

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 higher at Rs.19, 570/bale on Friday. ICE cotton futures closed green on Friday.

News: Pink Bollworm damages cotton crop in Gujarat. *The major cotton growing areas in Gujarat such as Amreli, Rajkot, Bhavnagar, Morbi, Jamnagar and surendarnagr has reported pink bollworm infestation, according to the official estimates up to 15 percent drop in the crop yield may occur in cotton crop in Gujarat. Some farmers are now switching to other Rabi season crops and are not going for third round of picking in cotton from their fields.*

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 famers 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 & Lakshadweep. Thunderstorm with lightning likely at isolated places over Lakshadweep, Kerala & Mahe & Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

The ICE cotton Futures was up by 44 points at 71.55 cents/lb. The Cotlook A index was 50 points lower on 12/3, at 78.35 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	05-Dec-20	04-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5600	5600	Unch
	Gondal	Shankar-6	5555	5555	Unch
	Rajkot	B.T. Cotton	5650	5640	10
	Patan	B.T. Cotton	5680	5680	Unch
	Kadi	B.T. Cotton	5600	5800	-200
	Deesa	B.T. Cotton	NA	5225	-
	Dhrol	B.T. Cotton	5575	5575	Unch
Haryana	Bhiwani	B.T. Cotton	5300	5300	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5450	5380	70
	Fatehabad	B.T. Cotton	5450	5420	30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5700	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5450	5400	50
	Rawatsar	B.T. Cotton	5250	5275	-25
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5350	5250	100
	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	NA	5706	-
	Hubli	D.C.H.	5469	5369	100
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5550	5600	-50
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	05-Dec-20	04-Dec-20	
Punjab	Bhatinda	J-34	4270	4260	10

	Abohar	J-34	4270	4260	10
	Mansa	J-34	4280	4340	-60
Haryana	Sirsa	J-34	4210	4190	20
Rajasthan	Sri-Ganganagar	J-34	3892	3892	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Dec-20	04-Dec-20	
Gujarat	Ahmedabad	Shankar-6	68000	64600	3400
	Gondal	Shankar-6	3609	3463	146
	Rajkot	B.T. Cotton	4025	3200	825
	Patan	B.T. Cotton	13700	15461	-1761
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	NA	85	-
	Dhrol	B.T. Cotton	310	241	69
Haryana	Bhiwani	B.T. Cotton	15000	15000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	510	850
	Fatehabad	B.T. Cotton	800	1000	-200
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	3500	3200	300
Rajasthan	Hanumangarh	B.T. Cotton	1200	1000	200
	Rawatsar	B.T. Cotton	300	300	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	16000	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	2772795	2764484	8311
Karnataka	Bijapur	Bunny	NA	5683	-
	Hubli	D.C.H.	11	129	-118
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	337	262	75
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	05-Dec-20	04-Dec-20	
Punjab	Bhatinda	J-34	8500	8500	Unch

	Abohar	J-34	510	1190	-680
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	05-Dec-20	04-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1045	1045	Unch
Delhi	New Delhi	Rs. /10 Kg.	1000	1000	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1045	1045	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1055	1050	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	05-Dec-20	04-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2084	2084	Unch
Maharashtra	Akola	Rs./Qtl	2100	2100	Unch

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

Index	Unit	05-Dec-20	02-Dec-20	Change
CCIndex(328)	RMB/Ton	Closed	14582	-
CCIndex(527)	RMB/Ton	Closed	13771	-
CCIndex(229)	RMB/Ton	Closed	14876	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	05-Dec-20	02-Dec-20	Change
FC Index (S)	Cents/lb	Closed	82.36	-
FC Index (M)	Cents/lb	Closed	80.74	-
FC Index (L)	Cents/lb	Closed	79.71	-

Cotlook Index:

Cotlook Indices	Unit	03-Dec-20	02-Dec-20	Change
A-Index	Cents/Pound	78.35	78.85	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		03-Dec-20	03-Dec-20	Bales
Southeast	cents/lb.	69.61	71.86	814
North Delta	cents/lb.	68.36	70.61	705
South Delta	cents/lb.	68.36	70.61	0
East TX-OK	cents/lb.	65.86	68.36	1695
West Texas	cents/lb.	65.86	68.86	13847
Desert SW	cents/lb.	64.11	68.36	304
SJ Valley	cents/lb.	64.61	73.51	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 Friday December 04, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Dec	201204	69.45	69.85	69.45	69.86	+0.44	73	64	-89
21-Mar	201204	71.18	72.27	71.11	71.57	+0.46	19,066	133,285	-2,660
21-May	201204	72.00	73.15	72.00	72.45	+0.45	36,885	36,885	-670
21-Jul	201204	72.82	73.88	72.82	73.21	+0.45	20,116	20,116	+215
21-Oct	201204	71.31	71.31	71.31	71.31	+0.41	6	6	+1
21-Dec	201204	70.50	71.28	70.50	70.70	+0.42	22,561	22,561	+268
Total Volume and Open Interest							215,551	215,551	-2,910

Source: MRCI

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