

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, 610/bale on Friday. ICE cotton futures closed green on Friday.

News: Cotton prices increases after cyclonic rains in Guntur district of Andhra Pradesh. Due to floods and cyclones in recent months, the demand for quality cotton has increased in the market. The exporters and traders are offering better price for cotton in the open market. Cotton price in the open market have jumped to Rs 5,250 per quintal from Rs 4,500 per quintal. With increase in prices in the open market, farmers are now started selling their cotton stock in the open market.

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.

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/ snowfall very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Balistan & Muzaffarabad. Thunderstorm with lightning likely at isolated places over Soth Coastal Andhra Pradesh, Lakshadweep, Kerela & 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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	07-Dec-20	05-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5600	5600	Unch
	Gondal	Shankar-6	5580	5555	25
	Rajkot	B.T. Cotton	5625	5650	-25
	Patan	B.T. Cotton	NR	5680	-
	Kadi	B.T. Cotton	5500	5600	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5620	5575	45
Haryana	Bhiwani	B.T. Cotton	5400	5300	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5400	5450	-50
	Fatehabad	B.T. Cotton	5400	5450	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-

	Dabwali	B.T. Cotton	5750	5700	50
Rajasthan	Hanumangarh	B.T. Cotton	5450	5450	Unch
	Rawatsar	B.T. Cotton	5250	5250	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5250	5350	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	5369	NA	-
Telangana	Adilabad	Un-Ginned	NA	5725	-
Karnataka	Bijapur	Bunny	NA	5709	-
	Hubli	D.C.H.	5650	5469	181
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5600	5550	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	07-Dec-20	05-Dec-20	
Punjab	Bhatinda	J-34	4270	4270	Unch
	Abohar	J-34	4270	4270	Unch
	Mansa	J-34	4260	4280	-20
Haryana	Sirsa	J-34	4210	4210	Unch
Rajasthan	Sri-Ganganagar	J-34	3948	3892	56

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Dec-20	05-Dec-20	
Gujarat	Ahmedabad	Shankar-6	57800	68000	-10200
	Gondal	Shankar-6	2922	3609	-687
	Rajkot	B.T. Cotton	2800	4025	-1225
	Patan	B.T. Cotton	NR	13700	-
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	545	310	235
Haryana	Bhiwani	B.T. Cotton	15000	15000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1360	-170
	Fatehabad	B.T. Cotton	1000	800	200
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2500	3500	-1000

Rajasthan	Hanumangarh	B.T. Cotton	1000	1200	-200
	Rawatsar	B.T. Cotton	500	300	200
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	13500	NA	-
Telangana	Adilabad	Un-Ginned	NA	2772795	-
Karnataka	Bijapur	Bunny	NA	3374	-
	Hubli	D.C.H.	69	11	58
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	285	337	-52
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	07-Dec-20	05-Dec-20	
Punjab	Bhatinda	J-34	3400	8500	-5100
	Abohar	J-34	510	510	Unch
	Mansa	J-34	850	1020	-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	07-Dec-20	05-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	1055	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	07-Dec-20	05-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2014	2084	-70
Maharashtra	Akola	Rs./Qtl	2059	2100	-41

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	07-Dec-20	04-Dec-20	Change
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CCIndex(328)	RMB/Ton	14582	14569	13
CCIndex(527)	RMB/Ton	13771	13759	12
CCIndex(229)	RMB/Ton	14899	14870	29
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	07-Dec-20	04-Dec-20	Change
FC Index (S)	Cents/lb	NR	81.49	-
FC Index (M)	Cents/lb	NR	79.85	-
FC Index (L)	Cents/lb	NR	78.81	-

Cotlook Index:

Cotlook Indices	Unit	04-Dec-20	03-Dec-20	Change
A-Index	Cents/Pound	77.85	78.35	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		04-Dec-20	04-Dec-20	Bales
Southeast	cents/lb.	70.07	72.32	3077
North Delta	cents/lb.	68.82	71.07	3263
South Delta	cents/lb.	68.82	71.07	0
East TX-OK	cents/lb.	66.57	69.07	5014
West Texas	cents/lb.	66.57	69.82	6703
Desert SW	cents/lb.	64.57	68.82	0
SJ Valley	cents/lb.	65.07	73.97	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 05-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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