

### 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.19, 970/bale on Friday. ICE cotton futures closed red on Thursday.

**News: Cyclonic rains submerge 13,000 ha of standing crop.** Cotton and various other crops are damaged due to the rains caused by cyclone Nivar in Guntur district. If the rains continue for one more day the yield will be affected. The farmers will face heavy loss due to the crop damage.

**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 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 Coastal Andhra Pradesh & Yanam and Andaman & Nicobar Islands. Thunderstorm with lightning likely at isolated places over Andaman & Nicobar Islands and thunderstorm with lightning at isolated over Rayalseema, Kerala & Mahe, and Coastal Andhra Pradesh & Yanam.

#### International Fundamentals:

The ICE cotton Futures ended down by 73 point at 70.8 cents/lb. The Cotlook A index was up by 95 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)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
27- Nov	-200	19960	20000	19700	19850	48	82	334	459
31-Dec	-310	20100	20290	19900	19920	688	744	2293	2381
29-Jan	-210	20390	20460	20140	20250	31	20	34	22

  

Spread	20-Aug	20-Sep	20-Oct	--	--	--
Spot				-	-	-
20-Aug	-	-	-	-	-	-
20-Sep	-	-	-	-	-	-

As on 27-Nov-2020

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Nov-20	26-Nov-20	
Gujarat	Ahmedabad	Shankar-6	5800	5900	-100
	Gondal	Shankar-6	5755	5830	-75
	Rajkot	B.T. Cotton	5895	5980	-85
	Patan	B.T. Cotton	5875	5850	25
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5770	-
Haryana	Bhiwani	B.T. Cotton	5380	5350	30
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5425	5500	-75
	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	5500	5500	Unch
	Rawatsar	B.T. Cotton	5500	5525	-25
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5600	5550	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	5340	5340	Unch
Telangana	Adilabad	Un-Ginned	5725	5775	-50
Karnataka	Bijapur	Bunny	5869	5917	-48
	Hubli	D.C.H.	5639	5639	Unch
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5500	5570	-70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Nov-20	26-Nov-20	
Punjab	Bhatinda	J-34	4330	4360	-30
	Abohar	J-34	4330	4360	-30
	Mansa	J-34	4340	4350	-10
Haryana	Sirsa	J-34	4260	4290	-30
Rajasthan	Sri-Ganganagar	J-34	3995	4014	-19

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Nov-20	26-Nov-20	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	1382	3255	-1873
	Rajkot	B.T. Cotton	4300	5200	-900
	Patan	B.T. Cotton	8520	8815	-295
	Kadi	B.T. Cotton	50000	40000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	255	-
Haryana	Bhiwani	B.T. Cotton	15000	30000	-15000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	500	600	-100
	Jind	B.T. Cotton	NA	NA	-

	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2000	2000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	200	400	-200
	Rawatsar	B.T. Cotton	400	300	100
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	12000	12000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	12583	13927	-1344
Telangana	Adilabad	Un-Ginned	2236687	2734639	-497952
Karnataka	Bijapur	Bunny	6968	8393	-1425
	Hubli	D.C.H.	12	135	-123
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	337	360	-23
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Nov-20	26-Nov-20	
Punjab	Bhatinda	J-34	3400	11900	-8500
	Abohar	J-34	255	170	85
	Mansa	J-34	680	170	510
Haryana	Sirsa	J-34	510	170	340
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	27-Nov-20	26-Nov-20	
Gujarat	Rajkot	Rs. /10 Kg.	1035	1035	Unch
Delhi	New Delhi	Rs. /10 Kg.	975	995	-20
Telangana	Hyderabad	Rs. /10 Kg.	1055	1055	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1060	1045	15

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Nov-20	26-Nov-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2104	2115	-11
Maharashtra	Akola	Rs./Qtl	2107	2114	-7

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	27-Nov-20	24-Nov-20	Change
CCIndex(328)	RMB/Ton	14578	14588	-10
CCIndex(527)	RMB/Ton	13733	13723	10
CCIndex(229)	RMB/Ton	14859	14861	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	27-Nov-20	24-Nov-20	Change
FC Index (S)	Cents/lb	82.53	84.52	-1.99
FC Index (M)	Cents/lb	80.67	82.64	-1.97
FC Index (L)	Cents/lb	79.67	81.51	-1.84

Cotlook Index:

Cotlook Indices	Unit	25-Nov-20	24-Nov-20	Change
A-Index	Cents/Pound	79.45	80.15	-0.70

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Nov-20	25-Nov-20	Bales
Southeast	cents/lb.	70.36	72.61	248
North Delta	cents/lb.	69.36	71.61	0
South Delta	cents/lb.	69.36	71.61	0
East TX-OK	cents/lb.	66.86	69.36	1695
West Texas	cents/lb.	66.86	69.86	6352
Desert SW	cents/lb.	64.86	69.11	0
SJ Valley	cents/lb.	65.36	74.26	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 26-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 Thursday November 26, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Dec</a>	201125	71.02	71.02	70.80	70.80	-0.73	133	398	-182
<a href="#">21-Mar</a>	201125	72.84	73.15	72.30	72.36	-0.62	18,895	140,326	+1,720
<a href="#">21-May</a>	201125	73.70	73.96	73.19	73.21	-0.62	6,257	35,738	+1,966
<a href="#">21-Jul</a>	201125	74.29	74.48	73.86	73.89	-0.58	1,558	18,923	+164
<a href="#">21-Oct</a>	201125	71.65	71.65	71.65	71.65	-0.42	0	5	+0
<a href="#">21-Dec</a>	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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