

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

News: Cotton farmers suffer damage due to cyclone Nivar. Cotton crop in Nandigama mandal of Andhra Pradesh's Krishna district has suffered severe damage due to cyclone Nivar. According to the estimates, about 30,000 hectares of agricultural crops and 1,300 hectares of horticultural crops suffered damage due to the cyclone. Procurement operations were also delayed due to cyclone, the crop is discolored and hence unusable now.

The Regional Agricultural Research Station, Warangal has advised cotton farmers to go for early harvest As to avoid crop infestation by pink bollworm, which has become prevalent in certain parts of the state due to ongoing cold weather. The farmers have been advised to use insecticide if the infestation is moderate and destruction of the stubble if the chemicals fail to yield expected results.

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, Telengana, Maharashtra and Gujarat. There are some unknown regions such as Guntur and Prakasam district in Andhra Pradesh which has also been affected.

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 very likely at isolated places over Tamil Nadu, Puducherry & Karaikal and Kerala & Mahe. Thunderstorm with lightning likely at isolated places over Kerala and Mahe, Tamilnadu, Puducherry & Karaikal and Lakshadweep.

International Fundamentals:

The ICE cotton Futures ended up by 73 point at 71.53 cents/lb. The Cotlook A index was down by 50 points to 78.95 cents/lb. The AWP for cotton is 58.63 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	30-Nov-20	28-Nov-20	
Gujarat	Ahmedabad	Shankar-6	5850	5850	Unch
	Gondal	Shankar-6	5880	5830	50
	Rajkot	B.T. Cotton	5800	5810	-10
	Patan	B.T. Cotton	Closed	5850	-
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5400	5380	20
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5450	5475	-25
	Fatehabad	B.T. Cotton	5480	5510	-30
	Jind	B.T. Cotton	NA	NA	-

	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5725	5750	-25
Rajasthan	Hanumangarh	B.T. Cotton	5500	5500	Unch
	Rawatsar	B.T. Cotton	5550	5500	50
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5350	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.	5675	5500	175
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5540	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Nov-20	28-Nov-20	
Punjab	Bhatinda	J-34	4325	4320	5
	Abohar	J-34	4320	4320	Unch
	Mansa	J-34	4310	4360	-50
Haryana	Sirsa	J-34	4270	4260	10
Rajasthan	Sri-Ganganagar	J-34	4005	3995	9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Nov-20	28-Nov-20	
Gujarat	Ahmedabad	Shankar-6	59500	68000	-8500
	Gondal	Shankar-6	3486	3018	468
	Rajkot	B.T. Cotton	5200	4750	450
	Patan	B.T. Cotton	Closed	10893	-
	Kadi	B.T. Cotton	30000	50000	-20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	15000	20000	-5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1360	340
	Fatehabad	B.T. Cotton	500	800	-300
	Jind	B.T. Cotton	NA	NA	-

	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	4400	1500	2900
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	300	500	-200
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	10000	-2000
	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.	156	28	128
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	262	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Nov-20	28-Nov-20	
Punjab	Bhatinda	J-34	6800	5100	1700
	Abohar	J-34	1020	850	170
	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	1700	170	1530
Rajasthan	Sri-Ganganagar	J-34	1500	1500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	30-Nov-20	28-Nov-20	
Gujarat	Rajkot	Rs. /10 Kg.	1035	1035	Unch
Delhi	New Delhi	Rs. /10 Kg.	1000	1000	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1050	1050	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1065	1050	15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-Nov-20	28-Nov-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	Closed	2104	-
Maharashtra	Akola	Rs./Qtl	Closed	2107	-

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

Index	Unit	30-Nov-20	27-Nov-20	Change
CCIndex(328)	RMB/Ton	14651	14578	73
CCIndex(527)	RMB/Ton	13789	13733	56
CCIndex(229)	RMB/Ton	14928	14859	69
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	30-Nov-20	27-Nov-20	Change
FC Index (S)	Cents/lb	83.51	82.53	0.98
FC Index (M)	Cents/lb	81.76	80.67	1.09
FC Index (L)	Cents/lb	80.67	79.67	1.00

Cotlook Index:

Cotlook Indices	Unit	27-Nov-20	26-Nov-20	Change
A-Index	Cents/Pound	78.95	78.95	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Nov-20	27-Nov-20	Bales
Southeast	cents/lb.	71.24	73.49	0
North Delta	cents/lb.	70.24	72.49	0
South Delta	cents/lb.	70.24	72.49	0
East TX-OK	cents/lb.	67.99	70.49	434
West Texas	cents/lb.	67.99	70.99	4428
Desert SW	cents/lb.	66.24	70.49	1100
SJ Valley	cents/lb.	66.74	75.64	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 28-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 Friday November 27, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Dec	201127	71.53	71.68	71.53	71.68	+0.88	93	313	-85
21-Mar	201127	72.73	73.50	72.40	73.24	+0.88	19,602	139,596	-730
21-May	201127	73.59	74.31	73.27	74.06	+0.85	5,151	35,954	+216
21-Jul	201127	73.94	74.96	73.94	74.71	+0.82	1,296	19,139	+216
21-Oct	201127	72.44	72.44	72.36	72.36	+0.71	0	5	0
21-Dec	201127	71.00	71.58	70.70	71.44	+0.71	438	21,917	+172
Total Volume and Open Interest							26,693	219,548	-113

Source: MRCI

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