

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, 720/bale on Thursday. ICE cotton futures closed green on Wednesday.

News: Cotton Corporation of India slashed Minimum support price. Earlier the government had fixed minimum support price at Rs. 5,725 per quintals, which has cut down by Rs 60. Now the CCI is purchasing at Rs. 5,665 per quintal. The sudden slash in MSP has created panic among farmers in the region, which is known as cotton belt of Haryana. Although no procurement operation has been done by CCI due to Bharat Bandh.

Cotton prices in wholesale market have firmed up due to government procurement. Wholesale prices are now between Rs. 5,300 and Rs. 5,400 per quintal with the trade sources not ruling out further price rise fueled by export demand. Cotton Association of India has revised its earlier export for cotton marketing year (October – September 2020-21) to 54 lakh bales of 170 kg each from the previous 60 lakh bales.

Cotton Association of India has revised cotton export estimate for 2020-21. Indian cotton is no longer the cheapest in the world as price of Indian cotton have increased from Rs. 38000 per candy of 356 kg each to Rs. 41,500 while the international prices have declined about 4%. Cotton Association of India has revised its estimates for export down by 10% to 5.4 million bales of 170 kg each.

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.

Weather Forecast:

Heavy rainfall very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan & Muzaffrabad. Thunderstorm with lightning very likely at isolated places over over Jammu & Kashmir, Ladakh, Gilgit-Balistan & Muzaffrabad , Himachal Pradesh, Punjab and Madhya Pradesh, Maharashtra and thunderstorm accompanied with lightning at isolated places over Haryana, Chandigarh & Delhi and west Madhya Pradesh.

International Fundamentals:

The ICE cotton Futures was up by 107 points at 73.05 cents/lb. The Cotlook A index was up by 75 points lower on 12/8, at 79.10 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 to170 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.Revivingthis industry would also lead to the creation of thousands jobs in the cotton farms and factories.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+150	19950.00	20040.00	19920.00	19880	410	2460
MXCTNZ0	+150	19950.00	20040.00	19920.00	19880	410	2460
MXCTNF1	+140	20200.00	20270.00	20160.00	20130	173	399

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Dec-20	08-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5625	5625	Unch
	Gondal	Shankar-6	5630	Closed	-
	Rajkot	B.T. Cotton	5625	Closed	-
	Patan	B.T. Cotton	NR	NR	-
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	0	-
	Dhrol	B.T. Cotton	5625	NA	-
Haryana	Bhiwani	B.T. Cotton	5400	Closed	-
	Bhiwani	Desi	NA	0	-
	Adampur	B.T. Cotton	5450	Closed	-
	Fatehabad	B.T. Cotton	5425	Closed	-
	Jind	B.T. Cotton	NA	0	-
	Uchana	B.T. Cotton	NA	0	-
	Dabwali	B.T. Cotton	5665	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	5425	Closed	-
	Rawatsar	B.T. Cotton	5200	Closed	-
Madhya Pradesh	Khandwa	Mech-1	5600	NR	-
	Khargaon	Mech-1	0	NA	-
Maharashtra	Amravati	Mech-1	5350	5300	50
	Jamner	Medium Staple	NA	0	-
Uttar Pradesh	Hathras	B.T. Cotton	5400	NA	-
	Hathras	Desi	4300	NA	-
Andhra Pradesh	Adoni	Medium Staple	5363	NA	-
Telangana	Adilabad	Un-Ginned	NA	5725	-
Karnataka	Bijapur	Bunny	NA	5683	-
	Hubli	D.C.H.	NA	5550	-
	Hubli	B.T. Cotton	NA	0	-
	Raichur	H-44 Cotton	5550	5400	150
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Dec-20	08-Dec-20	
Punjab	Bhatinda	J-34	4280	Closed	-
	Abohar	J-34	4280	Closed	-
	Mansa	J-34	4260	Closed	-

Haryana	Sirsa	J-34	4220	Closed	-
Rajasthan	Sri-Ganganagar	J-34	3948	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Dec-20	08-Dec-20	
Gujarat	Ahmedabad	Shankar-6	64600	42500	22100
	Gondal	Shankar-6	1862	Closed	-
	Rajkot	B.T. Cotton	3000	Closed	-
	Patan	B.T. Cotton	NR	NR	-
	Kadi	B.T. Cotton	30000	40000	-10000
	Deesa	B.T. Cotton	NA	0	-
	Dhrol	B.T. Cotton	493	NA	-
Haryana	Bhiwani	B.T. Cotton	12000	Closed	-
	Bhiwani	Desi	NA	0	-
	Adampur	B.T. Cotton	1700	Closed	-
	Fatehabad	B.T. Cotton	500	Closed	-
	Jind	B.T. Cotton	NA	0	-
	Uchana	B.T. Cotton	NA	0	-
	Dabwali	B.T. Cotton	1100	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	1000	Closed	-
	Rawatsar	B.T. Cotton	500	Closed	-
Madhya Pradesh	Khandwa	Mech-1	2000	NR	-
	Khargaon	Mech-1	0	NA	-
Maharashtra	Amravati	Mech-1	17000	16000	1000
	Jamner	Medium Staple	NA	0	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	9200	NA	-
Telangana	Adilabad	Un-Ginned	NA	3564828	-
Karnataka	Bijapur	Bunny	NA	3972	-
	Hubli	D.C.H.	NA	130	-
	Hubli	B.T. Cotton	NA	0	-
	Raichur	H-44 Cotton	225	225	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Dec-20	08-Dec-20	
Punjab	Bhatinda	J-34	8500	Closed	-
	Abohar	J-34	1020	Closed	-
	Mansa	J-34	680	Closed	-

Haryana	Sirsa	J-34	2040	Closed	-
Rajasthan	Sri-Ganganagar	J-34	2000	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	10-Dec-20	08-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1030	1045	-15
Delhi	New Delhi	Rs. /10 Kg.	1000	1000	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1035	1045	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1040	1055	-15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Dec-20	08-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2025	1977	48
Maharashtra	Akola	Rs./Qtl	2025	2025	Unch

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

Index	Unit	10-Dec-20	07-Dec-20	Change
CCIndex(328)	RMB/Ton	14663	14582	81
CCIndex(527)	RMB/Ton	13817	13771	46
CCIndex(229)	RMB/Ton	14922	14899	23

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

China Foreign Cotton (FCE) Index :

Index	Unit	10-Dec-20	07-Dec-20	Change
FC Index (S)	Cents/lb	84.09	82.23	1.86
FC Index (M)	Cents/lb	81.78	80.6	1.18
FC Index (L)	Cents/lb	80.78	79.6	1.18

Cotlook Index:

Cotlook Indices	Unit	07-Dec-20	06-Dec-20	Change
A-Index	Cents/Pound	78.35	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		07-Dec-20	07-Dec-20	Bales

Southeast	cents/lb.	70.88	73.13	0
North Delta	cents/lb.	69.63	71.88	201
South Delta	cents/lb.	69.63	71.88	0
East TX-OK	cents/lb.	67.38	69.88	2627
West Texas	cents/lb.	67.38	70.63	5240
Desert SW	cents/lb.	65.38	69.63	0
SJ Valley	cents/lb.	65.88	74.78	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 09-Dec-2020				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	9680
Equivalent	40 Kgs	10074	193	10374

Daily Futures Price Listing Wednesday December 09, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
20-Dec	201209	72.00	73.22	71.86	73.05	+1.07	15,209	127,692	-1,607
21-Mar	201209	72.85	74.04	72.77	73.89	+1.04	5,461	38,059	+1,003
21-May	201209	73.79	74.74	73.53	74.60	+0.98	2,369	20,609	+404
21-Jul	201209	72.73	72.73	72.73	72.73	+0.71	0	6	+0
21-Oct	201209	71.22	71.90	70.90	71.73	+0.70	1,148	22,939	-133
21-Dec	201209	72.50	72.54	72.50	72.54	+0.63	14	1,193	+0
Total Volume and Open Interest							24,208	211,972	-347

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2020 Indian Agribusiness Systems Pvt. Ltd.