

COTTON WEEKLY RESEARCH REPORT
7th Dec 2020**Domestic market summary**

- **Domestic marketScenario:**CCI procurement operations are going on at MSP in various states and has purchased around 34 lakh bales of cotton, so far. Indian exports remained slow during last week. Gujarat Shankar-6 variety cotton spot prices stood firm around Rs.41,250 per candy during the week.

Weekly Price Outlook : The average price of Kapas is likely to remain firm between Rs. 5736-6010/q in Rajkot while the prices in Andhra Pradesh likely to hover around Rs.4550-5000/q.

Major Market Highlights:

- All India daily arrivals have reached around 2,50,000 to 3,00,000 bales per day.
- Cotlook index stood higher (79.80 cents/lbs) compared to the ICE cotton future that stood at 72.15 cents/lbs.
- Indian rupee remained stronger between 73.68 to 74.05 against USD compared to last week.

Market Highlights:

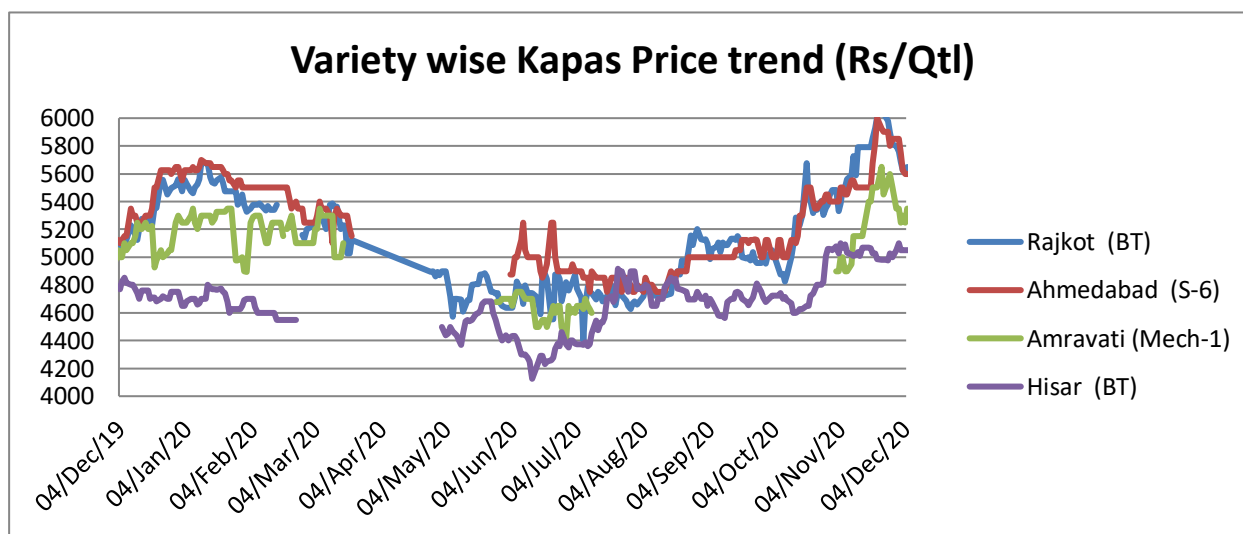
- Cotton prices increased after cyclonic rains in Guntur district of Andhra Pradesh. Due to floods and cyclones in recent months, the demand for quality cotton has increased in the market. The exporters and traders are offering better price for cotton in the open market. Cotton prices in the open market 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.
- 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 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.
- 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.

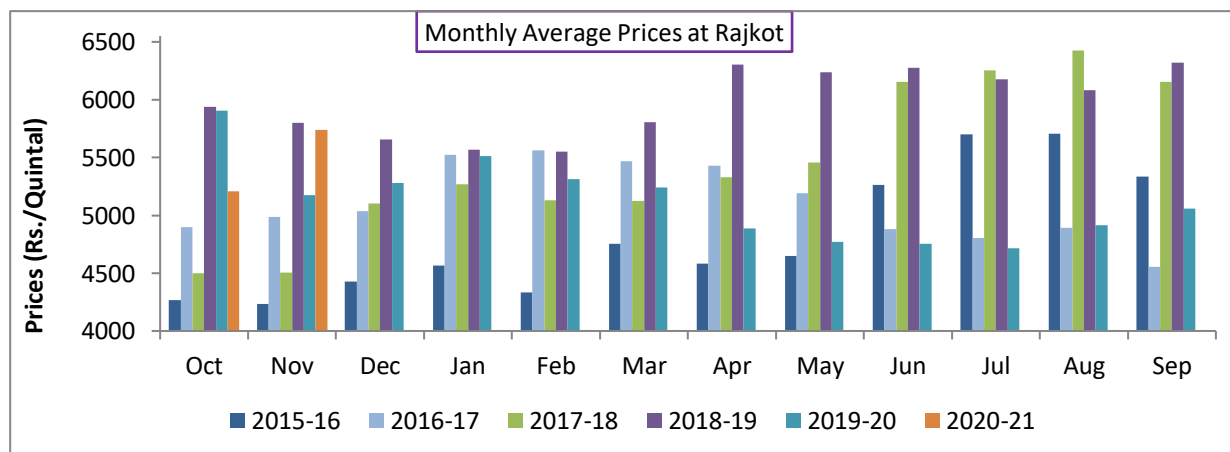
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot was weak at Rs. 5762/q and Ahmedabad prices were firm at 5787/q.



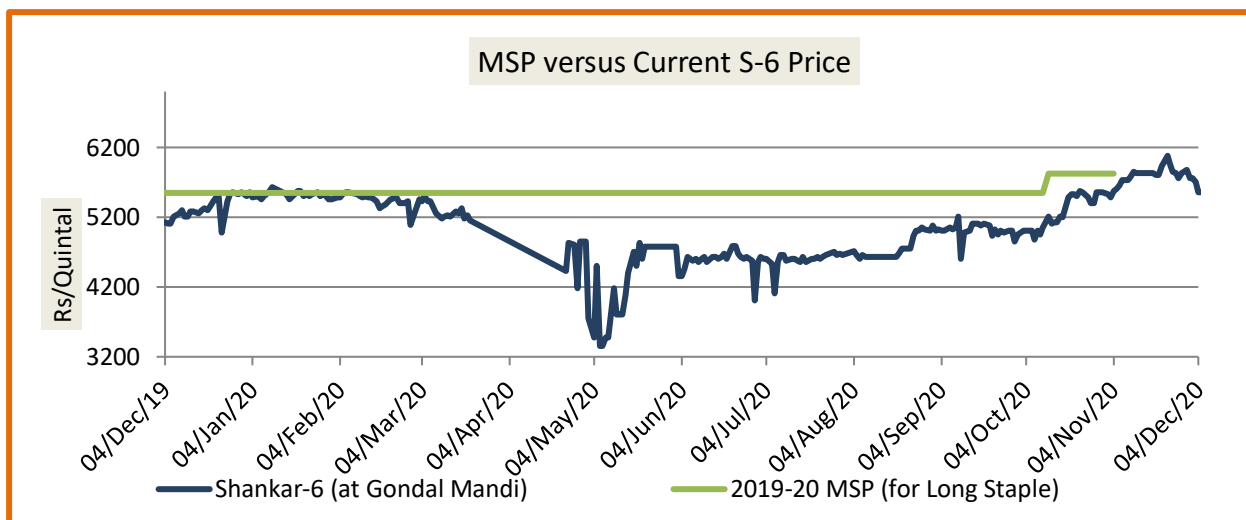
Kapas Monthly M-o-M Price Scenario



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

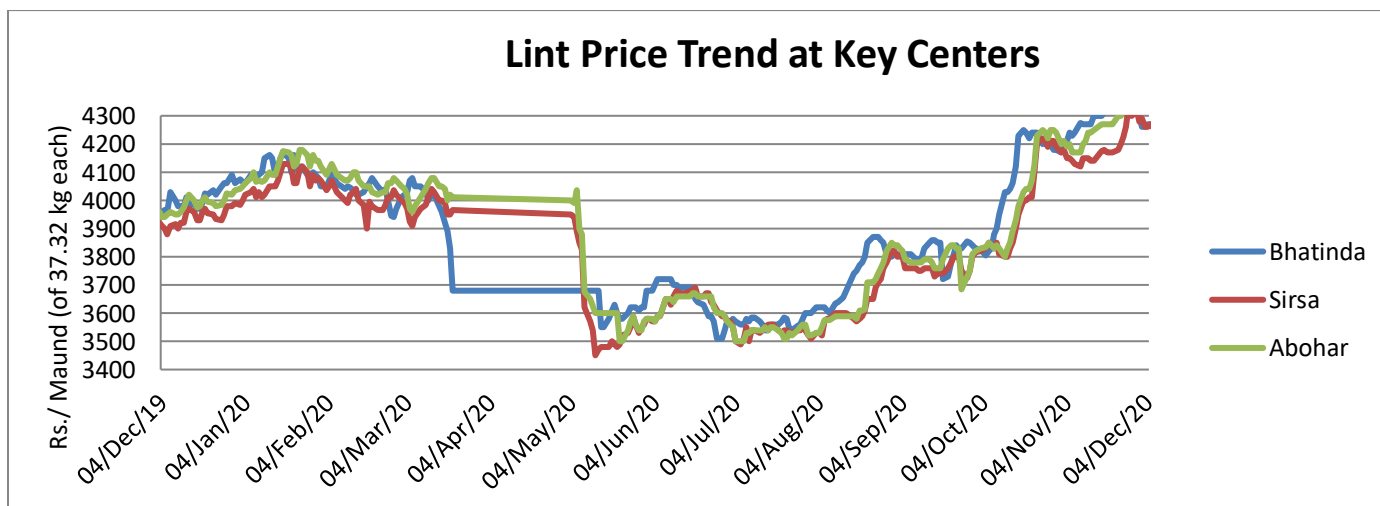
Average kapas price at Gondal market was Rs. 5780/q, lower from prior week when it stood at Rs. 5930/q.



Source: Agriwatch

Lint price Outlook

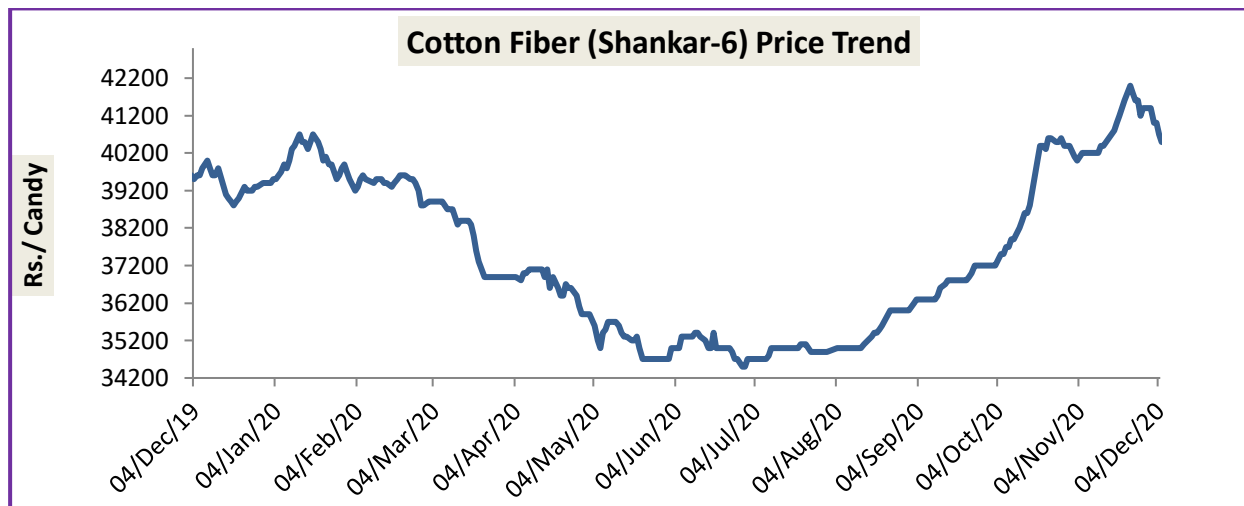
The average price stood weak at Rs. 4306/maund of lint in Abohar, Rs. 4307 in Bhatinda and Rs. 4248/maund in Sirsa.



Source: Agriwatch

Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) of premium quality prices was low at Rs.41,233/candy from around Rs.40,720/candy last week.



Source: Cotton Association of India (CAI)

Cotton Seed Oil and Cotton Seed Oil Cake

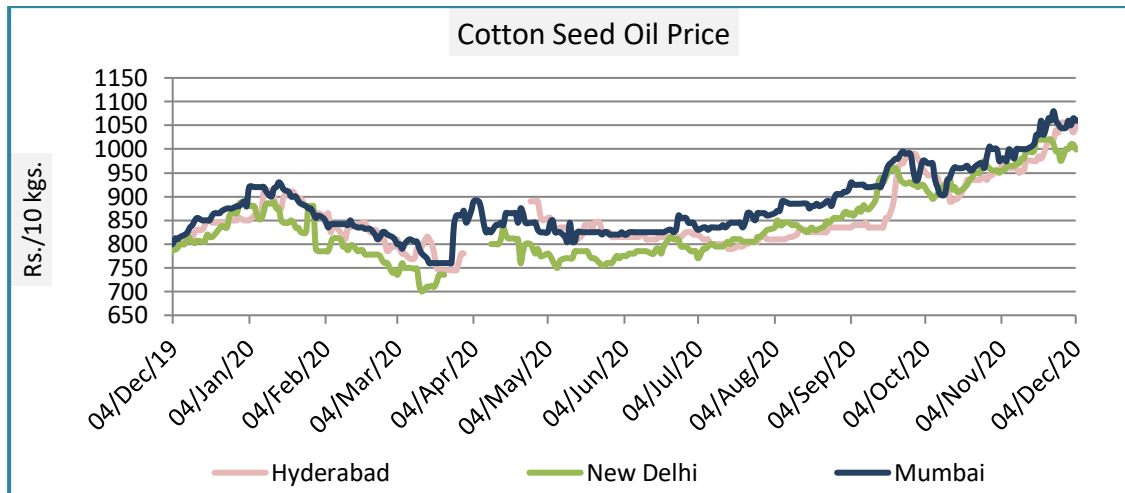
Cotton Seed Oil weekly

Price Scenario

Cotton seed oil price showed weak trend across all the centres during the week ending on 3rd Dec'20. Weekly average price in Mumbai stood firm at Rs.1058, in New Delhi the prices were around Rs. 999 per 10 Kg.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	3-Dec-20	26-Nov-20	
New Delhi	999	1010	-1.07
Rajkot	1039	1043	-0.37
Hyderabad	1056	1048	0.75
Mumbai	1058	1057	0.13

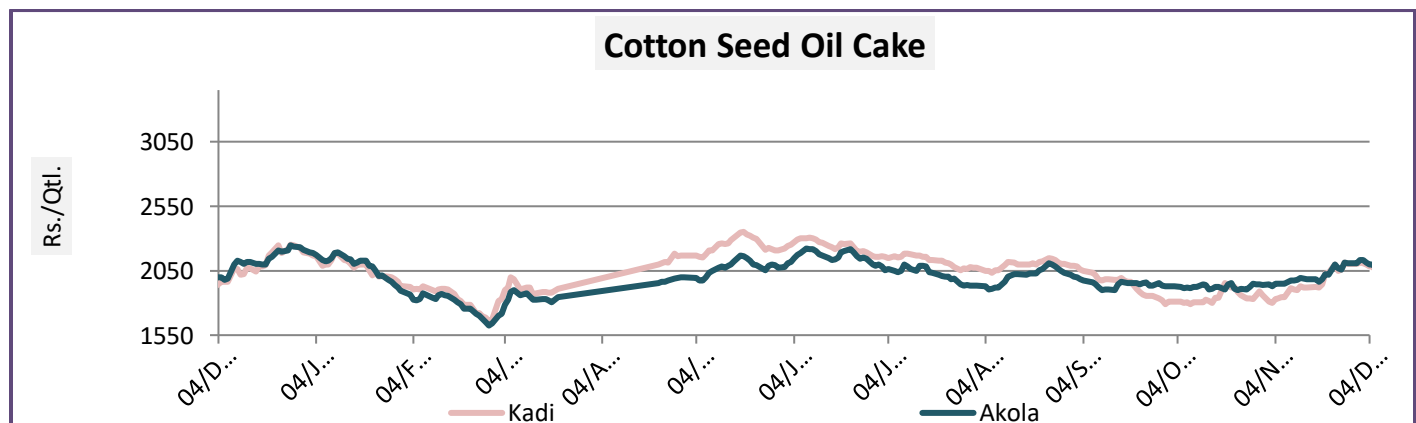
Source: Agriwatch



Cotton Seed Oil Cake weeklyPrice Scenario

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. The demand for cotton oil cake will remain stable in the coming month. The average price in Kadi was Rs. 2106/q and for Akola was Rs. 2117/q.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	3-Dec-20	26-Nov-20	
Kadi	2106	2063	2.07
Akola	2117	2063	2.62



Source: NCDEX

International Market Scenario

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.

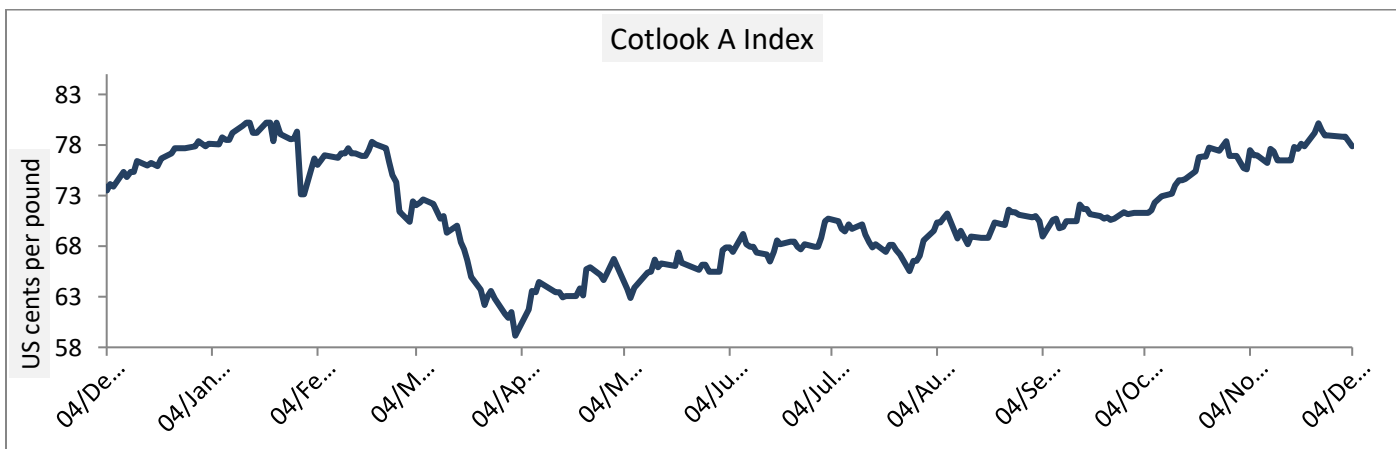
Cotlook A Index

Cotlook A index was lower in the last week. The Cotlook A Index was at 78.57 cents/lb higher compared to the previous week (79.13 cents/lb).

Cotlook A Index	Weekly Average Price change as on		% Change
	3-Dec-20	26-Nov-20	
Prices	78.57	79.13	-0.71

Prices in US cents per Pound

Source: Cotlook

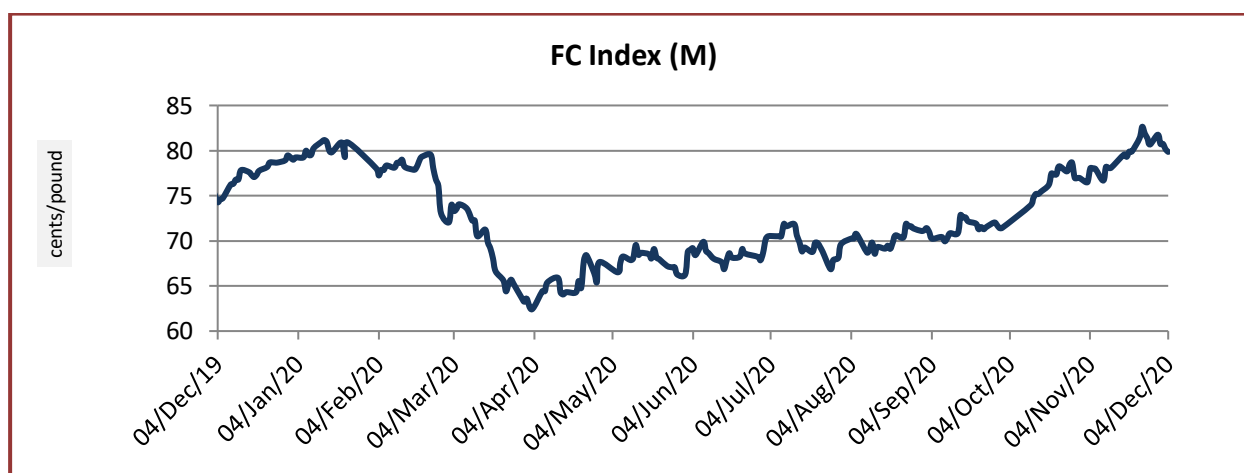


China Cotton Index and Foreign Cotton Index

Cotton Index	Weekly Average Price as on		% Change
	3-Dec-20	26-Nov-20	
FC (S)	82.34	83.28	-1.13
FC (M)	80.81	81.43	-0.73
FC (L)	79.77	80.32	-0.68

Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	3-Dec-20	26-Nov-20	
CCIndex(328)	14595.60	14572.75	0.16
CCIndex(527)	13764.33	13714.00	0.37
CCIndex(229)	14883.80	14846.50	0.25

Prices in Yuan per ton

Source: China Cotton Association

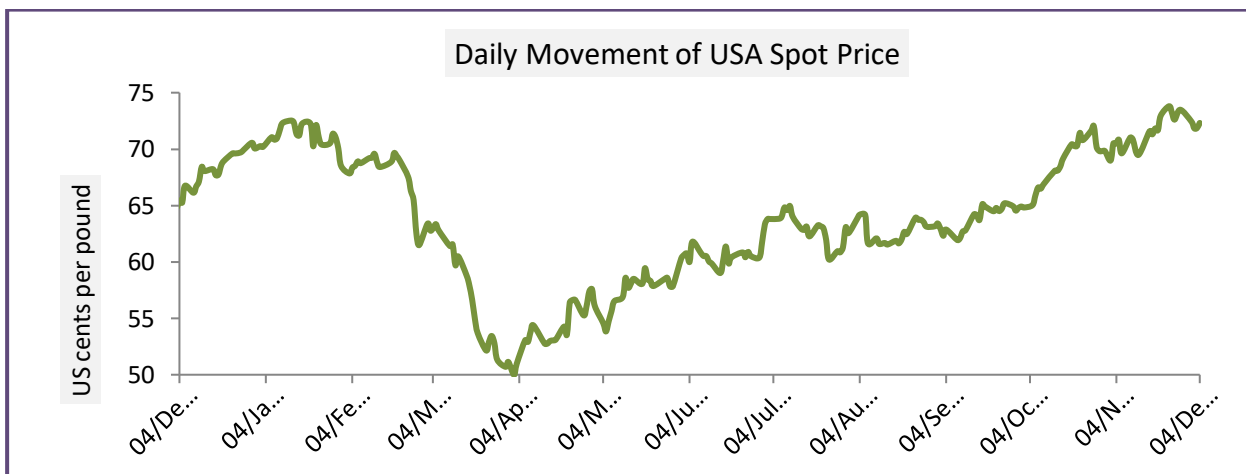


USA Spot Prices

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
	3-Dec-20	26-Nov-20	
Prices	72.39	73.28	-1.21
Prices in US cents per Pound			

Source: USDA

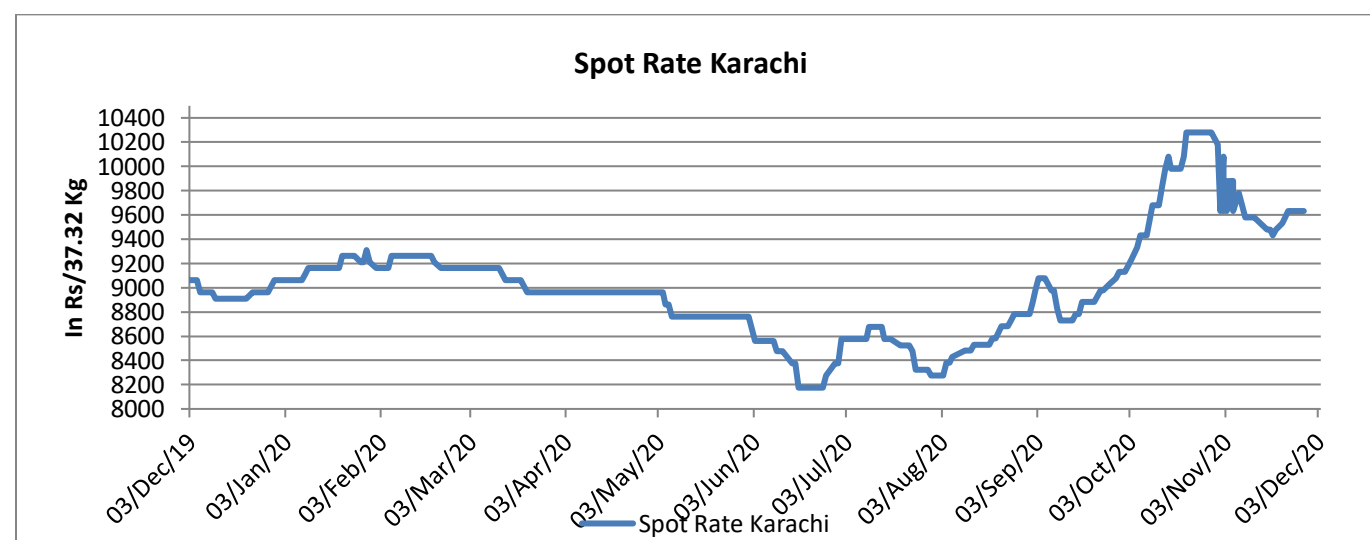


Pakistan Spot Prices

The Karachi spot pricestood around Rs. 9630/q higher than the previous week. (Rs. 9610/q)

Karachi Spot Prices	WeeklyAverage Price as on		% Change
	3-Dec-20	26-Nov-20	
Prices	9630	9610	0.21
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton
Exchange: MCX
Contract: Nov.
Expiry: Dec. 31, 2020
Cotton

COTTON 1st/MXCTMC112020/12/04 - Daily R:19820.00 Δ:100.00
 O 19790.00 H 19990.00 L 19790.00 C 19880.00 F 688 T 321,463 I 2,469 +40 +0.20%
 EMA(18) 19870 (50) 19361


Technical Commentary:

- Cotton broke through a trendline resistance two weeks ago and started diverging lower gradually last week.
- On the daily chart, RSI has shown two instances of negative divergences over the last two weeks.
- After the breach of the trendline, the prices were being supported at 18-day EMA until recently, but yesterday that support also got breached. The market closed at 19840 while the 18-day EMA was at 19869.
- Further fall is expected in cotton. We had recommended short positions, 50% of the exposure at 19840 and balance 50% if market rises to 20350. Hence our short positions at 19840 are currently open. Further short positions can be taken at 20350. Stoploss must be maintained at 20450.

Strategy: Sell on rise

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Dec	19000	19360	19880	20350	20440
			Call	Entry	T1	T2	SL
Cotton	MCX	Dec	Sell	20350	19350	19000	20450

Commodity: Cotton Seed oil Cake
Contract: Dec
Exchange: NCDEX
Expiry: Dec 19, 2020
Cottonseed Oilcake

COTTON SEED OIL 1st(NCCOUC1)2020/12/04 - Daily B:2075.00 A:2080.00
 O 2100.00 H 2123.00 L 2077.00 C 2089.00 V 20,880 I 30,510 -7 -0.33%
 EMA(9) 2096.4 (18) 2053.4 (50) 1962.1


Technical Commentary:

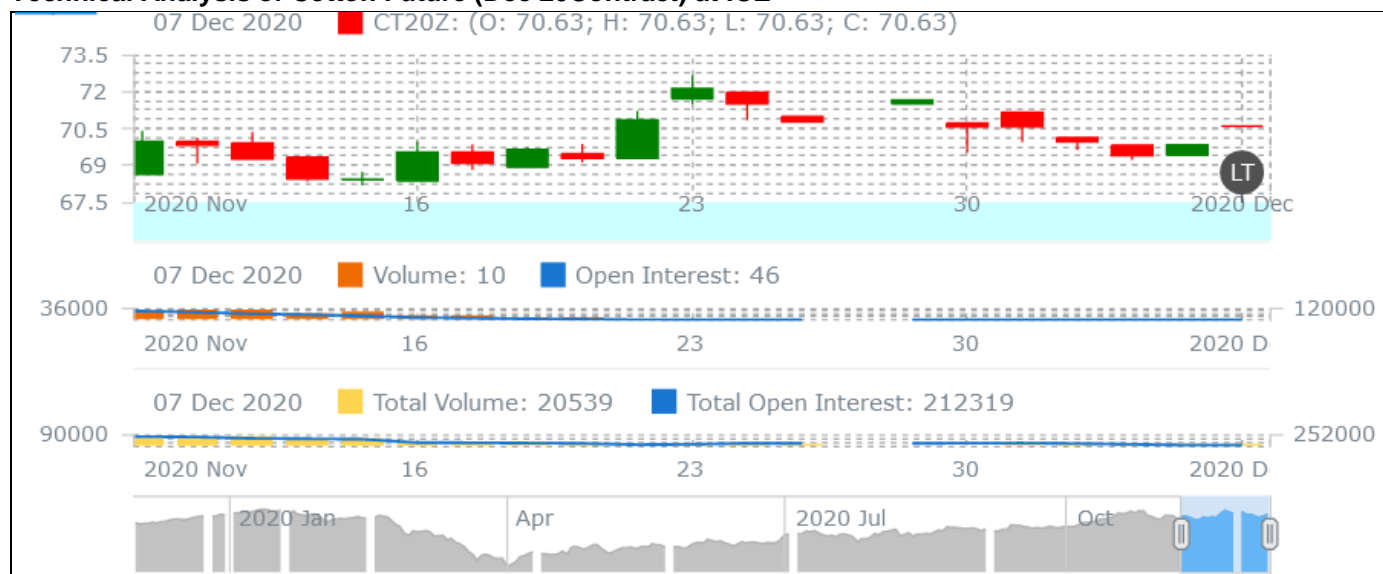
- Cottonseed Oilcake broke above a trendline resistance two weeks ago.
- During last three sessions, the price re-tested the trendline but stayed above it. Our buy calls at 2075-2085 have been initiated.
- On the weekly chart, EMA-9 had crossed above EMA-18 four weeks ago, and has also crossed above EMA-50 last week. Also, EMA-18 is converging with EMA-50.
- Long positions have been carried forward from previous two days. New entrants can still enter longs in the range of 2075 to 2080. Stoploss for all positions must be maintained at 2050. Targets of 2200 and 2240 may be expected in about a week.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	1987	2072	2089	2210	2427
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Buy	2075-2080	2200	2240	2050

* Do not carry-forward the position next day.

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



- The Dec'20 contract closed lower by the end of the week.
- Candlesticks denote steady to uptrend.
- Total volume increased & Open Interest decreased compared to last week.
- We expect cotton prices to remain rangebound in the coming week.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Firm	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

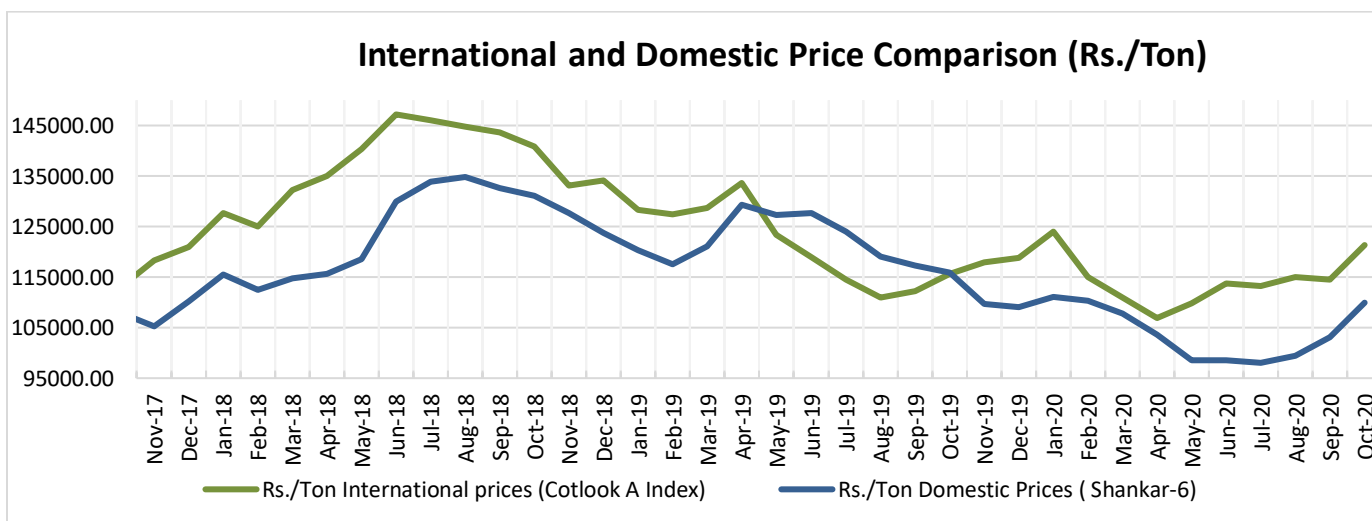
Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	04-Dec-20	04-Nov-20 (1 month ago)	05-Sep-20 (3 months ago)	07-Jun-20 (6 months ago)	04-Dec-19 (a year ago)	% Change over a month	% Change over previous year
Dec-20	69.86	70.23	64.99	61.12	63.10	-0.53	10.71
Mar-21	71.57	71.19	65.97	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

Future Price Trend (Active Contract):



International and Domestic Price Comparison



Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	27th Nov'20 to 3rd Dec'20	20th Nov'20 to 26th Nov'20	
Gujarat	Ahmedabad	Shankar-6	5788	5908	-121
	Gondal	Shankar-6	5785	5909	-124
	Rajkot	B.T. Cotton	5763	6011	-248
	Patan	B.T. Cotton	5803	5850	-47
	Kadi	B.T. Cotton	5717	5708	8
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5562	5789	-227
Haryana	Bhiwani	B.T. Cotton	5377	5368	8
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	5436	5458	-22
	Fatehabad	B.T. Cotton	5479	5492	-13
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5725	5713	13
Rajasthan	Hanumangarh	B.T. Cotton	5483	5500	-17
	Rawatsar	B.T. Cotton	5425	5600	-175
Madhya Pradesh	Khandwa	Mech-1	5500	5600	-100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5392	5525	-133
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5725	5775	-50
Andhra Pradesh	Adoni	Medium Staple	5072	5055	17
Karnataka	Bijapur	Bunny	5804	5865	-61
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	5571	5538	33
	Raichur	H-44 Cotton	5573	5537	36
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	27th Nov'20 to 3rd Dec'20	20th Nov'20 to 26th Nov'20	

Punjab	Bhatinda	J-34	4317	4377	-60
	Abohar	J-34	4307	4380	-73
	Mansa	J-34	4325	4418	-93
Haryana	Sirsa	J-34	4248	4305	-57
Rajasthan	Sri-Ganganagar	J-34	3986	4016	-30

Cotton Arrivals in Key Centers:

Commodity		Kapas		Weekly Sum Arrivals (Quintal)	
State	Centre	Variety	27th Nov'20 to 3rd Dec'20	20th Nov'20 to 26th Nov'20	Change
Gujarat	Ahmedabad	Shankar-6	384200	312800	71400
	Gondal	Shankar-6	14934	17787	-2853
	Rajkot	B.T. Cotton	26200	21300	4900
	Patan	B.T. Cotton	64989	37234	27755
	Kadi	B.T. Cotton	230000	225000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1191	831	360
Haryana	Bhiwani	B.T. Cotton	80000	107000	-27000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7480	9860	-2380
	Fatehabad	B.T. Cotton	3200	3100	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	17670	13700	3970
Rajasthan	Hanumangarh	B.T. Cotton	6200	2300	3900
	Rawatsar	B.T. Cotton	2700	1000	1700
Madhya Pradesh	Khandwa	Mech-1	3500	7000	-3500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	71000	49000	22000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	8367889	9574545	-1206656
Andhra Pradesh	Adoni	Medium Staple	29961	33527	-3566
Karnataka	Bijapur	Bunny	19985	37119	-17134
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1198	1851	-653
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	27th Nov'20 to 3rd Dec'20	20th Nov'20 to 26th Nov'20	
Punjab	Bhatinda	J-34	39100	68000	-28900
	Abohar	J-34	5355	4420	935
	Mansa	J-34	6290	7140	-850
Haryana	Sirsa	J-34	7820	7650	170
Rajasthan	Sri-Ganganagar	J-34	11000	11000	Unch

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	07-Dec-20	30-Nov-20	07-Nov-20	07-Dec-19
Gujarat	Ahmedabad	Shankar-6	5600	5850	5450	5150
	Gondal	Shankar-6	5580	5880	5730	5205
	Rajkot	B.T. Cotton	5625	5800	5560	5125
	Patan	B.T. Cotton	5690	5850	5420	5290
	Kadi	B.T. Cotton	5500	5750	5400	5300
	Deesa	B.T. Cotton	NA	NA	NA	NA
	Dhrol	B.T. Cotton	5620	NA	5395	4960
Haryana	Bhiwani	B.T. Cotton	5400	5380	5100	5280
	Bhiwani	Desi	NA	6000	6000	6350
	Adampur	B.T. Cotton	5400	5450	5300	5180
	Fatehabad	B.T. Cotton	5400	5480	5300	5200
	Jind	B.T. Cotton	NA	NA	NA	NA
	Uchana	B.T. Cotton	NA	NA	NA	NA
	Dabwali	B.T. Cotton	5750	5725	5775	5400
Rajasthan	Hanumangarh	B.T. Cotton	5450	5500	5300	5125
	Rawatsar	B.T. Cotton	5250	5550	5275	5085
Madhya Pradesh	Khandwa	Mech-1	NA	NA	NA	NA
	Khargaon	Mech-1	NA	NA	NA	5550
Maharashtra	Amravati	Mech-1	5025	5125	4650	5050
	Jamner	Medium Staple	NA	NA	NA	NA

Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	6200	4600
	Hathras	Desi	NA	NA	5500	5300
Telangana	Adilabad	Un-Ginned	NA	NA	5825	NA
Andhra Pradesh	Adoni	Medium Staple	5059	NA	NA	5111
Karnataka	Bijapur	Bunny	5683	NA	5329	5333
	Hubli	D.C.H.	5650	5675	NA	6500
	Hubli	B.T. Cotton	NA	NA	NA	5400
	Raichur	H-44 Cotton	5600	5540	5150	5175
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	07-Dec-20	30-Nov-20	07-Nov-20	07-Dec-19
Punjab	Bhatinda	J-34	4350	4325	4230	3960
	Abohar	J-34	4350	4320	4240	4000
	Mansa	J-34	4340	4310	4220	4000
Haryana	Sirsa	J-34	4210	4270	4140	3960
Rajasthan	Sri-Ganganagar	J-34	3948	4005	3901	3666

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	07-Dec-20	30-Nov-20	07-Nov-20	07-Dec-19
Gujarat	Ahmedabad	Shankar-6	57800	59500	51000	79900
	Gondal	Shankar-6	2922	3486	3026	2726
	Rajkot	B.T. Cotton	2800	5200	4600	3000
	Patan	B.T. Cotton	17784	NA	8769	24692
	Kadi	B.T. Cotton	30000	30000	20000	7000
	Deesa	B.T. Cotton	NA	NA	NA	NA
	Dhrol	B.T. Cotton	545	NA	88	151
Haryana	Bhiwani	B.T. Cotton	5400	5400	15000	5000
	Bhiwani	Desi	NA	6000	NA	30
	Adampur	B.T. Cotton	1190	1700	1360	1700
	Fatehabad	B.T. Cotton	1000	500	300	1000
	Jind	B.T. Cotton	NA	NA	NA	950
	Uchana	B.T. Cotton	NA	NA	NA	NA
	Dabwali	B.T. Cotton	5750	5725	2000	3850
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	300	2200
	Rawatsar	B.T. Cotton	500	300	500	5000

Madhya Pradesh	Khandwa	Mech-1	NA	NA	NA	NA
	Khargaon	Mech-1	NA	NA	NA	5880
Maharashtra	Amravati	Mech-1	16000	8000	6000	10000
	Jamner	Medium Staple	NA	NA	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	10	15
	Hathras	Desi	NA	NA	15	12
Telangana	Adilabad	Un-Ginned	NA	NA	3243136	NA
Andhra Pradesh	Adoni	Medium Staple	13500	NA	NA	10659
Karnataka	Bijapur	Bunny	7065	NA	4893	4634
	Hubli	D.C.H.	NA	NA	NA	176
	Hubli	B.T. Cotton	69	156	NA	NA
	Raichur	H-44 Cotton	337	262	315	4822
Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	07-Dec-20	30-Nov-20	07-Nov-20	07-Dec-19
Punjab	Bhatinda	J-34	3400	6800	8500	6800
	Abohar	J-34	510	1020	700	2550
	Mansa	J-34	850	1020	340	1360
	Sirsa	J-34	2550	1700	850	1360
	Sri-Ganganagar	J-34	2000	1500	2000	2500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				27th Nov'20 to 03 rd Dec'20	20th Nov'20 to 26th Nov'20	
Bengal Deshi (RG)/Assam Comilla	Below 22mm	5.0 - 7.0	15	39343	38450	326
Bengal Deshi (SG)	Below 22mm	5.0 - 7.0	15	39843	38950	326
J-34	27mm	3.5 - 4.9	23	39900	39750	-483
H-4/ MECH-1	28mm	3.5 - 4.9	27	40157	39325	-3326
Shankar-6	29mm	3.5 - 4.9	28	41157	40850	-510
Bunny/ Brahma	31mm	3.5 - 4.9	30	43214	41900	-286
MCU-5/ Surabhi	32mm	3.3 - 4.9	31	43843	42625	-257
DCH-32	34mm	3.0 - 3.8	33	57500	57125	Unch

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