

Weekly Publication of



Cotton Association of India

COTTON STATISTICS & NEWS

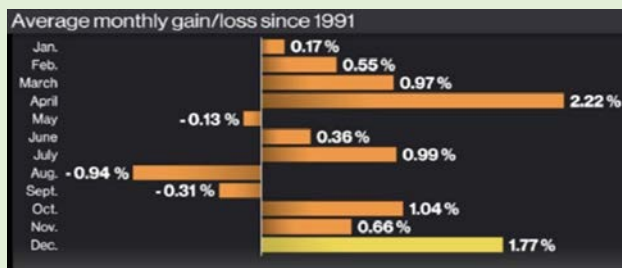
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The Month That Was - Snippets for December 2020

MSCI All-Country Index



Asia's history of strong Decembers holds promise for investors. The MSCI Asia Pacific Index, which has just posted its best monthly return since 2009 with a 10.2% rally in November, may remain robust in December, based on its track record over the past decade. Since 2010, the benchmark gauge has averaged a 1% gain in the final month of the year, double the performance of the S&P 500 in December, according to data compiled by Bloomberg

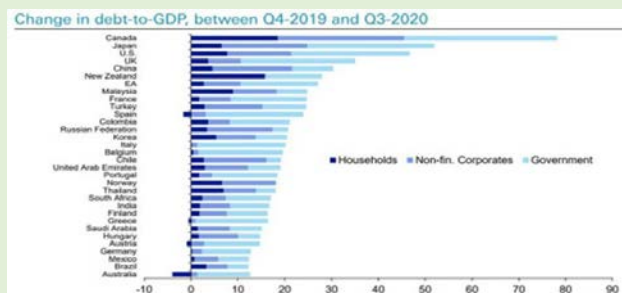
Gold and Digital Gold



Source : Bloomberg

Data shows December is usually very good for stocks, second-best one after April. Then again, we've never followed a 13+% November gain.

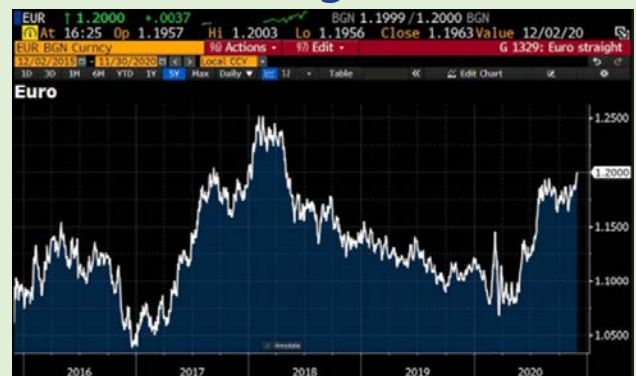
Change in Debt-to-GDP



Source : NF, Deutsche Bank

An astonishing chart by Deutsche Bank. The surge in debt-to-GDP level between Q4 2019 and Q3 2020 is just unprecedented.

Scarce Sovereign



Source : Bloomberg

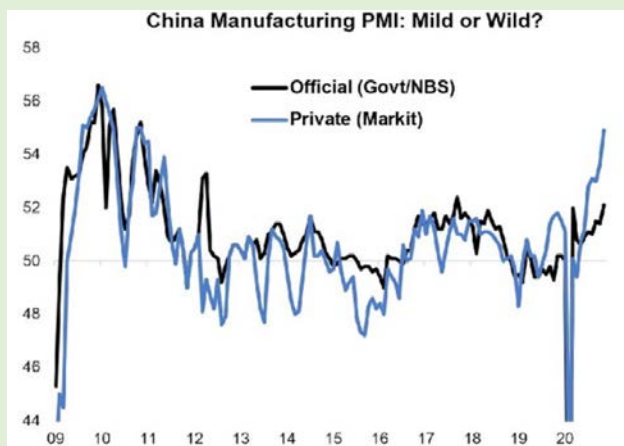
Bitcoin is winning Covid-19 monetary revolution. Some say the virtual currency is scarce, sovereign and a great place for the rich to store their wealth.

Copper is Economic Bellwether



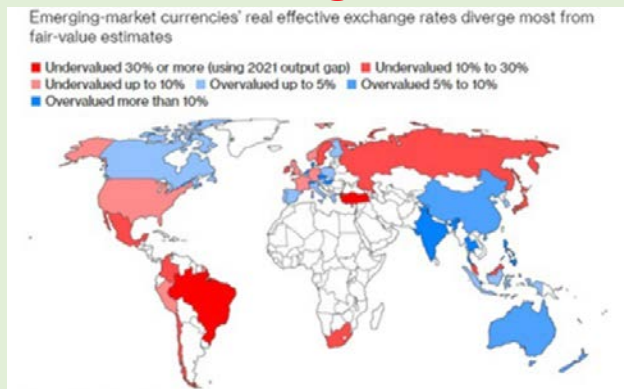
The price of copper, often seen as an economic bellwether, is up 62% from its March low and has risen to its highest level since 2013.

China Manufacturing PMI



China (Caixin/Markit) manufacturing PMI for November surges to a decade high. Is this a sign of things to come for the rest of the world?

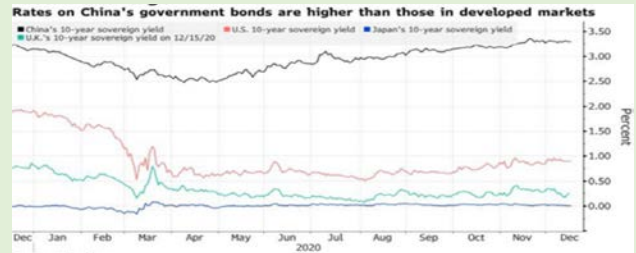
Greatest Misalignments



Source : Bloomberg Economics

Misalignments are biggest for emerging-market currencies.

Yield Advantage



Source : Bloomberg

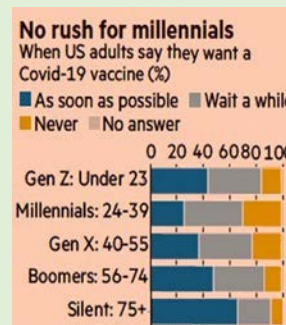
The difference in yield between Chinese government bonds and U.S. Treasuries is already near record levels, with many market players expecting the gap to widen further next year.

Lockdown Woes



Inditex, the world's biggest retailer, has managed to shrink inventories, helping it control costs. But like Swedish fashion retailer H&M, it retains a strong physical presence and has a proliferation of brands. Share prices of the two have failed to keep pace with online stars such as Asos. For retail in 2020, durability is accomplishment enough. Inditex and H&M, stalwarts of fast fashion, are among the survivors. They bear the scars: sales tumbled 10 per cent on a constant currency basis in the past quarter. Shoppers across the globe were hobbled by a new set of lockdowns in the three months to end November. Sales at Sweden-based H&M fell to SKr52.54bn (\$6.26bn); Inditex dropped to €6.05bn. The Spanish retailer, which provided a fuller set of numbers yesterday, cut costs but still suffered.

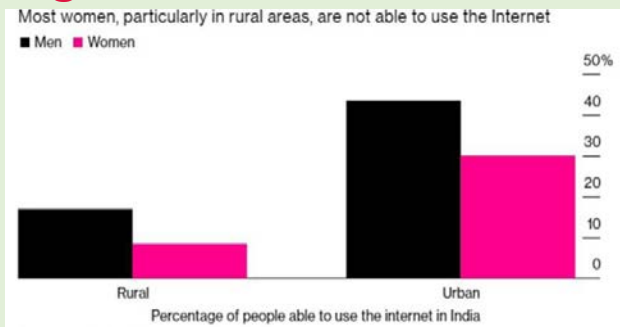
Millennials not keen on Vaccine



Source : Fortune, SurveyMonkey (Nov 30 - Dec 1 2020)

While more than 40 per cent of the youngest adults in the US say they would have a Covid-19 vaccine, the number nearly halves for the generation above them. Meanwhile, the majority of over 75s said they would get a jab as soon as possible.

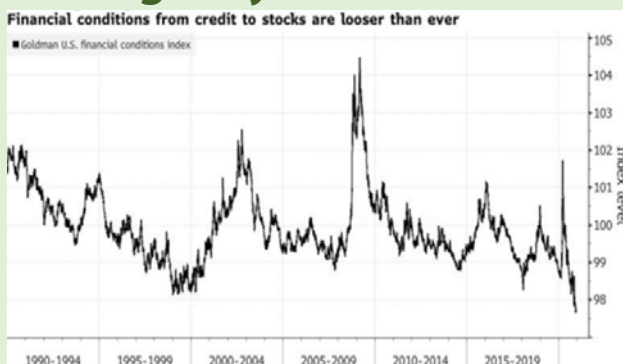
Digital Divide



Source : India's Statistics Ministry

Covid risks a lost generation in India as the digital divide widens. As many as 80% of Indian students couldn't access online schooling during the lockdown, and many might not return to classrooms when they reopen, according to a recent study by Oxfam; the gap between those with the means and knowledge to benefit from the internet, and those without -- worsening already stark levels of inequality and weighing on economic growth. While the divide isn't unique to India, it's especially acute in a nation where more than half the population of 1.3 billion people is under 25 years old.

The Big Easy



Source : Bloomberg

A speculative frenzy is sweeping wall street and world markets. Animal spirits are famously running wild across Wall Street, but crunch the numbers and this bull market is even crazier than it seems. Global stocks are now worth around \$100 trillion. American companies have raised a record \$175 billion in public listings. Some \$3 trillion of corporate bonds are trading with negative yields. All the while the virus spreads, the economic cycle stays on life-support and businesses get thrashed by fresh lockdowns. "Sentiment indicators are moving to euphoria," said Cedric Ozazman, chief investment officer at Reyl & Cie in Geneva. "People are now jumping to invest amid fears they will miss the Santa Claus rally."

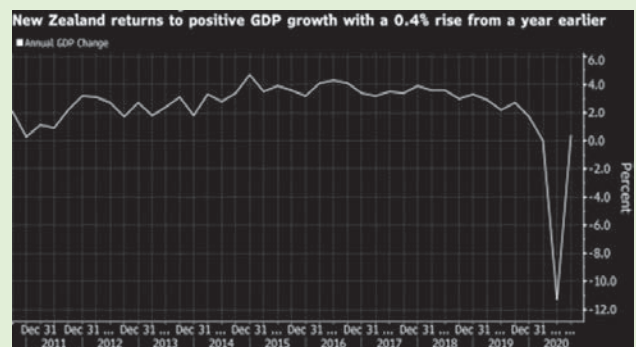
Just the Beginning?



Source : ICE, Bloomberg

Investors know that the environment for businesses and for earnings is going to be good in the medium and long-term," said Chris Gaffney, President of world markets at TIAA Bank. "The global economy and the U.S. in particular is going to go through a tough patch here in the next few months. However, the central banks and the future looks good."

Economic V-ictory



Source : Statistics NZ

Behold, a rare V-shaped recovery! It comes courtesy of New Zealand, which has done far better than most countries when it comes to controlling the coronavirus and is now enjoying the economic fruits of its containment efforts. New Zealand's GDP jumped 14% in the third quarter, more than the median estimate of 12.9% and the biggest quarterly gain on record. There are a couple of points to make on New Zealand's apparent V-ictory. The first is that successful coronavirus containment is an important prelude to, and perhaps a prerequisite for, meaningful economic growth. The second is that such growth doesn't exist in a vacuum. The New Zealand dollar rose after the GDP report, adding to its 5.5% gain over the past three months and begging the question of whether the central bank can avoid an interest rate rise for much longer. In a world where others are still very much in the process of easing, currency appreciation and capital influx are the monetary price one pays for relative economic outperformance.

Buffett Indicator



Source : Bloomberg

The stock market world looking toward 2021 with great euphoria. The bullish expectations of US retail investors and US stock market letter writers bear impressive witness to this, Metzler says. Global stocks now worth equal to 116% of global GDP, highest level since 2007.

Recovery Holding



Source : Bloomberg

India economy stabilizes in November as retail demand improves. India's economic activity showed signs of stabilising in November, even as concerns of fresh virus outbreaks and a new strain in the U.K. mount amid news of vaccines fuelling hope.

All eight high-frequency indicators tracked by Bloomberg News were steady last month, keeping the needle on a dial measuring the so-called 'Animal Spirits' unchanged at 5. The level was arrived at by using the three-month weighted average to smooth out volatility in the single-month readings. Activity in India's dominant services sector expanded for a second straight month in November, although at a slower pace. The Markit India Services Purchasing Managers' Index was at 53.7 last month versus 54.1 in October, with a reading above 50 indicating expansion. IHS Markit, which conducts the survey, said the level of positive sentiment had climbed to the highest since February amid predictions that conditions would normalize once a vaccine is rolled out.

Pound Slides



Source : Bloomberg

More than 16 million Britons are now required to stay at home as a full lockdown came into force in London and the southeast of England, with some European countries taking steps to limit travel with the U.K. In the U.S., Covid-19 immunizations with the newly authorized Moderna Inc. shot will likely begin Monday

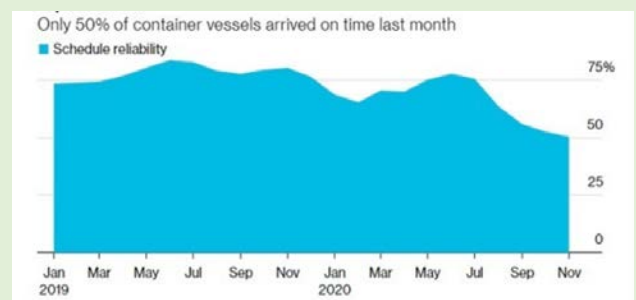
FANGMAN



Source : Bloomberg

FANGMAN on course to fresh highs. The combined market cap of Facebook, Apple, Netflix, Google, Microsoft, Amazon and Nvidia regained \$8 trillion mark.

Squeeze Box

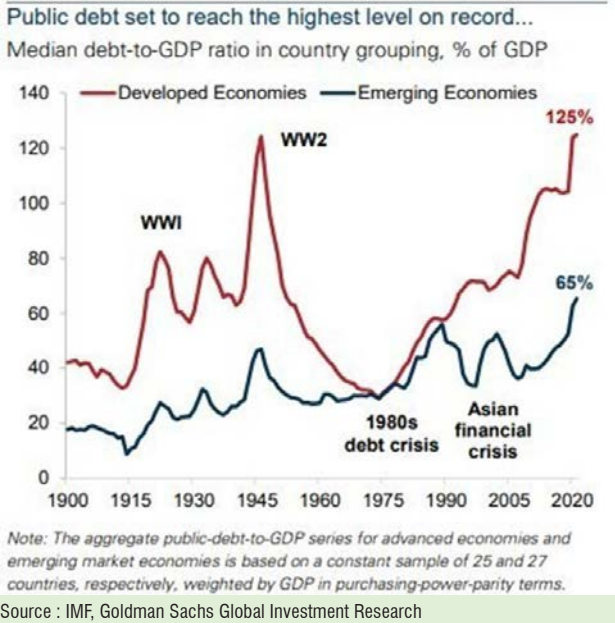


Source : Sea-Intelligence ApS

Note: On time means day scheduled +/- one day

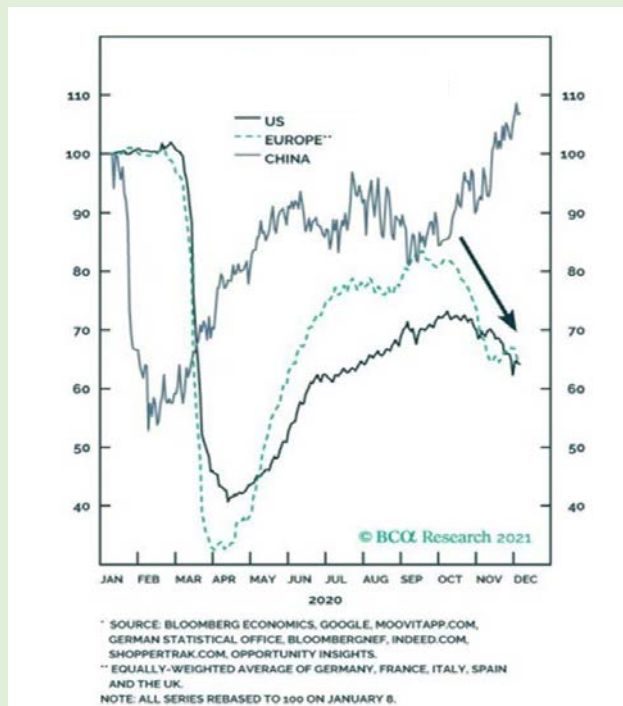
Bottlenecks rattle the world economy's backbone of container shipping - Only 50% of container vessels arrived on time.

Public Debt on Record High



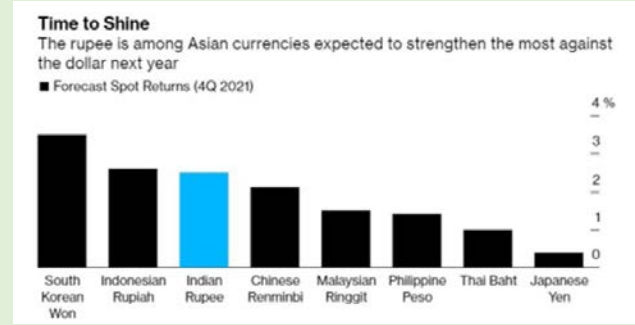
Higher debt inevitably leads to lower growth. Many governments used the excuse of Covid-19 to perpetuate bloated budgets when, in many cases, less than 30% of the increase in deficits were measures to combat the pandemic

Bloomberg Alternative High-Frequency Economic Activity Index



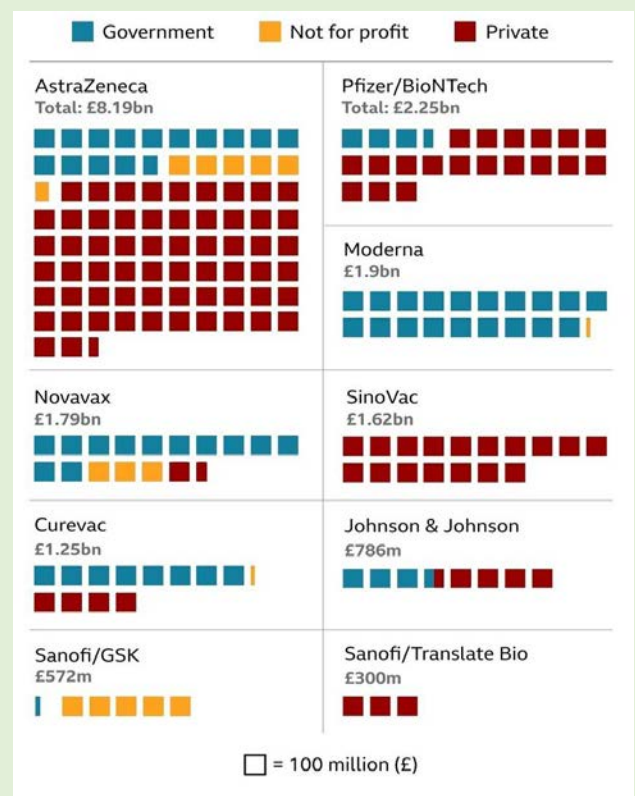
Several high-frequency indicators prove China continues to fare best, while Europe and U.S. are lagging given current wave of virus.

Time to Shine



The rupee has been the worst performer among major Asian currencies this year, declining more than 3% against the U.S. currency amid the Reserve Bank’s dollar purchases. Traders are forecasting that the rupee will be one of the best performers among Asian currencies, bouncing back by the fourth quarter of next year. The Bloomberg consensus median forecast is for the rupee to appreciate to 72.05 per U.S. dollar by the last quarter of 2021. “We expect the Indian rupee to be anchored at least in the short-term as external accounts are bolstered from weak oil prices, abundant global liquidity and a weakening U.S. dollar,” said Cartica Management’s Alejos.

Who has Funded the Covid Vaccines?



China to Lower Import Tariff on more Products in High Demand for January 2021

BEIJING: China will lower import tariffs on more products in high domestic demand for next year, including medical equipment, raw materials for baby powders, high-tech equipment and some commodities, the finance ministry said on Wednesday.

For 2021, China will implement temporary import tariffs, which are lower than the most-favoured-nation tariffs, on 883 products, up from 859 products taxed at temporary rates in 2020.

The tariff changes are made to satisfy domestic demand and boost the technology development of Chinese industries so that a "great circulation" of the domestic economy would be formed, said the ministry.

Facing hostilities from the United States, Beijing has unveiled a "dual circulation" strategy for the next phase of its economic development, in which it would rely mainly on "domestic circulation" - the internal cycle of production, distribution, and consumption, supported by innovation and upgrades in the economy.

To improve people's livelihood, China will exempt import tariffs on some anti-cancer drugs and raw materials of rare disease drugs, while import duties on artificial heart valves, hearing aids, as well as some raw materials for baby powders, are to be lowered.

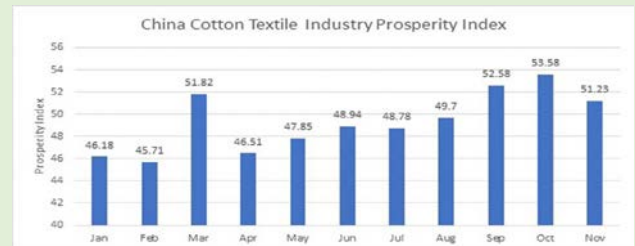
Beijing will also lower import duties on parts, raw materials, and industrial equipment used in its new infrastructure and high-technology push, in order to meet domestic demand. Emission-filtering devices for diesel engine vehicles would also see their import rates cut as a result of the government's environmental drive.

Tariffs for some non-alloyed nickel and the minor metal niobium will be slightly cut in 2021 to encourage more imports, the ministry said, while sliding tariffs on cotton cargoes brought in under additional quotas will be reduced marginally, a move traders said would lower costs of importing the fiber.

Reuters

China Cotton Textile Industry Prosperity Index

China Cotton Association published a new prosperity survey from China's Cotton Textile Industry Association. The survey showed the third consecutive monthly increase in "prosperity" for the industry with the November reading of 51.23. Any reading above 50 shows improvement month over month. Per the survey, textile companies increased their purchases of cotton in November, while non-cotton fiber purchases declined. The production pace in November was basically the same as previous month and yarn prices remained stable. Grey cloth prices and sales improved month over month. Below snapshot is a graph of the 2020 Prosperity Index through November.



Wells Fargo's Top 10 Predictions for 2021

1. Tesla becomes the new AOL
2. Chart no longer needs to look good
3. GOP retains Senate control
4. Large caps underperform average stock
5. 2021 is the year of not good enough
6. Crypto as a preferred speculative instrument undergoes resurgence
7. Covid-19 fatigue, lockdowns hurt incumbents' reelection efforts
8. S&P share buybacks double from 2019 levels
9. Small caps see resurgence
10. Volatility decay slows

Source : Wells Fargo

Whiplash



Source : Bloomberg

Compiled by Shri. Kunal Thakkar



**Since 1921,
we are dedicated to the cause of Indian cotton.**
Just one of the reasons, you should use our Laboratory Testing Services.

The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research laboratories are strategically spread across major cotton centres in India and are equipped with:

- State-of-the-art technology & world-class Premier and MAG cotton testing machines
- HVI test mode with trash% tested gravimetrically

LABORATORY LOCATIONS

Current locations : • **Maharashtra :** Mumbai; Yavatmal; Aurangabad; Jalgaon • **Gujarat :** Rajkot; Ahmedabad • **Andhra Pradesh :** Adoni
• **Madhya Pradesh :** Khargone • **Karnataka :** Hubli • **Punjab :** Bathinda • **Telangana :** Warangal, Adilabad



COTTON ASSOCIATION OF INDIA

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UPCOUNTRY SPOT RATES								(Rs./Qtl)					
Sr. No.	Growth	Grade Standard	Grade	Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]				Spot Rate (Upcountry) 2019-20 Crop December 2020					
				Staple	Micronaire	Gravimetric Trash	Strength /GPT	21st	22nd	23rd	24th	25th	26th
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	7536 (26800)	7480 (26600)	7480 (26600)	7480 (26600)		7424 (26400)
								Spot Rate (Upcountry) 2020-21 Crop					
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	4%	15	10939 (38900)	10826 (38500)	10826 (38500)	10826 (38500)		10770 (38300)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 - 7.0	4.5%	15	11079 (39400)	10967 (39000)	10967 (39000)	10967 (39000)		10911 (38800)
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	-	-	-	-		-
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	4.5%	21	8661 (30800)	8605 (30600)	8605 (30600)	8605 (30600)	H	8548 (30400)
5	M/M (P)	ICS-104	Fine	24mm	4.0 - 5.5	4%	23	10742 (38200)	10657 (37900)	10657 (37900)	10657 (37900)		10601 (37700)
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 - 4.9	4.5%	26	11670 (41500)	11529 (41000)	11529 (41000)	11557 (41100)		11445 (40700)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 - 3.4	4%	25	9701 (34500)	9589 (34100)	9589 (34100)	9617 (34200)	O	9561 (34000)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 - 4.9	4%	26	11810 (42000)	11670 (41500)	11670 (41500)	11698 (41600)		11585 (41200)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 - 3.4	4%	25	10236 (36400)	10123 (36000)	10123 (36000)	10123 (36000)		10067 (35800)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 - 4.9	3.5%	26	10686 (38000)	10601 (37700)	10601 (37700)	10601 (37700)	L	10545 (37500)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 - 4.9	4%	27	11895 (42300)	11754 (41800)	11754 (41800)	11810 (42000)		11698 (41600)
12	M/M(P)	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	11557 (41100)	11445 (40700)	11445 (40700)	11501 (40900)		11445 (40700)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	11642 (41400)	11529 (41000)	11529 (41000)	11585 (41200)	I	11529 (41000)
14	GUJ	ICS-105	Fine	28mm	3.7 - 4.5	3%	27	11698 (41600)	11585 (41200)	11585 (41200)	11614 (41300)		11557 (41100)
15	R(L)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	11754 (41800)	11585 (41200)	11585 (41200)	11585 (41200)		11473 (40800)
16	M/M(P)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	11867 (42200)	11726 (41700)	11726 (41700)	11782 (41900)	D	11726 (41700)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	11923 (42400)	11782 (41900)	11782 (41900)	11838 (42100)		11782 (41900)
18	GUJ	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	11923 (42400)	11810 (42000)	11810 (42000)	11867 (42200)		11810 (42000)
19	M/M(P)	ICS-105	Fine	30mm	3.7 - 4.5	3.5%	29	12120 (43100)	12035 (42800)	12035 (42800)	12092 (43000)	A	12035 (42800)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 - 4.5	3%	29	12148 (43200)	12063 (42900)	12063 (42900)	12120 (43100)		12063 (42900)
21	M/M(P)	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	12401 (44100)	12288 (43700)	12317 (43800)	12345 (43900)		12288 (43700)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	12429 (44200)	12317 (43800)	12345 (43900)	12373 (44000)	Y	12317 (43800)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 - 4.2	3%	31	12682 (45100)	12570 (44700)	12598 (44800)	12654 (45000)		12598 (44800)
24	M/M(P)	ICS-107	Fine	34mm	3.0 - 3.8	4%	33	16703 (59400)	16703 (59400)	16731 (59500)	16816 (59800)		16759 (59600)
25	K/TN	ICS-107	Fine	34mm	3.0 - 3.8	3.5%	34	17125 (60900)	17125 (60900)	17153 (61000)	17294 (61500)		17238 (61300)

(Note: Figures in bracket indicate prices in Rs./Candy)