

**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, 570/bale on Friday. ICE cotton futures closed red on Thursday.*

**News: Cotton price has decreased as arrivals begun to increase in the market.** *The daily arrival has increased to about 2.5 lakh bales resulting into decrease in cotton prices by Rs 200 per candy. Cotton corporation of India has procured around 32.85 lakh bales of cotton till date, CCI has also been procuring good quantity of cotton from the market this year.*

**Cotton export are likely to jump 40% in 2020-21 to 7 million bales,** *the highest in seven years, as depreciation of the rupee and a rally in global prices have allowed exporters to clinch contracts. India has exported around 50 lakh bales in the previous season. Yarn exports however are declining, as India faces duty challenges in export market. Countries like Pakistan and Bangladesh levy higher rates of duty on Indian yarn, while they enjoy duty free or concessional duty access in India. India is lagging in cotton export to major markets due to duty disadvantage.*

**About Rs 6,314 crore transferred to cotton farmers under Production Linked Incentives.** *The government has transferred Rs 6,314 crore to farmers after procuring Cotton valued at over Rs 7,500 crore, thereby benefiting 5 Lakh farmers, under CCI recently approved Production linked incentives to the textile sector.*

**Nivar cyclone extensively damaged crops in over 6.59 lakh hectares.** *The Nivar cyclone last week has caused extensive damage to crops in over 6.59 lakh hectares in different districts of Andhra Pradesh, according to the government, enumeration of the crop losses would be completed by December 15 and input subsidy will be distributed to farmers by December 31.*

**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.*

**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.

**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.

**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 to very heavy rainfall very likely at isolated places over Tamilnadu, Puducherry & Karaikal and Kerala & Mahe and heavy rainfall at isolated places over Andaman & Nicobar Islands, Coastal Andhra Pradesh & Yanam, Rayalseema & Lakshadweep.. Thunderstorm with lightning likely at isolated places over Andaman & Nicobar Islands, Lakshadweep, South Interior Karnataka, Kerala & Mahe & Tamilnadu, Puducherry & Karaikal.

#### **International Fundamentals:**

The ICE cotton Futures was up by 13 points at 69.55 cents/lb. The Cotlook A index weakened another half cents on 12/3 down to 78.3 cents/lb. The AWP for cotton is 58.42 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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Dec-20	03-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5600	5625	-25
	Gondal	Shankar-6	5555	5705	-150
	Rajkot	B.T. Cotton	5640	5625	15
	Patan	B.T. Cotton	5680	5755	-75
	Kadi	B.T. Cotton	5800	5700	100
	Deesa	B.T. Cotton	5225	NA	-
	Dhrol	B.T. Cotton	5575	5535	40
Haryana	Bhiwani	B.T. Cotton	5300	5400	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5380	5380	Unch
	Fatehabad	B.T. Cotton	5420	5425	-5
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5725	-25
Rajasthan	Hanumangarh	B.T. Cotton	5400	5400	Unch
	Rawatsar	B.T. Cotton	5275	5300	-25
Madhya Pradesh	Khandwa	Mech-1	NR	5500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5250	5300	-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	5725	5725	Unch
Karnataka	Bijapur	Bunny	5706	NA	-
	Hubli	D.C.H.	5369	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Dec-20	03-Dec-20	
Punjab	Bhatinda	J-34	4260	4260	Unch
	Abohar	J-34	4260	4270	-10
	Mansa	J-34	4340	4325	15
Haryana	Sirsa	J-34	4190	4210	-20

Rajasthan	Sri-Ganganagar	J-34	3892	3948	-56
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Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Dec-20	03-Dec-20	
Gujarat	Ahmedabad	Shankar-6	64600	64600	Unch
	Gondal	Shankar-6	3463	3787	-324
	Rajkot	B.T. Cotton	3200	4400	-1200
	Patan	B.T. Cotton	15461	13300	2161
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	85	NA	-
	Dhrol	B.T. Cotton	241	359	-118
Haryana	Bhiwani	B.T. Cotton	15000	10000	5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	1360	-850
	Fatehabad	B.T. Cotton	1000	500	500
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	3200	3170	30
Rajasthan	Hanumangarh	B.T. Cotton	1000	2000	-1000
	Rawatsar	B.T. Cotton	300	500	-200
Madhya Pradesh	Khandwa	Mech-1	NR	2000	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	15000	1000
	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	2764484	2550417	214067
Karnataka	Bijapur	Bunny	5683	NA	-
	Hubli	D.C.H.	129	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Dec-20	03-Dec-20	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1190	850	340
	Mansa	J-34	850	1190	-340
Haryana	Sirsa	J-34	2550	2040	510
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Dec-20	03-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1045	1035	10
Delhi	New Delhi	Rs. /10 Kg.	1000	1000	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1045	1045	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1050	1055	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Dec-20	03-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2084	2100	-16
Maharashtra	Akola	Rs./Qtl	2100	2115	-15

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

Index	Unit	04-Dec-20	01-Dec-20	Change
CCIndex(328)	RMB/Ton	14569	14598	-29
CCIndex(527)	RMB/Ton	13759	13773	-14
CCIndex(229)	RMB/Ton	14870	14883	-13

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	04-Dec-20	01-Dec-20	Change
FC Index (S)	Cents/lb	81.49	82.36	-0.87
FC Index (M)	Cents/lb	79.85	80.74	-0.89
FC Index (L)	Cents/lb	78.81	79.71	-0.90

**Cotlook Index:**

Cotlook Indices	Unit	02-Dec-20	01-Dec-20	Change
A-Index	Cents/Pound	78.85	78.85	Unch

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		02-Dec-20	02-Dec-20	Bales

Southeast	cents/lb.	69.6	71.85	2061
North Delta	cents/lb.	68.85	71.1	126
South Delta	cents/lb.	68.85	71.1	0
East TX-OK	cents/lb.	66.35	68.85	4003
West Texas	cents/lb.	66.35	69.35	1837
Desert SW	cents/lb.	64.6	68.85	250
SJ Valley	cents/lb.	65.1	74	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 03-Dec-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 December 03, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Dec</a>	201203	69.85	69.85	69.25	69.42	-0.57	14	153	-22
<a href="#">21-Mar</a>	201203	71.60	71.98	71.07	71.11	-0.49	13,966	135,945	-2,290
<a href="#">21-May</a>	201203	72.50	72.80	71.97	72.00	-0.50	4,800	37,555	+67
<a href="#">21-Jul</a>	201203	73.23	73.52	72.72	72.76	-0.48	3,110	19,901	+118
<a href="#">21-Oct</a>	201203	70.90	70.90	70.90	70.90	-0.45	0	5	+0
<a href="#">21-Dec</a>	201203	70.64	70.82	70.25	70.25	-0.27	939	22,293	+145
Total Volume and Open Interest							22,857	218,293	-1,997

Source: MRCI

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