

### 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 lower at Rs.20, 040 /bale on Tuesday.ICE cotton futures closed green on Monday.*

**News: 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.**

**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 famers 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:**

Heavy rainfall very likely at isolated places over Tamil Nadu , Puducherry & Karikal. Thunderstorm accompanied with lightening at isolated places over Andaman & Nicobar Islands , Tamilnadu, Pondicherry and karaikal, Lakshadweep and Kerala & Mahe.

#### **International Fundamentals:**

The ICE cotton Futures was down by 18 points at 74.08 cents/lb. The Cotlook A index was higher on 12/11, at 80.90 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	15-Dec-20	14-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5700	5675	25
	Gondal	Shankar-6	5780	5755	25
	Rajkot	B.T. Cotton	5645	5625	20
	Patan	B.T. Cotton	NR	5780	-
	Kadi	B.T. Cotton	5600	5600	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5085	5575	-490
Haryana	Bhiwani	B.T. Cotton	5525	5525	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5350	5550	-200
	Fatehabad	B.T. Cotton	5550	5510	40
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5665	5665	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5450	5450	Unch
	Rawatsar	B.T. Cotton	5400	5400	Unch
Madhya Pradesh	Khandwa	Mech-1	5600	5600	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5300	5300	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5400	5400	Unch
	Hathras	Desi	4300	4300	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5874	5870	4
	Hubli	D.C.H.	5421	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Dec-20	14-Dec-20	
Punjab	Bhatinda	J-34	4360	4340	20
	Abohar	J-34	4360	4360	Unch
	Mansa	J-34	4350	4310	40
Haryana	Sirsa	J-34	4330	4310	20
Rajasthan	Sri-Ganganagar	J-34	4089	4089	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Dec-20	14-Dec-20	
Gujarat	Ahmedabad	Shankar-6	64600	64600	Unch
	Gondal	Shankar-6	3052	3258	-206
	Rajkot	B.T. Cotton	5050	4225	825
	Patan	B.T. Cotton	NR	24610	-
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	294	485	-191
Haryana	Bhiwani	B.T. Cotton	7000	10000	-3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1700	-340
	Fatehabad	B.T. Cotton	800	700	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	700	1850	-1150
Rajasthan	Hanumangarh	B.T. Cotton	2000	1500	500
	Rawatsar	B.T. Cotton	500	700	-200
Madhya Pradesh	Khandwa	Mech-1	800	400	400
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	18000	15000	3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5749	6123	-374
	Hubli	D.C.H.	38	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Dec-20	14-Dec-20	
Punjab	Bhatinda	J-34	10200	10200	Unch
	Abohar	J-34	1530	2040	-510
	Mansa	J-34	1700	1700	Unch
Haryana	Sirsa	J-34	1700	1360	340
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	15-Dec-20	14-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1040	1040	Unch
Delhi	New Delhi	Rs. /10 Kg.	1000	1000	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1035	1035	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1045	1045	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-Dec-20	14-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2030	2035	-5
Maharashtra	Akola	Rs./Qtl	2042	2050	-8

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	15-Dec-20	14-Dec-20	Change
CCIndex(328)	RMB/Ton	14842	14789	53
CCIndex(527)	RMB/Ton	13893	13861	32
CCIndex(229)	RMB/Ton	15058	15022	36

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	15-Dec-20	14-Dec-20	Change
FC Index (S)	Cents/lb	85.65	85.07	0.58
FC Index (M)	Cents/lb	83.06	85.52	-2.46
FC Index (L)	Cents/lb	82.15	81.63	0.52

**Cotlook Index:**

Cotlook Indices	Unit	14-Dec-20	11-Dec-20	Change
A-Index	Cents/Pound	80.7	80.9	-0.20

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-Dec-20	11-Dec-20	Bales
Southeast	cents/lb.	73.17	74.83	231
North Delta	cents/lb.	71.92	73.58	0
South Delta	cents/lb.	71.92	73.58	0
East TX-OK	cents/lb.	69.92	71.58	4919
West Texas	cents/lb.	69.92	72.33	16027
Desert SW	cents/lb.	67.67	71.33	165
SJ Valley	cents/lb.	68.17	76.48	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 14-Dec-2020**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	9680
Equivalent	40 Kgs	10074	193	10374

**Daily Futures Price Listing Monday December 14, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">20-Dec</a>	201214	74.20	75.20	74.20	74.67	+0.59	23,699	129,064	+2,429
<a href="#">21-Mar</a>	201214	75.06	76.02	75.06	75.51	+0.62	6,904	38,921	+1,048
<a href="#">21-May</a>	201214	75.85	76.69	75.85	76.20	+0.66	3,360	21,990	+255
<a href="#">21-Jul</a>	201214	74.10	74.34	74.00	74.00	+0.53	1	7	+1
<a href="#">21-Oct</a>	201214	72.65	73.40	72.65	72.90	+0.53	1,238	23,636	+198
<a href="#">21-Dec</a>	201214	73.39	73.58	73.10	73.26	+0.39	4	1,194	+0
Total Volume and Open Interest							35,210	216,254	+9,935

Source: MRCI

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