

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, 970/bale on Monday. ICE cotton futures closed red on Friday.

News: Maharashtra state cooperative cotton growers marketing federation has started purchasing cotton. About 11,610 farmers have registered themselves with Achalpur Agricultural Produce Market Committee. Out of which 3,600 quintals of cotton of 117 farmers have been measured in Ramsavi Industries of Marketing Federation. Marketing Federation has also opened various centers for cotton procurement in Warud, Morshi, Daryapur, Amravati and Achalpur.

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 farmers 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:

Thunderstorm accompanied with lightening at isolated places over Tamilnadu, Pondicherry and Karaikal, Madhya Pradesh and Konkan & Goa.

International Fundamentals:

The ICE cotton Futures was down by 18 points at 74.08 cents/lb. The Cotlook A index was higher on 12/10, at 79.65 cents/lb. The AWP for cotton is 58.17 cents/lb.

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 in the country.

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. Reviving this 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 | 14-Dec-20 | 12-Dec-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 5675 | 5675 | Unch |
| | Gondal | Shankar-6 | 5755 | 5705 | 50 |
| | Rajkot | B.T. Cotton | 5625 | 5605 | 20 |
| | Patan | B.T. Cotton | NA | 5755 | - |
| | Kadi | B.T. Cotton | 5600 | 5600 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 5575 | 5605 | -30 |
| Haryana | Bhiwani | B.T. Cotton | 5525 | 5450 | 75 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 5550 | 5475 | 75 |
| | Fatehabad | B.T. Cotton | 5510 | 5480 | 30 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 5665 | 5700 | -35 |
| Rajasthan | Hanumangarh | B.T. Cotton | 5450 | 5450 | Unch |
| | Rawatsar | B.T. Cotton | 5400 | 5300 | 100 |
| Madhya Pradesh | Khandwa | Mech-1 | 5600 | Closed | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 5300 | 5250 | 50 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 5400 | 5400 | Unch |
| | Hathras | Desi | 4300 | 4300 | Unch |
| Andhra Pradesh | Adoni | Medium Staple | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 5725 | - |
| Karnataka | Bijapur | Bunny | 5870 | NA | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 5600 | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |

| State | Centre | Variety | 14-Dec-20 | 12-Dec-20 | |
|-----------|----------------|---------|-----------|-----------|-----|
| Punjab | Bhatinda | J-34 | 4340 | 4330 | 10 |
| | Abohar | J-34 | 4360 | 4350 | 10 |
| | Mansa | J-34 | 4310 | 4300 | 10 |
| Haryana | Sirsa | J-34 | 4310 | 4290 | 20 |
| Rajasthan | Sri-Ganganagar | J-34 | 4089 | 3948 | 141 |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 14-Dec-20 | 12-Dec-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 64600 | 59500 | 5100 |
| | Gondal | Shankar-6 | 3258 | 2569 | 689 |
| | Rajkot | B.T. Cotton | 4225 | 3200 | 1025 |
| | Patan | B.T. Cotton | NA | 18955 | - |
| | Kadi | B.T. Cotton | 30000 | 30000 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 485 | 356 | 129 |
| Haryana | Bhiwani | B.T. Cotton | 10000 | 10000 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 1700 | 1700 | Unch |
| | Fatehabad | B.T. Cotton | 700 | 800 | -100 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 1850 | 2000 | -150 |
| Rajasthan | Hanumangarh | B.T. Cotton | 1500 | 1500 | Unch |
| | Rawatsar | B.T. Cotton | 700 | 300 | 400 |
| Madhya Pradesh | Khandwa | Mech-1 | 400 | Closed | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 15000 | 17000 | -2000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Andhra Pradesh | Adoni | Medium Staple | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 2131897 | - |
| Karnataka | Bijapur | Bunny | 6123 | NA | - |

| | Hubli | D.C.H. | NA | NA | - |
|-----------|----------------|-------------|--------------------|-----------|--------|
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 247 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 14-Dec-20 | 12-Dec-20 | |
| Punjab | Bhatinda | J-34 | 10200 | 6800 | 3400 |
| | Abohar | J-34 | 2040 | 1700 | 340 |
| | Mansa | J-34 | 1700 | 850 | 850 |
| Haryana | Sirsa | J-34 | 1360 | 850 | 510 |
| Rajasthan | Sri-Ganganagar | J-34 | 2000 | 2000 | Unch |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 14-Dec-20 | 12-Dec-20 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1040 | 1030 | 10 |
| Delhi | New Delhi | Rs. /10 Kg. | 1000 | 1000 | Unch |
| Telangana | Hyderabad | Rs. /10 Kg. | 1035 | 1035 | Unch |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1045 | 1050 | -5 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 14-Dec-20 | 12-Dec-20 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2035 | 2050 | -15 |
| Maharashtra | Akola | Rs./Qtl | 2050 | 2047 | 3 |

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

| Index | Unit | 11-Dec-20 | 10-Dec-20 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 14701 | 14663 | 38 |
| CCIndex(527) | RMB/Ton | 13828 | 13817 | 11 |
| CCIndex(229) | RMB/Ton | 14953 | 14922 | 31 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 11-Dec-20 | 10-Dec-20 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 85.25 | 84.09 | 1.16 |
| FC Index (M) | Cents/lb | 82.76 | 81.78 | 0.98 |
| FC Index (L) | Cents/lb | 81.88 | 80.78 | 1.10 |

Cotlook Index:

| Cotlook Indices | Unit | 10-Dec-20 | 09-Dec-20 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 79.65 | 78.65 | 1.00 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 10-Dec-20 | 10-Dec-20 | Bales |
| Southeast | cents/lb. | 72.76 | 75.01 | 425 |
| North Delta | cents/lb. | 71.51 | 73.76 | 237 |
| South Delta | cents/lb. | 71.51 | 73.76 | 0 |
| East TX-OK | cents/lb. | 69.26 | 71.76 | 11304 |
| West Texas | cents/lb. | 69.26 | 72.51 | 30111 |
| Desert SW | cents/lb. | 67.26 | 71.51 | 274 |
| SJ Valley | cents/lb. | 67.76 | 76.66 | 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 12-Dec-2020**(in Pakistan Rupees)**

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|----------|--------------|------------------|-------------------|
| Cotton | 37.32Kgs | 9400 | 180 | 9580 |
| Equivalent | 40 Kgs | 10074 | 193 | 10267 |

Daily Futures Price Listing Friday December 11, 2020

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 20-Dec | 201211 | 74.25 | 74.75 | 74.00 | 74.08 | -0.18 | 14,697 | 126,635 | +361 |
| 21-Mar | 201211 | 75.03 | 75.51 | 74.79 | 74.89 | -0.15 | 3,869 | 37,873 | -90 |
| 21-May | 201211 | 75.70 | 76.15 | 75.46 | 75.54 | -0.19 | 2,513 | 21,735 | +560 |
| 21-Jul | 201211 | 73.80 | 73.80 | 73.47 | 73.47 | -0.33 | 0 | 6 | +0 |
| 21-Oct | 201211 | 72.50 | 72.85 | 72.30 | 72.37 | -0.18 | 1,285 | 23,438 | +290 |
| 21-Dec | 201211 | 73.16 | 73.33 | 72.70 | 72.87 | -0.48 | 35 | 1,194 | +1 |
| Total Volume and Open Interest | | | | | | | 22,399 | 212,319 | +1,22 |

Source: MRCI

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