

COTTON WEEKLY RESEARCH REPORT
14th Dec 2020**Domestic market summary**

Domestic market Scenario: CCI procurement operations are going on at MSP in the states of Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha and Karnataka, CCI has purchased around 48,20,208 cotton bales, so far, valuing Rs. 13,939.52 crore and benefitting around 9,31,183 farmers. Indian exports remained slow during last week. Gujarat Shankar-6 variety cotton spot prices stood firm around Rs.41,300 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 2,70,000 bales per day.
- Cotlook index stood higher (78.35 cents/lbs) compared to the ICE cotton future that stood at 72.38 cents/lbs.
- Indian rupee remained stronger between 73.52 to 73.89 against USD compared to last week.

Market Highlights:

- **Cotton prices in wholesale market have firmed up due to government procurement, rains in AP and export demand.** Wholesale prices are now between Rs. 5,300 and Rs. 5,400 per quintal with the trade sources not ruling out further price rise fuelled by export demand. **Cotton Association of India has revised cotton export estimate for 2020-21.** Indian cotton prices have been 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 increase after cyclonic rains in Guntur district of Andhra Pradesh.** Due to floods and cyclones in recent months, the demand for good quality cotton has increased in the market. The exporters and traders are offering better prices for cotton in the open market and are now at Rs 5,250 per quintal, up from Rs 4,500 per quintal. With increase in prices in the open market, farmers have 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 Surendarnagar 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

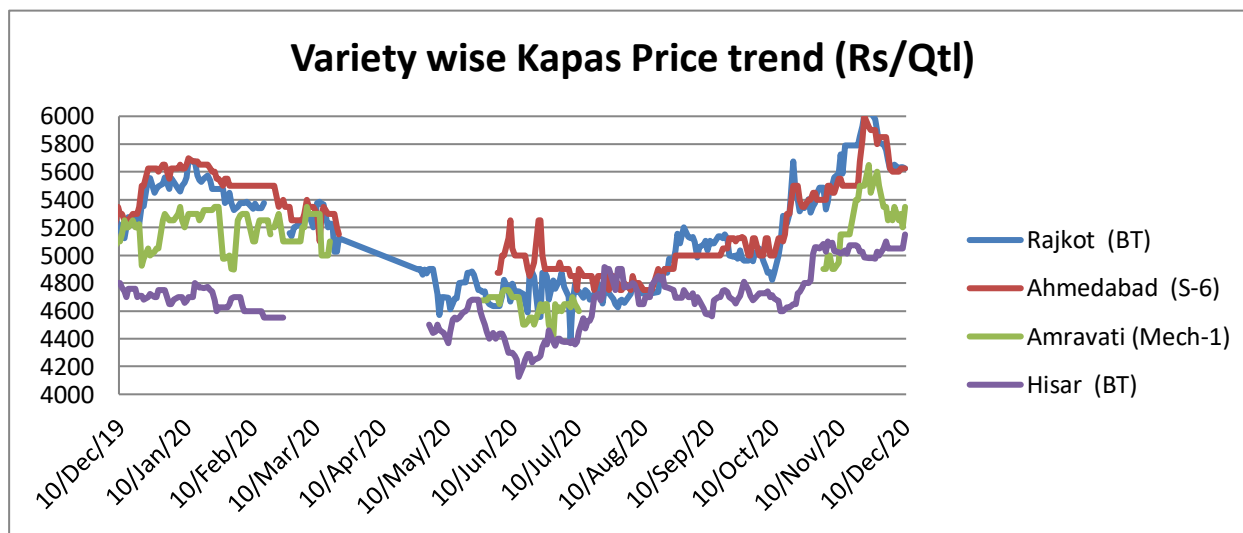
farmers are now switching to other Rabi season crops and are not going for third round of picking in cotton from their fields.

- **According to USDA latest report, the 2020-21 November forecast** shows higher use with lower production and ending stock. Sharply lower production in Pakistan, India and Australia is partially offset by an increase in Turkmenistan. Consumption is raised in India, China and Pakistan and lowered in Thailand. Global trade is up slightly led by Bangladesh and Thailand.

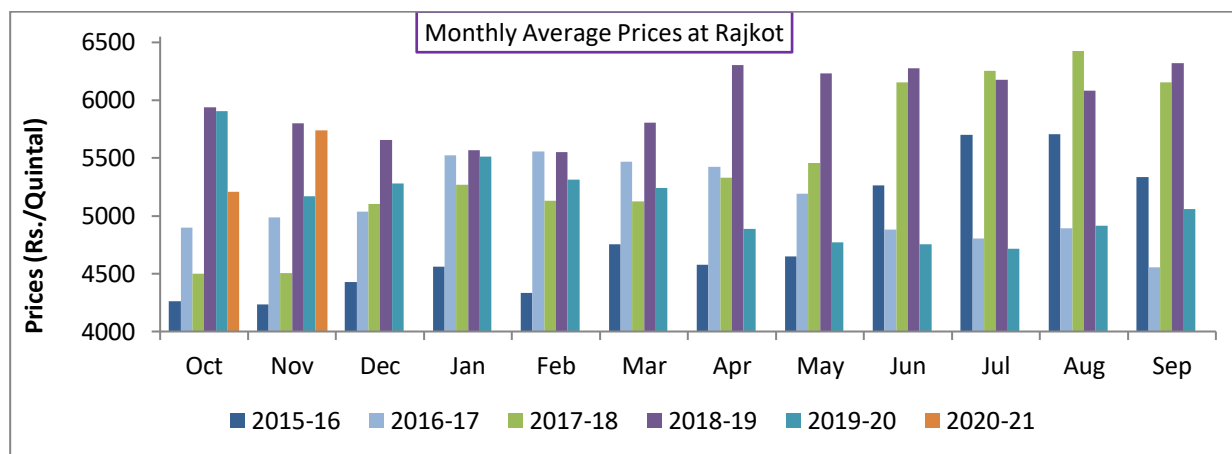
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot was weak at Rs. 5635/q and Ahmedabad prices were firm at 5612.5/q.



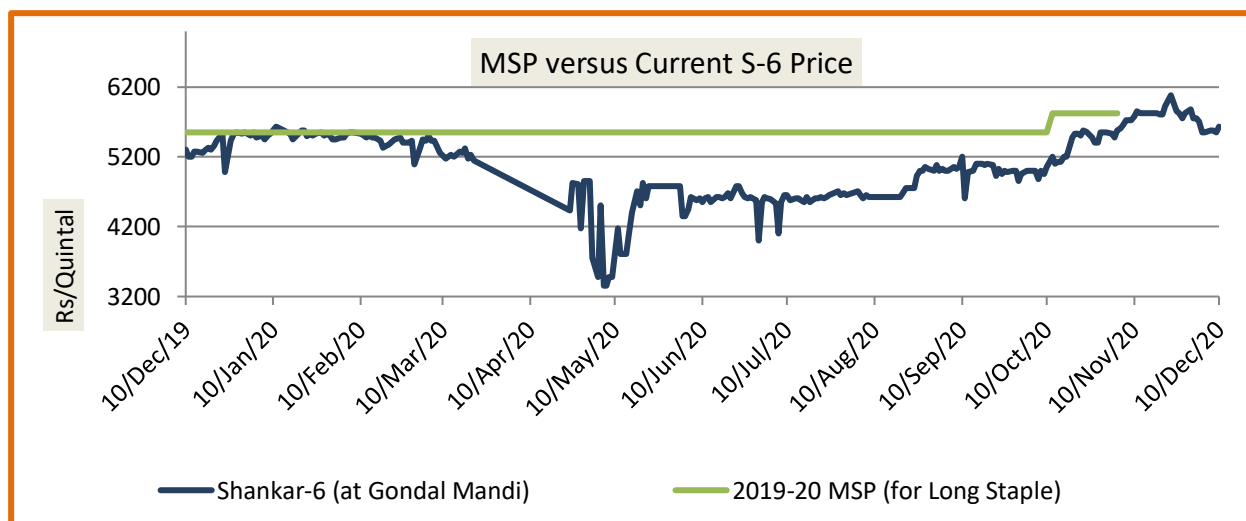
Kapas Monthly M-o-M Price Scenario



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

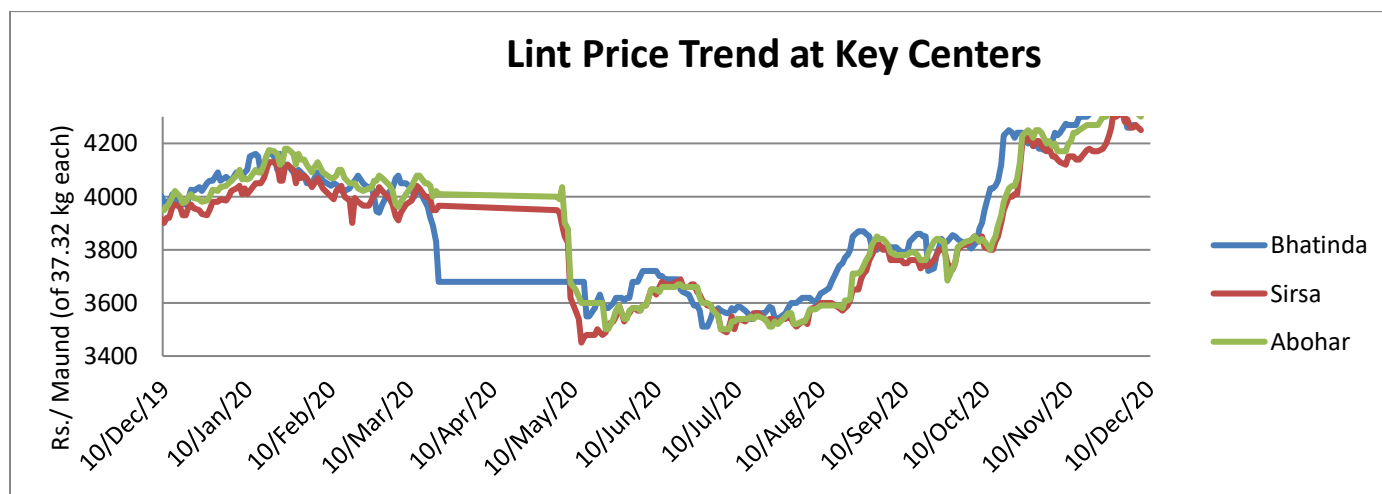
Average kapas price at Gondal market was Rs. 5575/q, lower from prior week when it stood at Rs. 5780/q.



Source: Agriwatch

Lint price Outlook

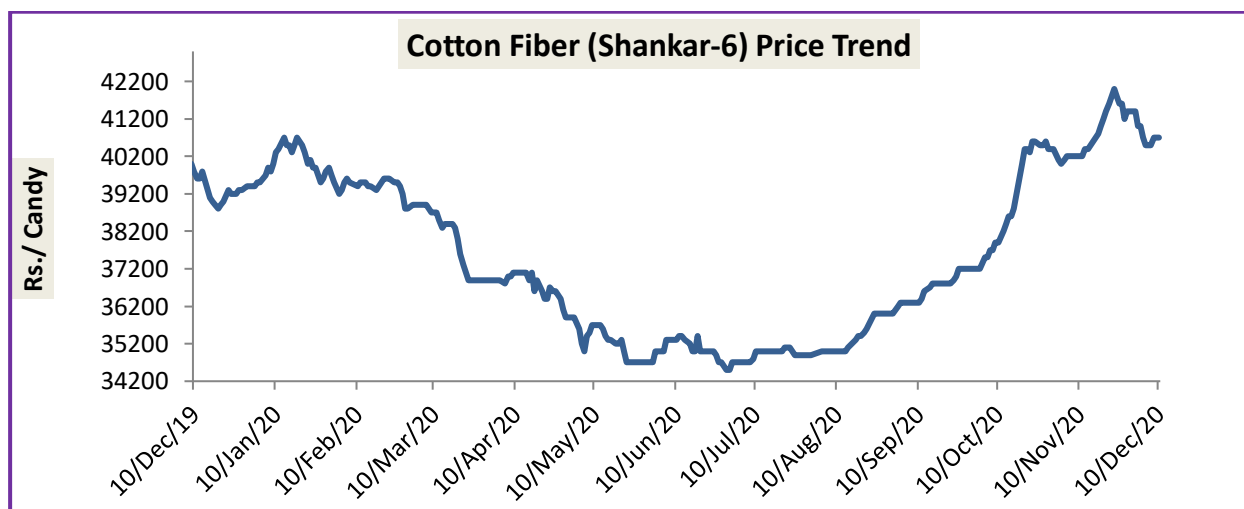
The average price stood weak at Rs. 4270/maund of lint in Abohar, Rs. 4270 in Bhatinda and Rs. 4208/maund in Sirsa.



Source: Agriwatch

Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) of premium quality prices was lower at Rs.40633/candy from around Rs.41,233/candy last week.



Source: Cotton Association of India (CAI)

Cotton Seed Oil and Cotton Seed Oil Cake

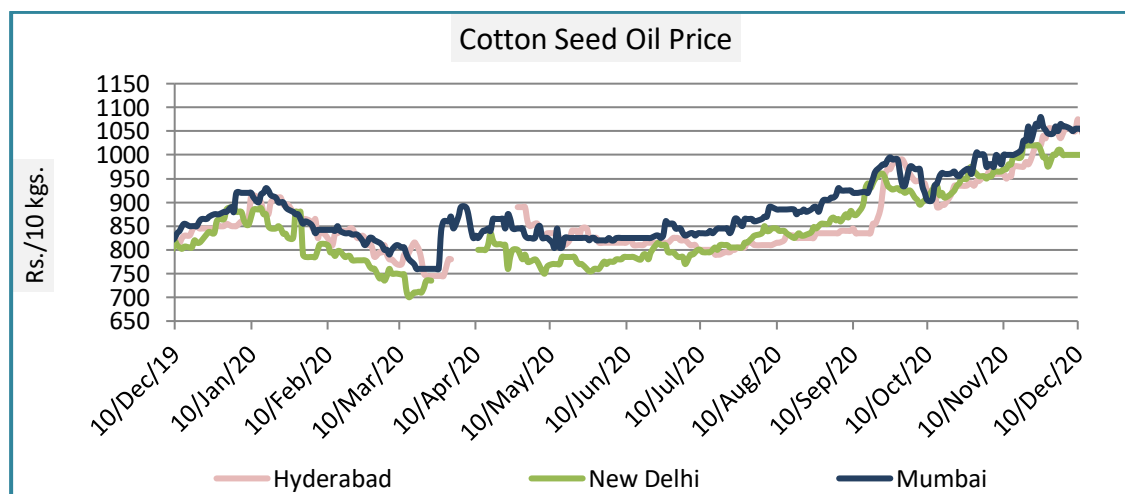
Cotton Seed Oil weekly

Price Scenario

Cotton seed oil price showed weak trend across all the centres during the week ending on 10th Dec'20. Weekly average price in Mumbai stood firm at Rs. 1051, in New Delhi the prices were around Rs. 1000 per 10 Kg.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	10-Dec-20	3-Dec-20	
New Delhi	1000	999	0.10
Rajkot	1040	1039	0.10
Hyderabad	1042	1056	-1.36
Mumbai	1051	1058	-0.68

Source: Agriwatch

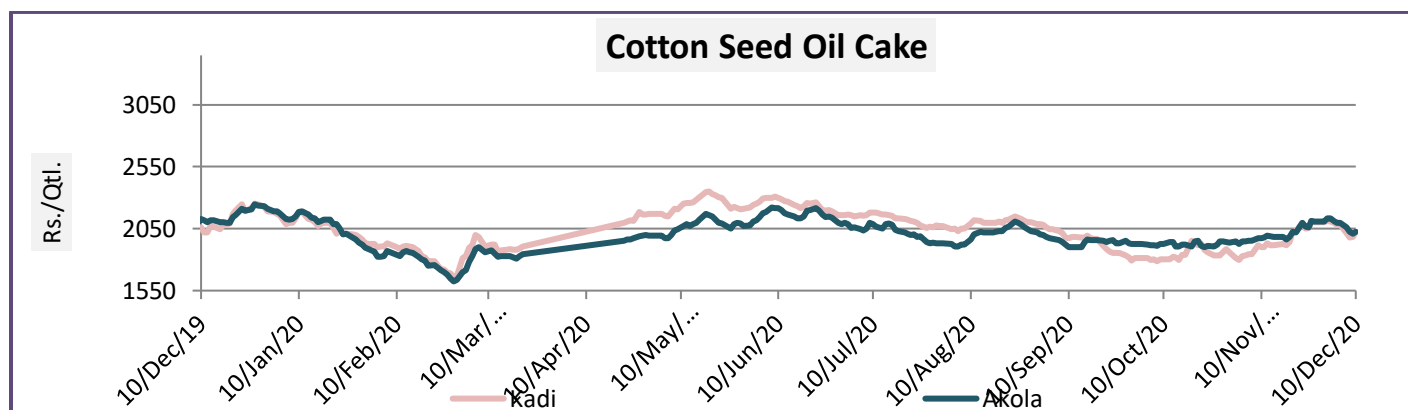


Cotton Seed Oil Cake weekly Price Scenario

According to Cotton Corporation of India, Cotton Seed 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 Cotton Seed Oil 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. 2028/q and for Akola was Rs. 2053/q.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	10-Dec-20	3-Dec-20	

Kadi	2028	2106	-3.70
Akola	2053	2117	-3.10



Source: NCDEX

International Market Scenario

According to USDA latest report, the 2020-21 November forecast shows higher use with lower production and ending stock. Sharply lower production in Pakistan, India and Australia is partially offset by an increase in Turkmenistan. Consumption is raised in India, China and Pakistan and lowered in Thailand. Global trade is up slightly led by Bangladesh and Thailand.

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

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 fromXPCC, a powerful Chinese quasi- military organization. The move, known as Withhold Release Order (WRO), covers cotton from XPCC,its subordinates and affiliated entites, as well as products derived from XPCC processed cotton.

Mexico's cotton production could disappear in 2021. Cotton cultivation in Mexico could disappear if the the prohibition of SEMARNAT to use transgenic seed, is not overturned.

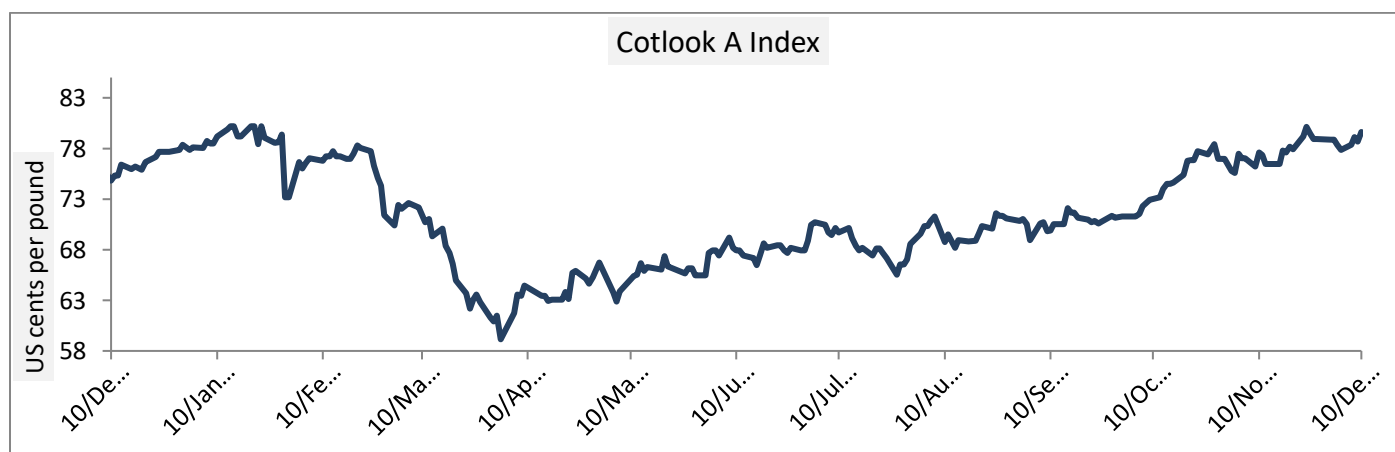
Cotlook A Index

Cotlook A index was lower in the last week. The Cotlook A Index was at 78.72 cents/lb higher compared to the previous week (78.57 cents/lb).

Cotlook A Index	Weekly Average Price change as on		% Change
	10-Dec-20	3-Dec-20	
Prices	78.72	78.57	0.19

Prices in US cents per Pound

Source: Cotlook

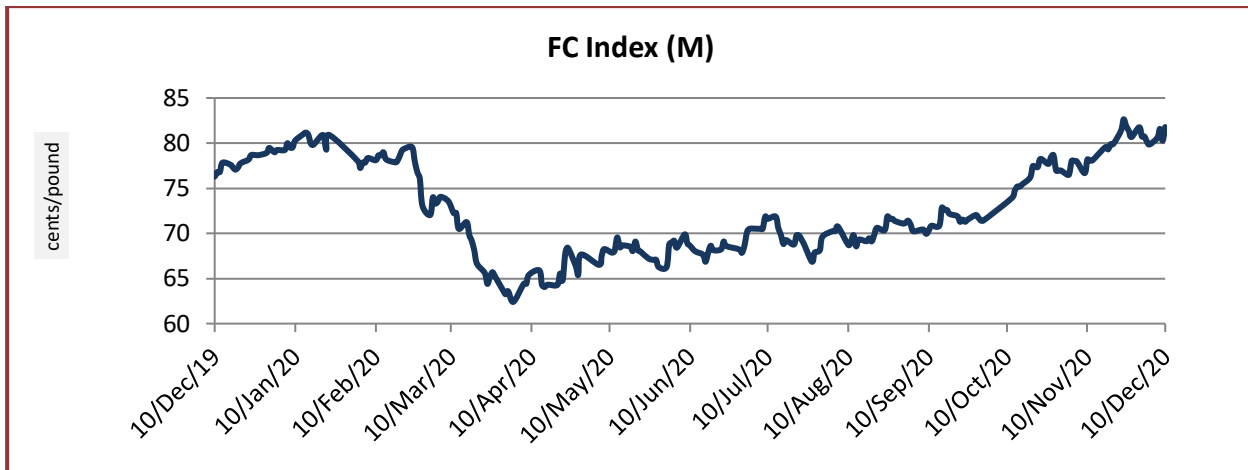


China Cotton Index and Foreign Cotton Index

Cotton Index	Weekly Average Price as on		% Change
	10-Dec-20	3-Dec-20	
FC (S)	83.19	82.34	1.03
FC (M)	81.14	80.81	0.41
FC (L)	79.86	79.77	0.11

Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	10-Dec-20	3-Dec-20	
CCIndex(328)	14628.00	14595.60	0.22
CCIndex(527)	13796.00	13764.33	0.23
CCIndex(229)	14909.00	14883.80	0.17
Prices in Yuan per ton			

Source: China Cotton Association



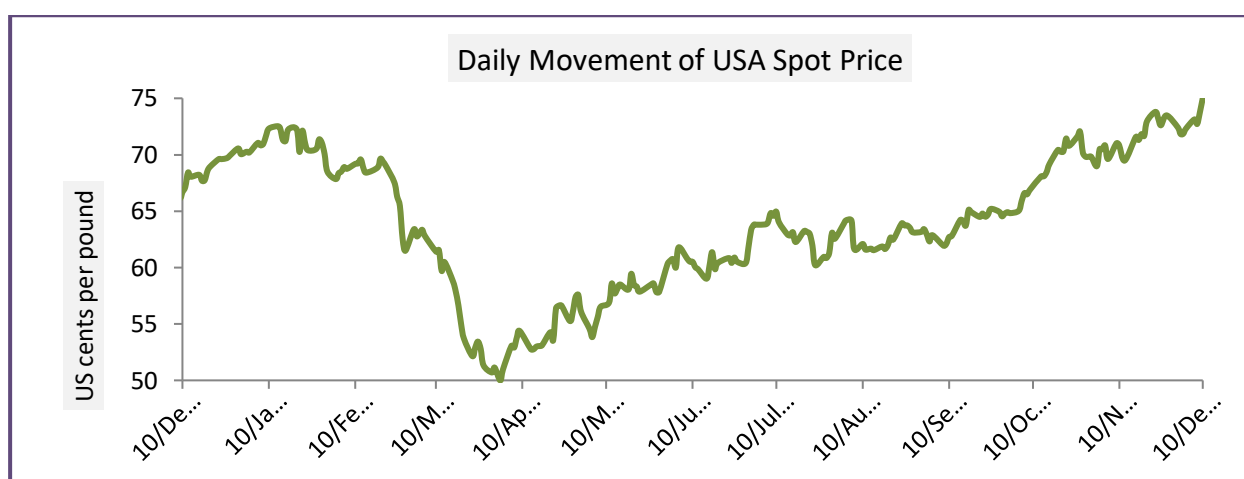
USA Spot Prices

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
	10-Dec-20	3-Dec-20	
Prices	73.40	72.39	1.39
Prices in US cents per Pound			

Source: USDA

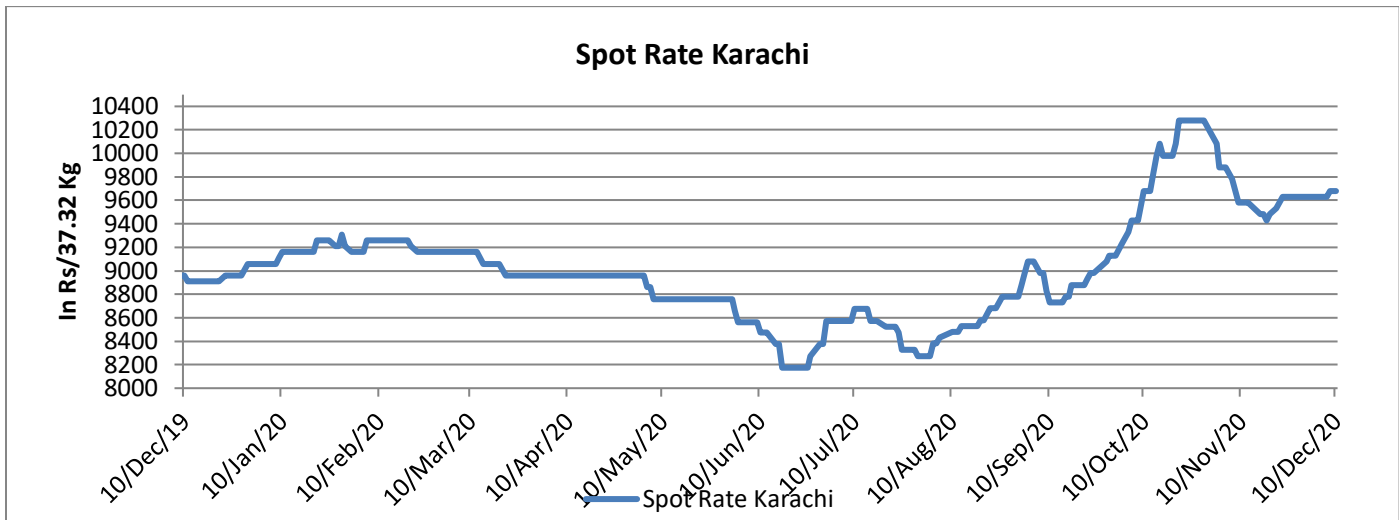


Pakistan Spot Prices

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

Karachi Spot Prices	WeeklyAverage Price as on		% Change
	10-Dec-20	3-Dec-20	
Prices	9655	9630	0.26
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton

Exchange: MCX

Contract: Nov.

Expiry: Dec. 31, 2020

Cotton

COTTON 1st/MXCTNC1/2020/12/11 - Daily R:20300.00 A:20320.00
 O 20280.00 H 20320.00 L 20230.00 C 20300.00 V 138 T 62,360 I 2,509 +120 +0.59%
 EMA(18) 19936 (50) 19478



Technical Commentary:

- Cotton broke down through a trendline resistance and has started diverging lower gradually last week.
- We had recommended short positions at 19840 and later revised the stoploss on these positions to 20200. The stoploss has been hit yesterday.
- Between the rising trendline and the 18-EMA, the latter has emerged as the stronger support.

- We recommend waiting for a day to see if the market rises further or reverts close to 18-EMA.

Strategy:Wait

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Dec	19600	19750	20260	20380	20650
			Call	Entry	T1	T2	SL
Cotton	MCX	Dec	Wait	-	-	-	-

Commodity: Cotton Seed oil Cake

Contract: Dec

Exchange: NCDEX

Expiry: Dec 19, 2020

Cottonseed Oilcake

COTTON SEED OIL 1st(NCCOUC1)2020/12/11 - Daily B:2070.00 A:2073.00
 O 2073.00 H 2088.00 L 2065.00 C 2072.00 V 6,040 I 57,050 +20 +0.97%
 EMA(9) 2053.3 (18) 2042.4 (50) 1973.4



Technical Commentary:

- Cottonseed oilcake broke below a supporting trendline, as well as 9-day and 18-day EMA's earlier this week.
- We had recommended short positions at 2040 with stoploss at 2075. The stoploss has been hit in today's trade early in the session.
- We recommend to wait and observe further price movement for the time being.

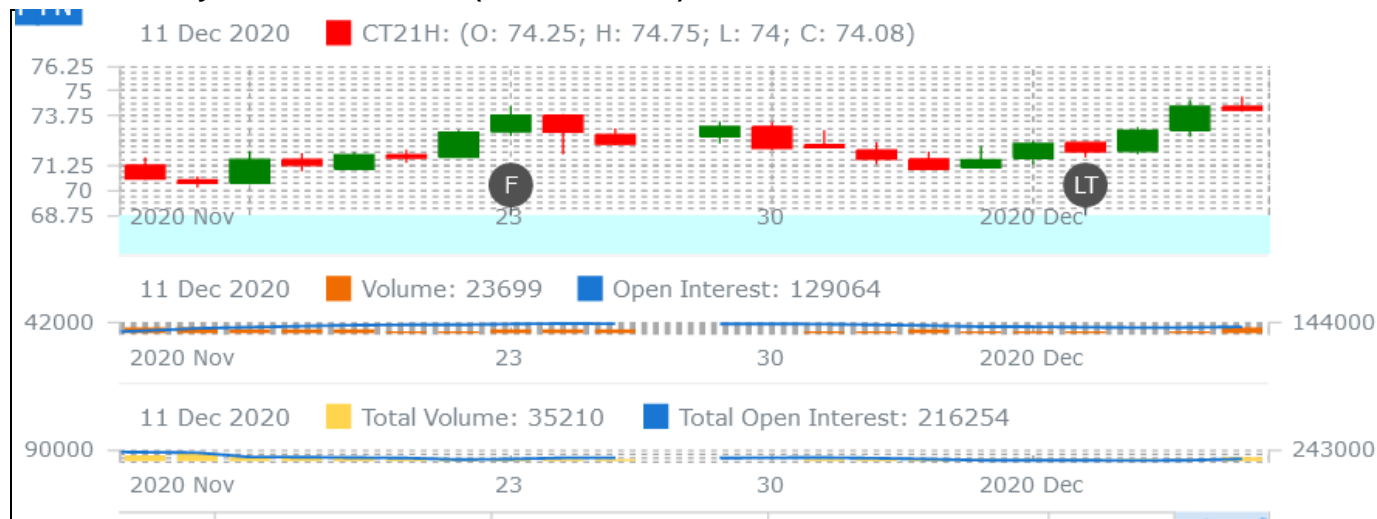
Strategy:Wait

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
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Cotton oil cake	NCDEX	Dec	1946	1973	2052	2066	2123
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Wait	-	-	-	-

* 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	70-74

Expected Support and Resistance

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

Figures in US cents/pound

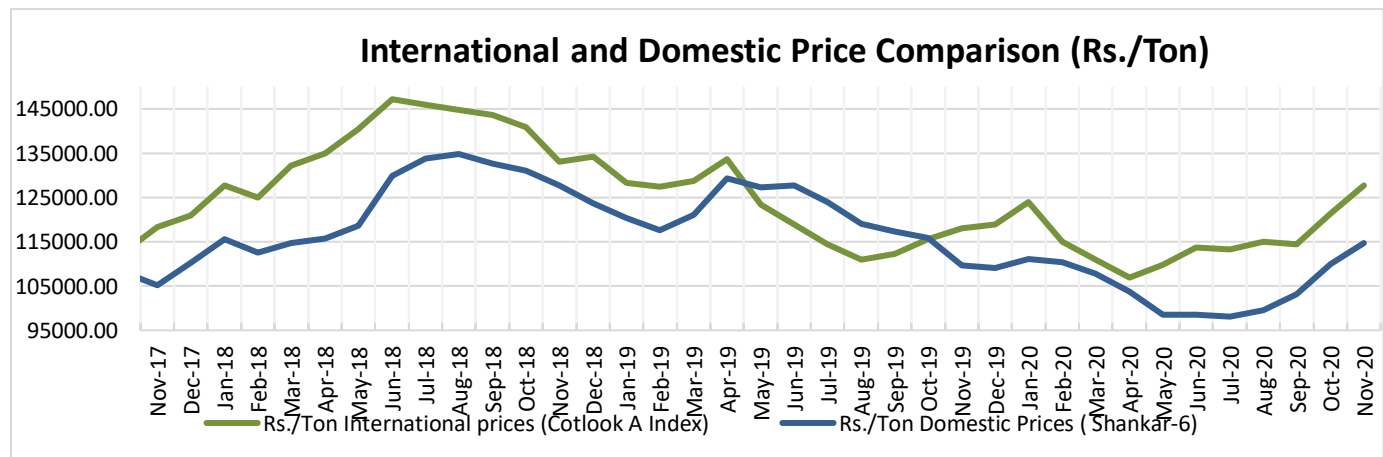
Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	09-Dec-20	09-Nov-20 (1 month ago)	10-Sep-20 (3 months ago)	12-Jun-20 (6 months ago)	09-Dec-19 (a year ago)	% Change over a month	% Change over previous year
Dec-20	73.05	70.00	63.69	59.03	65.38	4.36	11.73
Mar-21	73.89	71.68	64.81	59.58	65.78	3.08	12.33
May-21	74.60	72.55	65.82	59.58	66.54	2.83	12.11
Jul-21	72.73	73.26	66.63	60.28	67.19	-0.72	7.12
Oct-21	71.73	70.56	67.34	59.84	66.96	1.66	7.12

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	4th Dec'20 to 10th Dec'20	27th Nov'20 to 3rd Dec'20	
Gujarat	Ahmedabad	Shankar-6	5613	5788	-176
	Gondal	Shankar-6	5575	5785	-210
	Rajkot	B.T. Cotton	5635	5763	-128
	Patan	B.T. Cotton	5722	5803	-81
	Kadi	B.T. Cotton	5567	5717	-150
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5594	5562	32
Haryana	Bhiwani	B.T. Cotton	5413	5377	36
	Bhiwani	Desi	NA	6000	-
	Adampur	B.T. Cotton	5416	5436	-20
	Fatehabad	B.T. Cotton	5423	5479	-56
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5696	5725	-29
Rajasthan	Hanumangarh	B.T. Cotton	5430	5483	-53
	Rawatsar	B.T. Cotton	5245	5425	-180
Madhya Pradesh	Khandwa	Mech-1	5600	5500	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5283	5392	-109
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4300	NA	-
	Hathras	Desi	5400	NA	-
Telangana	Adilabad	Un-Ginned	5725	5725	Unch
Karnataka	Bijapur	Bunny	5739	5072	667
	Hubli	D.C.H.	NA	5804	-
	Hubli	B.T. Cotton	5510	5571	-62
	Raichur	H-44 Cotton	5533	5573	-40
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	4th Dec'20 to 10th Dec'20	27th Nov'20 to 3rd Dec'20	

Punjab	Bhatinda	J-34	4270	4317	-47
	Abohar	J-34	4270	4307	-37
	Mansa	J-34	4280	4325	-45
Haryana	Sirsa	J-34	4208	4248	-40
Rajasthan	Sri-Ganganagar	J-34	3926	3986	-60

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	4th Dec'20 to 10th Dec'20	27th Nov'20 to 3rd Dec'20	
Gujarat	Ahmedabad	Shankar-6	362100	384200	-22100
	Gondal	Shankar-6	14074	14934	-860
	Rajkot	B.T. Cotton	16225	26200	-9975
	Patan	B.T. Cotton	77094	64989	12105
	Kadi	B.T. Cotton	190000	230000	-40000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1889	1191	698
Haryana	Bhiwani	B.T. Cotton	39000	80000	-41000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5780	7480	-1700
	Fatehabad	B.T. Cotton	3900	3200	700
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	12400	17670	-5270
Rajasthan	Hanumangarh	B.T. Cotton	5200	6200	-1000
	Rawatsar	B.T. Cotton	2000	2700	-700
Madhya Pradesh	Khandwa	Mech-1	2000	3500	-1500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	97000	71000	26000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	8367889	-
Telangana	Adilabad	Un-Ginned	11652524	29961	11622563
Karnataka	Bijapur	Bunny	30999	19985	11014
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	329	NA	-
	Raichur	H-44 Cotton	1604	1198	406
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	4th Dec'20 to 10th Dec'20	27th Nov'20 to 3rd Dec'20	
Punjab	Bhatinda	J-34	32300	39100	-6800
	Abohar	J-34	3740	5355	-1615
	Mansa	J-34	4250	6290	-2040
Haryana	Sirsa	J-34	12240	7820	4420
Rajasthan	Sri-Ganganagar	J-34	10000	11000	-1000

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	14-Dec-20	07-Dec-20	14-Dec-20	15-Dec-19
Gujarat	Ahmedabad	Shankar-6	5675	5600	5675	#N/A
	Gondal	Shankar-6	5755	5580	5755	5500
	Rajkot	B.T. Cotton	5625	5625	5625	5530
	Patan	B.T. Cotton	NA	5690	NA	5515
	Kadi	B.T. Cotton	5600	5500	5600	5550
	Deesa	B.T. Cotton	NA	0	NA	NA
	Dhrol	B.T. Cotton	5575	5620	5575	NR
Haryana	Bhiwani	B.T. Cotton	5525	5400	5525	5600
	Bhiwani	Desi	NA	0	NA	NA
	Adampur	B.T. Cotton	5550	5400	5550	5350
	Fatehabad	B.T. Cotton	5510	5400	5510	5350
	Jind	B.T. Cotton	NA	0	NA	5700
	Uchana	B.T. Cotton	NA	0	NA	5385
	Dabwali	B.T. Cotton	5665	5750	5665	NR
Rajasthan	Hanumangarh	B.T. Cotton	5450	5450	5450	Closed
	Rawatsar	B.T. Cotton	5400	5250	5400	Closed
Madhya Pradesh	Khandwa	Mech-1	5600	0	5600	5491
	Khargaon	Mech-1	NA	0	NA	5427
Maharashtra	Amravati	Mech-1	5300	5250	5300	5300
	Jamner	Medium Staple	NA	0	NA	NA

Uttar Pradesh	Hathras	B.T. Cotton	5400	0	5400	NA
	Hathras	Desi	4300	0	4300	NA
Telangana	Adilabad	Un-Ginned	NA	0	NA	5400
Karnataka	Bijapur	Bunny	5870	5660	5870	5929
	Hubli	D.C.H.	NA	5650	NA	NA
	Hubli	B.T. Cotton	NA	0	NA	NA
	Raichur	H-44 Cotton	NA	5600	NA	5470
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	14-Dec-20	07-Dec-20	14-Dec-20	15-Dec-19
Punjab	Bhatinda	J-34	4340	4270	4340	#N/A
	Abohar	J-34	4360	4270	4360	#N/A
	Mansa	J-34	4310	4260	4310	#N/A
Haryana	Sirsa	J-34	4310	4210	4310	#N/A
Rajasthan	Sri-Ganganagar	J-34	4089	3948	4089	#N/A

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	14-Dec-20	07-Dec-20	14-Dec-20	15-Dec-19
Gujarat	Ahmedabad	Shankar-6	64600	57800	64600	#N/A
	Gondal	Shankar-6	3258	2922	3258	#N/A
	Rajkot	B.T. Cotton	4225	2800	4225	#N/A
	Patan	B.T. Cotton	NA	17784	NA	3450
	Kadi	B.T. Cotton	30000	30000	30000	#N/A
	Deesa	B.T. Cotton	NA	0	NA	#N/A
	Dhrol	B.T. Cotton	485	545	485	#N/A
Haryana	Bhiwani	B.T. Cotton	10000	15000	10000	1200
	Bhiwani	Desi	NA	0	NA	#N/A
	Adampur	B.T. Cotton	1700	1190	1700	#N/A
	Fatehabad	B.T. Cotton	700	1000	700	#N/A
	Jind	B.T. Cotton	NA	0	NA	#N/A
	Uchana	B.T. Cotton	NA	0	NA	#N/A
	Dabwali	B.T. Cotton	1850	2500	1850	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	1500	1000	1500	#N/A
	Rawatsar	B.T. Cotton	700	500	700	#N/A
Madhya Pradesh	Khandwa	Mech-1	400	0	400	#N/A

	Khargaon	Mech-1	NA	0	NA	#N/A
Maharashtra	Amravati	Mech-1	15000	16000	15000	#N/A
	Jamner	Medium Staple	NA	0	NA	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	#N/A
	Hathras	Desi	NA	0	NA	#N/A
Telangana	Adilabad	Un-Ginned	NA	0	NA	#N/A
Karnataka	Bijapur	Bunny	6123	7065	6123	#N/A
	Hubli	D.C.H.	NA	69	NA	#N/A
	Hubli	B.T. Cotton	NA	0	NA	#N/A
	Raichur	H-44 Cotton	NA	285	NA	#N/A
Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	14-Dec-20	07-Dec-20	14-Dec-20	15-Dec-19
Punjab	Bhatinda	J-34	10200	3400	10200	#N/A
	Abohar	J-34	2040	510	2040	#N/A
	Mansa	J-34	1700	850	1700	#N/A
	Sirsa	J-34	1360	2550	1360	#N/A
	Sri-Ganganagar	J-34	2000	2000	2000	#N/A

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				4th Dec'20 to 10th Dec'20	27th Nov'20 to 3rd Dec'20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39017	39343	-326
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39517	39843	-326
J-34(202)	26mm	3.5 - 4.9	23	39800	39900	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39650	40157	-507
Shankar-6(105)	29mm	3.5 - 4.9	28	40650	41157	-507
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42867	43214	-347
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43500	43843	-343
DCH-32(107)	34mm	3.0 - 3.8	33	57967	57500	467

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