

Domestic market summary

Domestic marketScenario: Cotton Corporation of India had already started its procurement operations in various states like Punjab, Haryana, Rajasthan and Madhya Pradesh. CCI has procured around 34 lakh bales till 30 November. Cotton arrivals in the mandi has also increased about 2,70,000 to 3,00,000 bales a day. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood firm around Rs.39,124/ candy in Nov'20.

Monthly Price Outlook : The Kapas prices likely to remain firm between Rs. 5700-5850/q in the Rajkot market and the prices of medium staple length in Adoni market is likely to hover around Rs. 4450-5500/q in the coming month.

Major Market Highlights:

Cotton exports are likely to jump 40% in 2020-21 to 7 million bales, which is the highest in seven years, as depreciation of the rupee and a rally in global prices have allowed exporters to clinch contracts. India did export around 50 lakh bales in the previous season but yarn exports however declined, as India faced 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 and developed countries.

The Regional Agricultural Research Station, Warangal has advised cotton farmers to go for early harvest 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 insecticides if the infestation is moderate and destruction of the stubble if the chemicals fail to yield expected results.

The Nivar cyclone 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.

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 other regions such as Guntur and Prakasam district in Andhra Pradesh which may also have been affected.

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 abroad by private traders.

Cotton Corporation of India (CCI) has started purchasing raw cotton from the farmers in Telangana (Adilabad Market). The Centre has announced MSP of Rs.5,825/q of cotton with 8% moisture content. Adilabad authorities have issued tokens through agriculture extension offices to cotton farmers so that they can bring their produce on a known schedule. The farmers have been asked to dry their produce before bringing it to the market yard to ensure moisture content is below 12%, for getting a good price. The productivity from the first picking in Telangana and Andhra Pradesh is expected to have declined to 4-6 quintals per acre.

Cotton Balance Sheet:

(Quantity in Lakh Bales)

Year	2017-18	2018-19	2019-20	2020-21*
State	Production			
Punjab	9.00	8.50	9.50	12.19
Haryana	23.60	23.00	25.50	27.61
Rajasthan	23.40	28.00	28.00	30.47
Gujarat	105.00	88.00	95.50	77.50
Maharashtra	83.00	74.09	87.80	87.93
Madhya Pradesh	21.50	23.05	20.00	22.00
Telangana	51.50	36.00	51.00	70.86
Andhra Pradesh	18.50	14.91	14.75	14.55
Karnataka	18.75	15.50	21.00	24.86
Tamil Nadu	5.75	5.00	5.00	3.51
Orissa	4.00	4.00	3.75	3.85
Others	1.00	1.00	1.00	0.84
TOTAL	365	321.05	362.80	376.17

As per the latest estimates by Agriwatch, cotton output in the country during the season 2019-20 would be around 362.8 lakh bales (of 170 kg each). The cotton output in the coming 2020-21 season is estimated to increase to around 376.17 lakh bales, as the area sown under cotton has increased.

Due to the good export parity in the 2019-20, exports are likely have increased to 50.7 lakh bales. Whereas, the imports in 2020-21 are likely to decline to around 10 lakh bales from 15 lakh bales in 2019-20.

The total cotton availability by the end season in 2019-20 season is estimated at 402.4 lakh bales and even higher availability is expected in 2020-21 season of around 485.75 lakh bales.

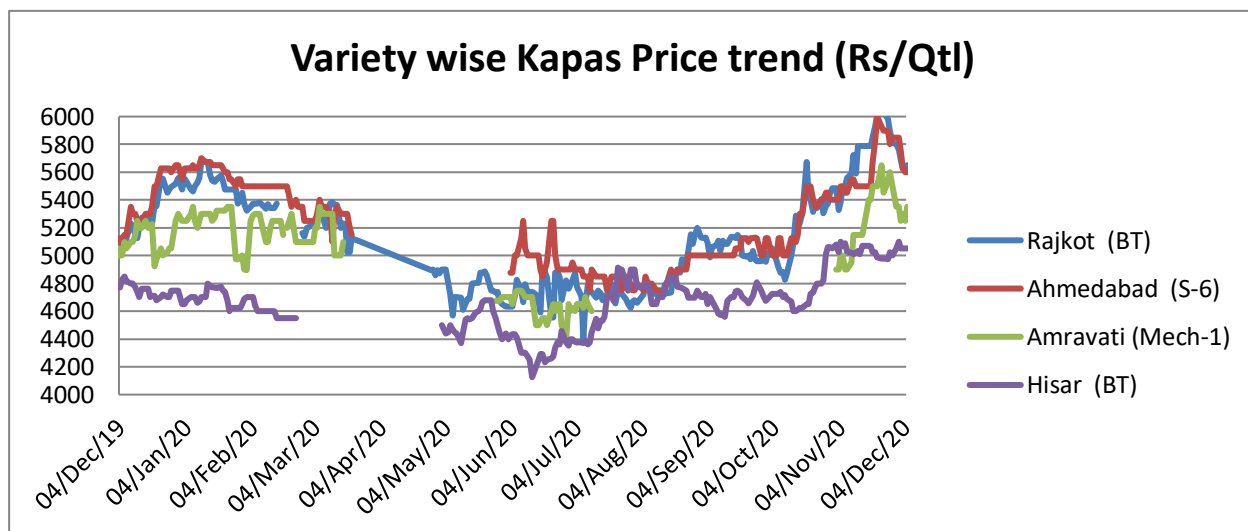
Total domestic mill consumption (excluding non- mill consumption) in 2020-21 is expected to increase by 25% to 286.46 lakh bales in 2020-21, which had significantly declined to 230 lakh bales in 2019-20 amid the spread of coronavirus.

So, the decline in consumption has result in higher ending stocks of around 102.63 lakh bales in 2019-20. The endingstocks by the end of 2020-21 season would depend on the final demand and consumption which is estimated to be 121.57 lakh bales owing to the higher crop this year.

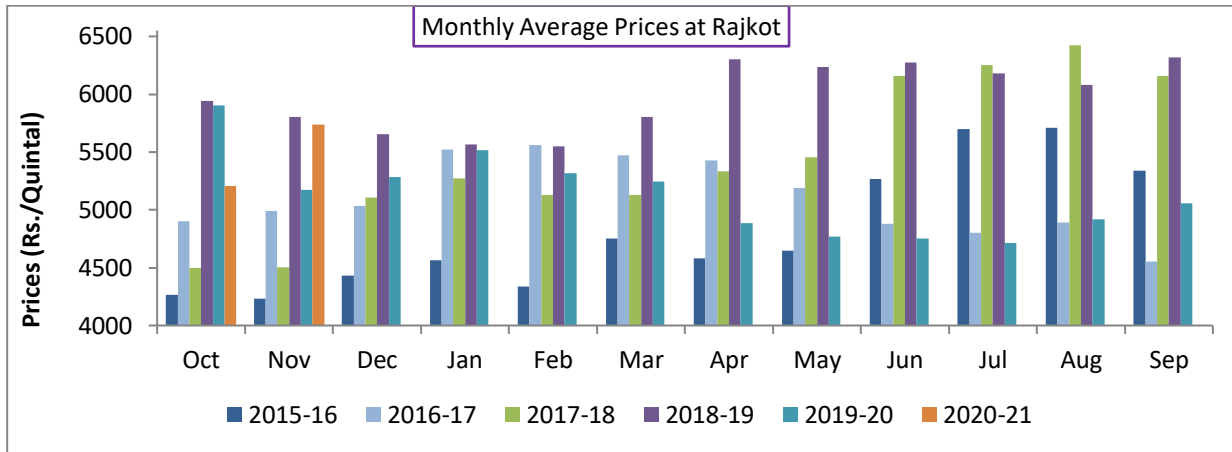
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot and other markets were significantly firm and stood at Rs.5751/quintal, up by INR 149 in Rajkot.



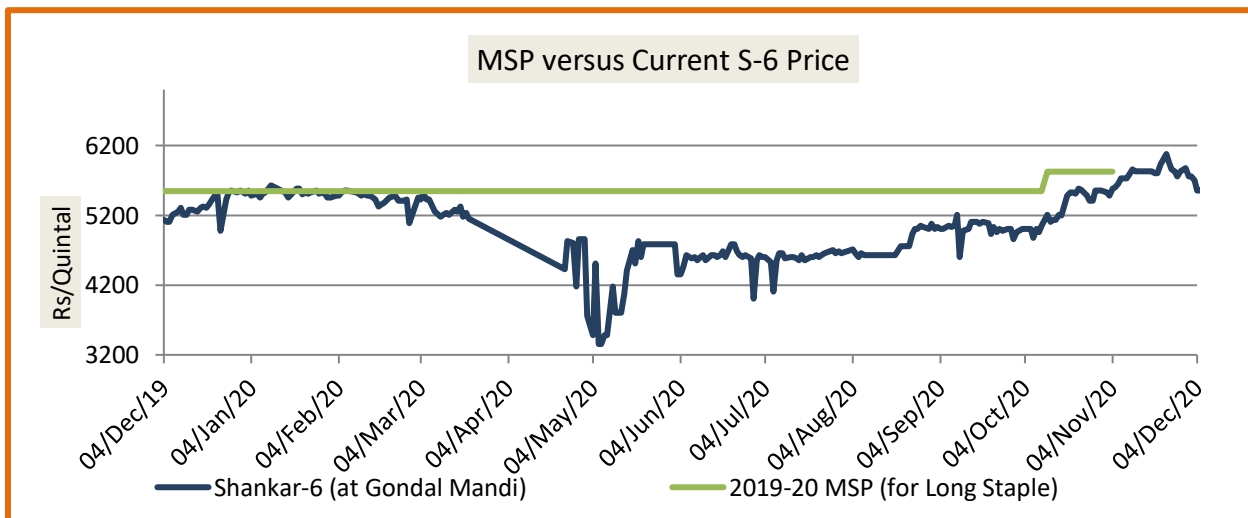
Kapas Monthly M-o-M Price Scenario



The arrivals in the month of November were high in the market. The monthly average price was also high in November at Rs. 5740/q compared to the prices during the corresponding month of the previous season. (Rs. 5172/q)

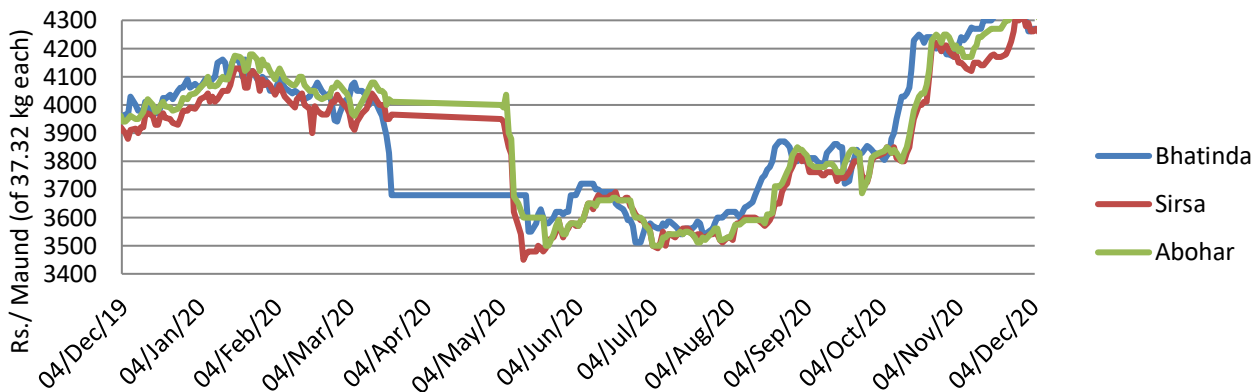
Spot Price versus MSP

The average price in the Gondal market was higher in November month at Rs.5,784/q compared to Rs. 5,268/q in October. While the arrivals increased during the month as to 57,911 quintals. The prices rose by around Rs.516/q in November compared to the previous month.



The prices in the northern states were firm during November. Monthly average price of Lint at Sirsa stood higher at Rs.4209 per maund of 37.32 kg each in November, compared to the average monthly price of Rs. 4037 per maund in October. The prices were hovering higher around Rs. 4290 per maund in Bhatinda in the month of November.

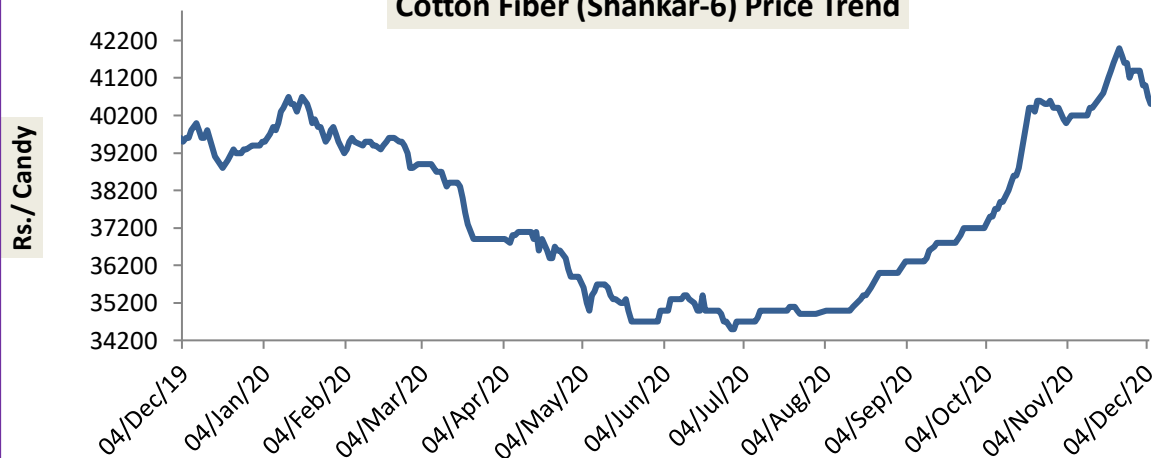
Lint Price Trend at Key Centers



Cotton Fiber price Outlook

CCI sales declined as soon as the arrivals in the open market increased and simultaneously the CCI's floor prices were hiked. There was good export demand from China and Bangladesh during November. However, the traders are expecting increase in exports. The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.40834.78 per candy (of 355.6 kg each) during November, up by Rs.1,710 per candy from previous month. While the prices during the same month last year were firm around Rs. 39,124 per candy. Agriwatch expects cotton fiber to remain range-bound around of Rs.40,500-44,000 per candy in the coming month amid increase in kapas MSP.

Cotton Fiber (Shankar-6) Price Trend

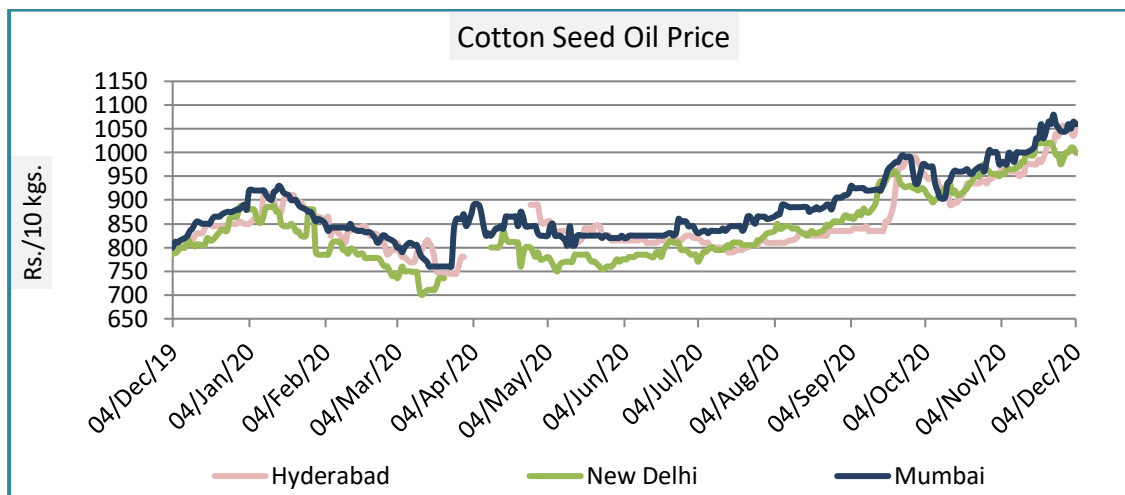


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil prices showed firm trend due to the lower arrivals of quality seeds. The heavy rainfall caused the arrival of poor quality seeds. The monthly average price in Hyderabad stood at Rs.1016 per 10 Kg, and followed by Rs. 1018 kg in Rajkot and Rs.989 per 10 kg in New Delhi.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Nov	Oct	
New Delhi	989	931	6.27
Rajkot	1018	942	8.04
Hyderabad	1016	935	8.62
Mumbai	1028	960	7.11

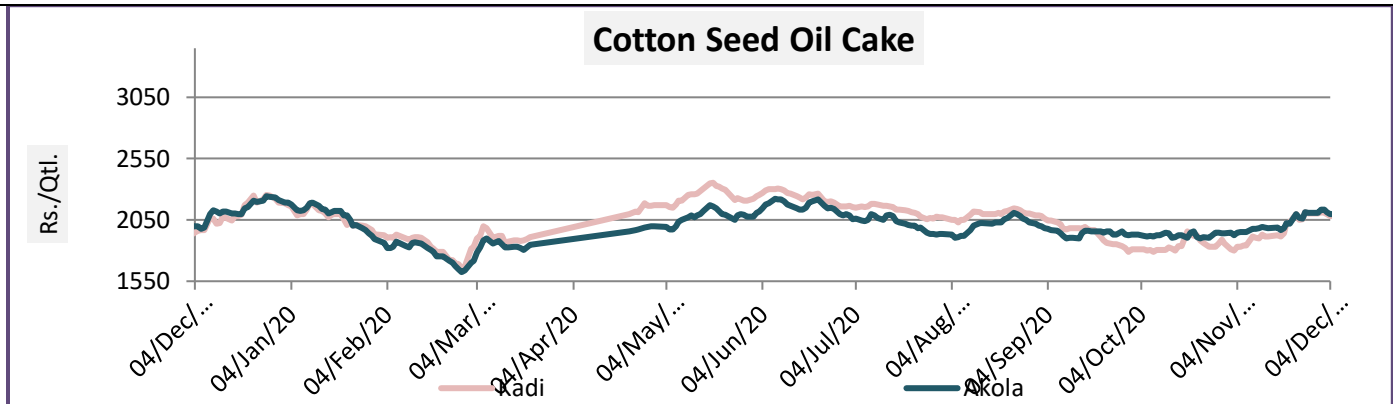


Cotton Seed Oil Cake monthlyPrice Scenario

The spot market traded weak during November month, with the average price in Kadi up by 6% at Rs.1955 per quintal and 4% up around Rs.2008 per quintal in Akola. According to Cotton Corporation of India, CottonSeed prices have increased about Rs 50 per quintal in Haryana but cotton seed oil cake prices have remained stable. Due to decrease in cotton production in the current season in Gujarat, Maharashtra and Telangana, the CottonSeedOil prices are likely to increase to about Rs 4000 per quintal by the end of this season, Current prices for cotton seed hover around Rs. 2650 per quintal and the prices are likely to decline in the short term, due to accumulation of stock in the CCI godowns as there are limited buyers.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Nov	Oct	
Kadi	1955	1844	6.01
Akola	2008	1925	4.33

*Source: NCDEX



International Market Scenario

ICE front month futures rose by around 5.8 % in Nov'20 month compared in Oct'20. The average of ICE December contract stood high around 70.00 cents/lbs in November, up by 483 points compared to the average price that stood in October around 69.03 cents/lbs. The aggressive Chinese cotton imports and crop damage in US and reduction in yield across India due to the rainfall supported the market.

Major Market Highlights:

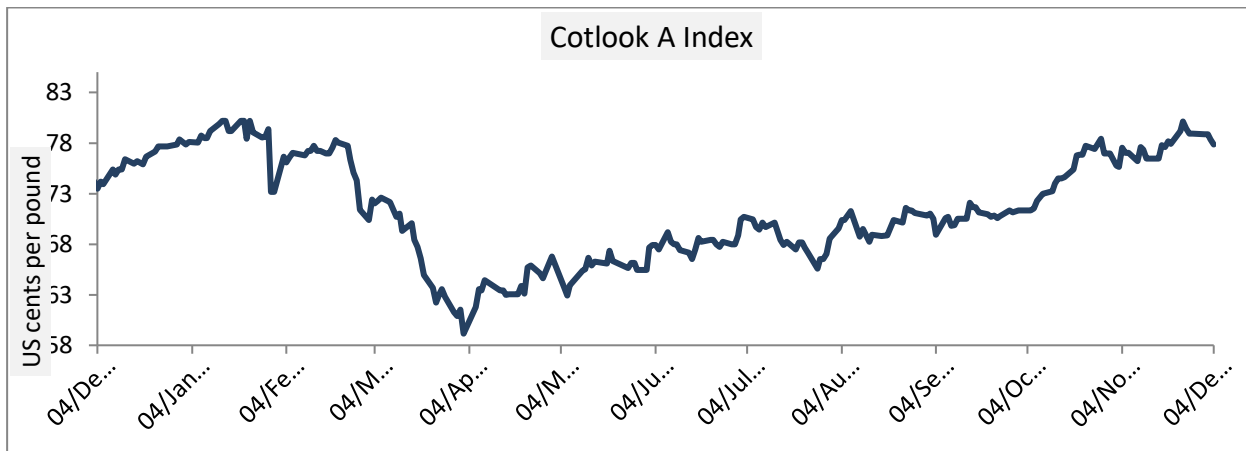
- **US Cotton export shipments from the latest report were 288,700 RB.** Fears over damage to the crop due to Storm Zeta, which brought heavy rainfall in top growing states provided a slight support to the cotton market. Concerns continued to mount over the US cotton yield and fiber quality. As of October 25, the Alabama crop was behind the 5-year average at only 34% harvested, Mississippi was behind at 63% harvested, Louisiana 87%, and Texas 48%.
- **U.S. Bans cotton imports from china.** U.S has expanded economic pressure on china's western region of Xinjiang by banning imports of cotton and cotton products from XPCC, a powerful Chinese quasi-military organization. The move, known as Withhold Release Order (WRO), covers cotton from XPCC, its subordinates and affiliated entities, as well as products derived from XPCC processed cotton.



- **Mexico's cotton production could disappear in 2021.** Cotton cultivation in Mexico could disappear as the prohibition of SEMARNAT to use transgenic seed. There is an urgency of new genetically modified seeds of better quality for the next planting cycle, it has led the organization to request a hearing to expose the problem.
- **Revival of cotton farming may help Kenya to boost economy.** The cabinet had 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 China cotton fiber imports have reached 9.65 lakh bales** and the import volume was reached with the arrival of US Reserve purchases amounting to 6.70 lakh bales. Similarly, cotton yarn imports have reached the equivalent of more than 9 lakh bales of cotton fiber. Such a surge in imports was driven by the revival of domestic demand and the competitive cotton yarn import prices and duties.
- **Iran's cotton production is estimated to reach 16 lakh bales, from which about 4 lakh bales of refined cotton** are expected to be produced in the current fiscal year started in March 2020, a 15.71% increase compared with last year. Iran will be able to meet 68% of its domestic demand this year against 58% last year. Iran imports around 3.5-4.5 lakh bales of cotton every year from the world.
- **Major cotton growing districts in south Punjab of Pakistan are facing critical decline in production as more than 50% crop has been damaged in the region.** According to the estimates released by the Cotton Crop Assessment Committee meeting in Pakistan, the cotton production during the current season will be at 8.59 million bales against the target of 10.89 million bales. Out of the total production, the target of cotton output in Punjab was set at 5.30 million bales and Sindh with 3.0 million bales of crop. The major reason behind this was non availability of good quality of seeds. Also, the textile sector has urged the government to allow duty-free cotton yarn to reduce the cost of production and could help in surge in the country's exports.
- **According to USDA latest October report, the 2020-21 world cotton supply and demand is affected by lower production, higher consumption and trade, and lower ending stocks** compared to last month. Production has been lowered by more than 1 million bale (1 bale equivalent to 170 kgs) with declines in Mali, Pakistan, and Greece offsetting a larger expected crop in Uzbekistan and Nigeria. Consumption is 1.95 million bales higher, after revisions for China and India. World ending stocks in 2020-21 are now projected 3.47 million bales lower than in September, at 129.45 million bales.

The average Cotlook A Index stood higher at 77.63 US cents per lb in Nov month and increased by 4.03%. The Cotlook index increased during the last week of Oct'20.

Cotlook A Index	Monthly Average Price as on		% Change
	Nov	Oct	
Prices	77.63	74.63	4.03
Prices in US cents per Pound			



Source: Cotlook

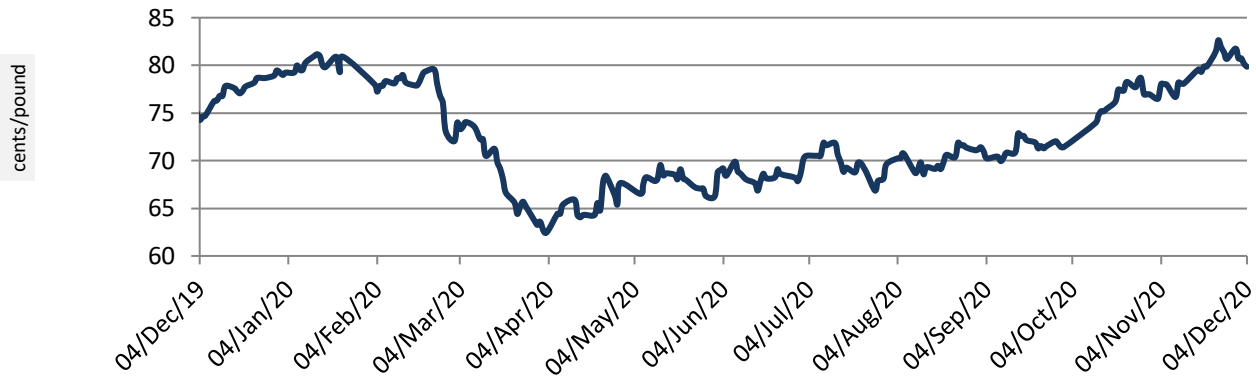
China Cotton Index and Foreign Cotton Index

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.

Cotton Index	Monthly Average Price as on		% Change
	Nov	Oct	
FC (S)	81.24	79.13	2.66
FC (M)	79.29	76.36	3.83
FC (L)	78.12	75.08	4.05
Prices in US cents per Pound			

Source: China Cotton Association

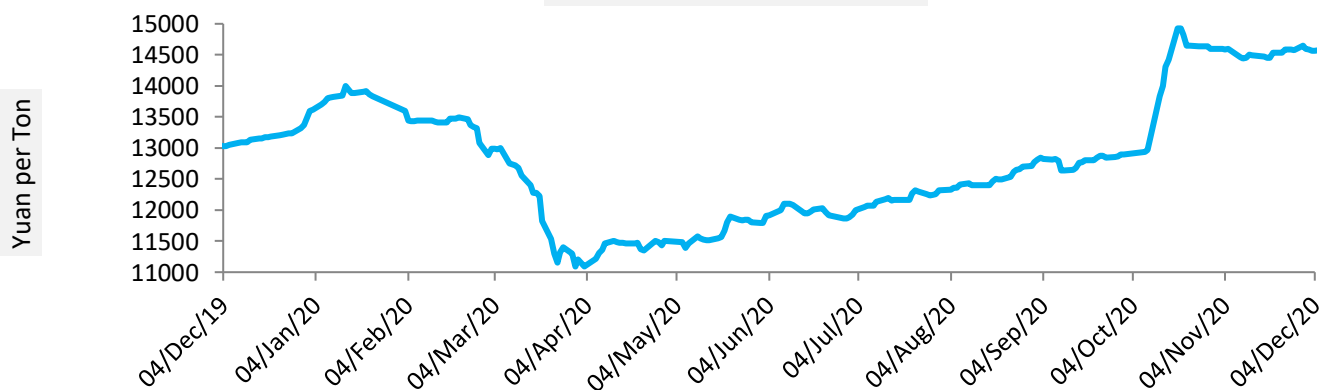
FC Index (M)



Cotton Index	Monthly Average Price as on		% Change
	Nov	Oct	
CCIndex(328)	14533.58	14281.00	1.77
CCIndex(527)	13646.37	13205.94	3.34
CCIndex(229)	14810.63	14527.17	1.95
Prices in Yuan per ton			

Source: China Cotton Association

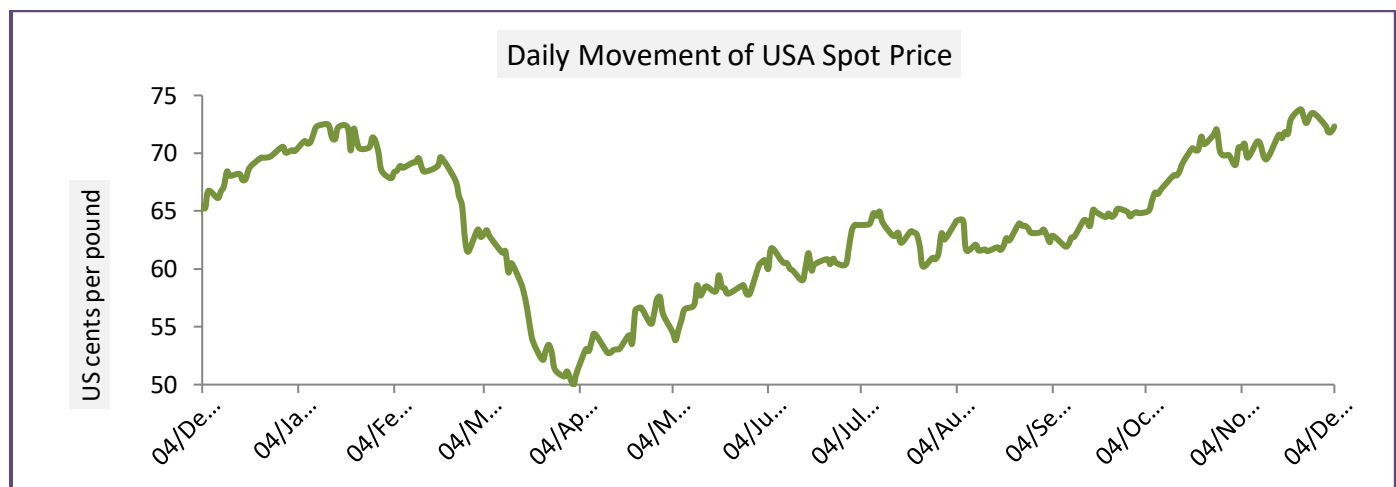
China Cotton Index(328)



U.S. Export Sales was lower but shipments were better. Net upland sales of 1,15,600 RB for 2020- 2021 were down 60 percent from the previous week and 42 percent from the prior 4-week average. Increases primarily for China, Pakistan (25,200 RB), Turkey (22,500 RB), South Korea (16,600 RB), and Guatemala (15,900 RB), and the major reductions were primarily from Bangladesh (44,100 RB) and Mexico (10,100 RB).

USA Spot Prices	Monthly Average Price as on		% Change
	Nov	Oct	
Prices	71.42	63.56	4.18
Prices in US cents per Pound			

Source: USDA



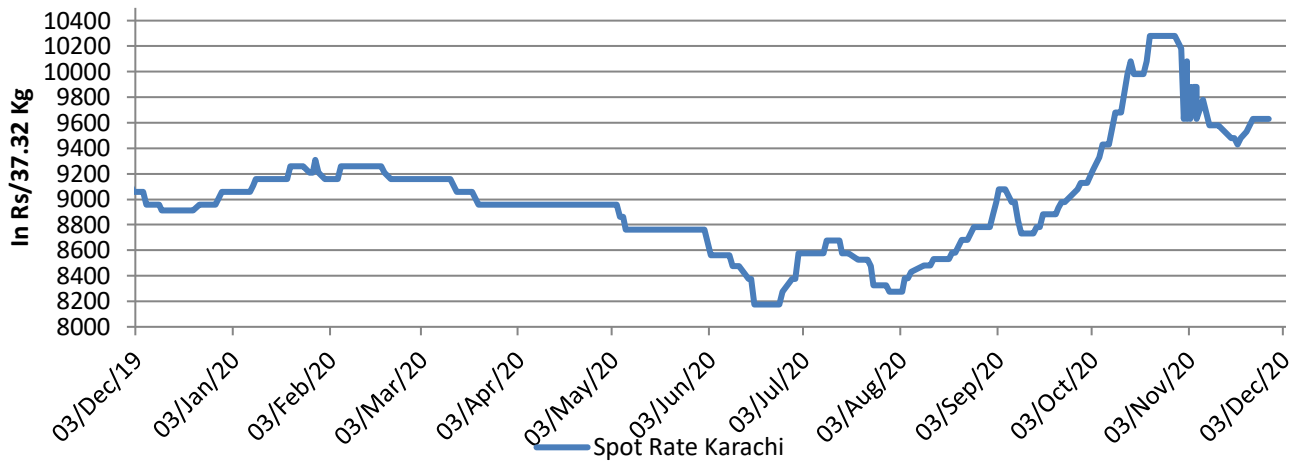
Pakistan Spot Prices

The Pakistan cotton market remained weak owing to the increasing trends in the import of cotton observed and threat of Covid-19 is increasing. Lack of interest of farmers in cotton crop was witnessed and cotton ginners and the people relating to cotton business are looking for new businesses.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Nov	Oct	
Prices	9651	9882	-2.34
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com

Spot Rate Karachi



Commodity: Cotton

Exchange: MCX

Contract: Nov.

Expiry: Dec. 31, 2020

Cotton

COTTON 1st/MXCTNC1/2020/12/02 - Daily R: 19870.00 A: 19900.00
 O 19980.00 H 19990.00 L 19820.00 C 19900.00 V 558 T 277,618 I 2,520 -160 -0.80%
 EMA(18) 19872 (50) 19320



Technical Commentary:

- Cotton broke down through a trendline resistance early last week, but has kept pace with the trendline against a sharp fall that would be normally expected.
- Although prices have been making higher highs and higher lows, the RSI has diverged with a lower low.
- The price movement during last two sessions has been rangebound with prices taking support near 18-day EMA near 19870. Yesterday the market closed at 19900 after testing a low of 19820.
- A close below 18-day EMA would further strengthen the bearish stance. On the other hand, if the market tests the resistance at the trendline (currently at 20350), one may still enter a short trade anticipating a re-

test of the 18-day EMA. The bearish view would be negated if the market closes above the trendline,

Strategy: Sell on rise

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Dec	19320	19870	19900	20350	20450
			Call	Entry	T1	T2	SL
Cotton	MCX	Dec	Sell	20300	19900	19350	20450

* Do not carry-forward the position next day.

Commodity: Cotton Seed oil Cake

Exchange: NCDEX

Contract: Dec

Expiry: Dec 19, 2020

Cottonseed Oilcake

COTTON SEED OIL 1st(NCCOUC1)2020/12/09 - Daily B:1983.00 A:1988.00
 O 1994.00 H 1994.00 L 1981.00 C 1985.00 V 310 I 23,010 +5 +0.25%
 EMA(9) 2043.9 (18) 2035.3 (50) 1965.3



Technical Commentary:

- Cottonseed oilcake broke below a supporting trendline, as well as 9-day and 18-day EMA's two days ago.
- The price is expected to have resistance at 2044 (EMA-9) and 2069 (trendline), and have supports at 1965 (EMA-50) and 1945 (consolidation zone).
- Short positions may be created at 2040 with stoploss at 2075.

Strategy: Sell

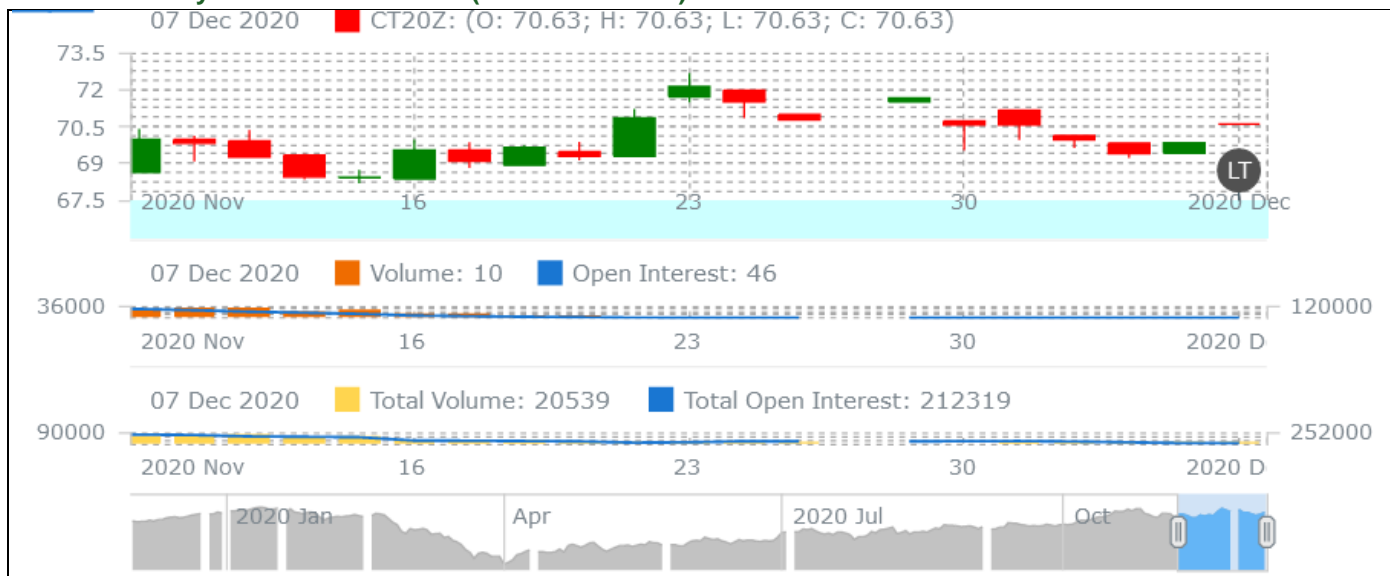
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	1945	1965	1980	2044	2069

Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Sell	2040	1965	1945	2075

* Do not carry-forward the position next day.

Monthly Technical Outlook:

Technical Analysis of Cotton Future (Oct'20 Contract) at ICE



- Candlesticks showed firm trend in the market during October.
- Volume&Open Interest have increased over a month.
- We expect cotton prices to remain steady to firm in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	69-74

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
69	70	72	73

Figures in US cents/pound

Cotton Future Prices at ICE

Future Price Trend (Active Contract):

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	04-Dec-20	04-Nov-20	05-Sep-20	07-Jun-20	04-Dec-19	% Change over a	% Change over

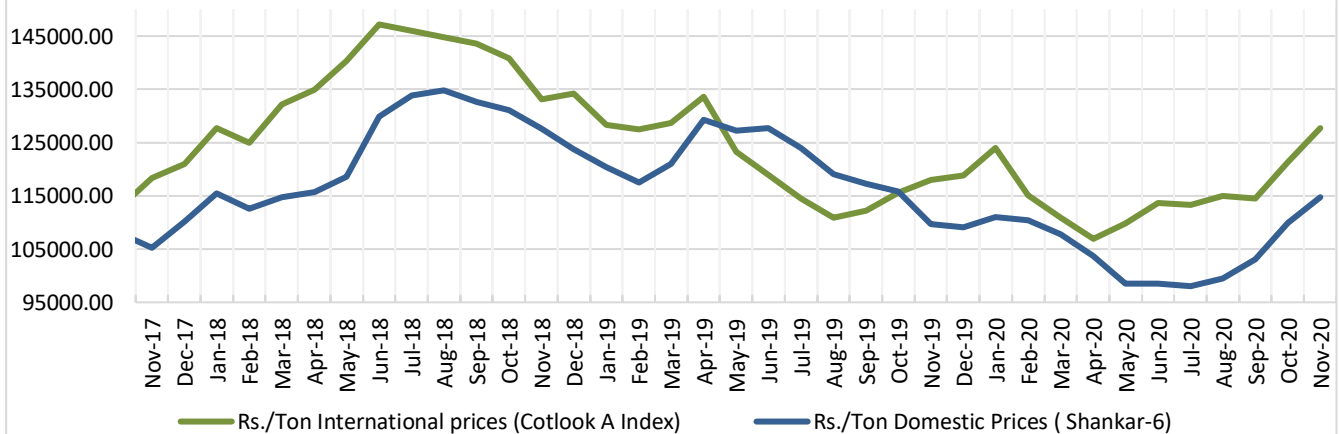
		(1 month ago)	(3 months ago)	(6 months ago)	(a year ago)	month	previous year
Dec-20	69.86	70.23	64.99	61.12	63.10	-0.53	10.71
Mar-21	71.57	71.19	65.97	60.37	65.78	0.53	8.80
May-21	72.45	71.95	66.77	60.94	66.54	0.69	8.88
Jul-21	73.21	72.55	67.77	61.27	67.19	0.91	8.96
Oct-21	71.31	70.15	67.47	61.48	66.96	1.65	6.50

Cotton Future Price Trend (Oct'20 Contract at ICE)



International and Domestic Price Comparison

International and Domestic Price Comparison (Rs./Ton)



Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Nov'20	Oct'20	
Gujarat	Ahmedabad	Shankar-6	5671	5253	418
	Gondal	Shankar-6	5775	5245	530
	Rajkot	B.T. Cotton	5740	5207	533
	Patan	B.T. Cotton	5599	5168	430
	Kadi	B.T. Cotton	5545	5182	364
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5545	4852	693
Haryana	Bhiwani	B.T. Cotton	5240	5296	-57
	Bhiwani	Desi	6000	5659	341
	Adampur	B.T. Cotton	5362	5271	91
	Fatehabad	B.T. Cotton	5376	5298	78
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5726	5588	139
Rajasthan	Hanumangarh	B.T. Cotton	5391	5169	222
	Rawatsar	B.T. Cotton	5380	5208	172
Madhya Pradesh	Khandwa	Mech-1	5600	5233	367
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5274	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5450	5623	-173
	Hathras	Desi	5975	4894	1081
Telangana	Adilabad	Un-Ginned	5786	NA	-
Andhra Pradesh	Adoni	Medium Staple	4866	5059	-193
Karnataka	Bijapur	Bunny	5537	5066	471
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	5398	NA	-
	Raichur	H-44 Cotton	5307	5118	189

Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Nov'20	Oct'20	
Punjab	Bhatinda	J-34	4292	4062	231
	Abohar	J-34	4294	4067	227
	Mansa	J-34	4293	4067	226
Haryana	Sirsa	J-34	4213	4037	176
Rajasthan	Sri-Ganganagar	J-34	3924	3786	138

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Nov'20	Oct'20	
Gujarat	Ahmedabad	Shankar-6	980900	664700	316200
	Gondal	Shankar-6	62978	57911	5067
	Rajkot	B.T. Cotton	73900	72100	1800
	Patan	B.T. Cotton	154102	239479	-85377
	Kadi	B.T. Cotton	705000	500000	205000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1550	1373	177
Haryana	Bhiwani	B.T. Cotton	526000	1153000	-627000
	Bhiwani	Desi	NA	400	-
	Adampur	B.T. Cotton	526000	22270	503730
	Fatehabad	B.T. Cotton	30430	20550	9880
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	51250	46300	4950
Rajasthan	Hanumangarh	B.T. Cotton	7250	15300	-8050
	Rawatsar	B.T. Cotton	7750	8950	-1200
Madhya Pradesh	Khandwa	Mech-1	20200	2400	17800
	Khargaon	Mech-1	NA	14800	-
Maharashtra	Amravati	Mech-1	148500	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	710	9600	-8890
	Hathras	Desi	240	2560	-2320
Telangana	Adilabad	Un-Ginned	36976079	NA	-

Andhra Pradesh	Adoni	Medium Staple	206562	NA	-
Karnataka	Bijapur	Bunny	118572	17448	101124
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	549	NA	-
	Raichur	H-44 Cotton	6976	20061	-13085
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Nov'20	Oct'20	
Punjab	Bhatinda	J-34	277100	286195	-9095
	Abohar	J-34	45135	77520	-32385
	Mansa	J-34	32640	47090	-14450
Haryana	Sirsa	J-34	34510	48790	-14280
Rajasthan	Sri-Ganganagar	J-34	42500	52800	-10300

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Nov'20	Oct'20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38746	36876	1870
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39246	37528	1718
J-34(202)	27mm	3.5 - 4.9	23	39750	37724	2026
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39521	37708	1813
Shankar-6(105)	29mm	3.5 - 4.9	28	40858	39124	1734
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42217	40240	1977
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42938	40828	2110
DCH-32(107)	34mm	3.0 - 3.8	33	56976	55812	1164

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