | 80.26 | 0.02 |

Cotlook Index:

| Cotlook Indices | Unit | 24-Nov-20 | 23-Nov-20 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 80.15 | 79.2 | 0.95 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 24-Nov-20 | 24-Nov-20 | Bales |
| Southeast | cents/lb. | 70.98 | 73.23 | 92 |
| North Delta | cents/lb. | 69.98 | 72.23 | 357 |
| South Delta | cents/lb. | 69.98 | 72.23 | 0 |

| | | | | |
|------------|-----------|-------|-------|-------|
| East TX-OK | cents/lb. | 67.48 | 69.98 | 1576 |
| West Texas | cents/lb. | 67.48 | 70.48 | 10490 |
| Desert SW | cents/lb. | 65.48 | 69.73 | 0 |
| SJ Valley | cents/lb. | 65.98 | 74.88 | 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 25-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 Wednesday November 25, 2020

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 20-Dec | 201125 | 71.02 | 71.02 | 70.80 | 70.80 | -0.73 | 133 | 398 | -182 |
| 21-Mar | 201125 | 72.84 | 73.15 | 72.30 | 72.36 | -0.62 | 18,895 | 140,326 | +1,720 |
| 21-May | 201125 | 73.70 | 73.96 | 73.19 | 73.21 | -0.62 | 6,257 | 35,738 | +1,966 |
| 21-Jul | 201125 | 74.29 | 74.48 | 73.86 | 73.89 | -0.58 | 1,558 | 18,923 | +164 |
| 21-Oct | 201125 | 71.65 | 71.65 | 71.65 | 71.65 | -0.42 | 0 | 5 | +0 |
| 21-Dec | 201125 | 70.90 | 71.25 | 70.63 | 70.73 | -0.30 | 1,044 | 21,745 | +353 |
| Total Volume and Open Interest | | | | | | | 28,098 | 219,661 | +3,984 |

Source: MRCI

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