

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.20, 210 /bale on Thursday. ICE cotton futures closed green on Wednesday.

News: SIMA to develop various cotton seeds. The cotton Development and Research Association (CD & RA) of Sothern India mill's Association (SIMA) is gearing itself up to develop various cotton seeds. The aim of developing the seeds is to mitigate the challenges of BT Cotton, herbicides, water scarcity, high density, environment protection and water conservation. The Cotton Corporation of India and SIMA - CD & RA have already conducted the extra long staple cotton trials in the states of Rajasthan, Madhya Pradesh, Maharashtra and Tamil Nadu.

Cotton Bales procurement has reached around 50 lakh. Procurement operations of seed cotton under Minimum support price is going smoothly in the states of Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha and Karnataka. About 4986613 cotton bales valuing Rs. 14431.79 crore has been procured benefitting around 962704 farmers.

Cotton farmers have started getting training in plant protection. The cotton farmers in Punjab are getting training from the District Agriculture Department to prevent cotton crop from pink bollworm attack, the officials are conducting training cum awareness camp for farmers in different villages. Earlier Pink Bollworm has already affected the cotton crop in some parts of Gujarat.

TNAU has developed naturally colored cotton. After a gap of nearly three years, the Tamil Nadu Agriculture University (TNAU) has resumed its efforts to develop naturally colored cotton varieties that come in shades of brown and green. According to the university scientist, it would take at least six to seven years to commercially release the varieties as only two trials could be done a year after crossing, as the cotton is a six month crop.

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 Committe. 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, Kerala & Mahe. Thunderstorm accompanied with lightening at isolated places over Tamilnadu, Pondicherry and karaikal, Lakshadweep and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was up by 6 points at 75.65 cents/lb. The Cotlook A index was higher on 12/15, at 81.30 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	-40	20670	20680	20500	20470	598	2069
MXCTNZ0	-40	20670	20680	20500	20470	598	2069
MXCTNF1	-10	20900	20950	20740	20730	534	1989

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Dec-20	17-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5750	5700	50
	Gondal	Shankar-6	5830	5805	25
	Rajkot	B.T. Cotton	5740	5695	45
	Patan	B.T. Cotton	NR	5855	-
	Kadi	B.T. Cotton	5700	5700	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5620	5680	-60
Haryana	Bhiwani	B.T. Cotton	5550	5550	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5550	-50
	Fatehabad	B.T. Cotton	5560	5550	10

	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5750	5725	25
Rajasthan	Hanumangarh	B.T. Cotton	5500	5500	Unch
	Rawatsar	B.T. Cotton	5475	5450	25
Madhya Pradesh	Khandwa	Mech-1	5600	5600	Unch
	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
Telangana	Adilabad	Un-Ginned	5725	5725	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	5309	5505	-196
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5560	5550	10
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Dec-20	17-Dec-20	
Punjab	Bhatinda	J-34	4420	4380	40
	Abohar	J-34	4430	4380	50
	Mansa	J-34	4360	4360	Unch
Haryana	Sirsa	J-34	4400	4350	50
Rajasthan	Sri-Ganganagar	J-34	4042	4042	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Dec-20	17-Dec-20	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	3006	3592	-586
	Rajkot	B.T. Cotton	3300	3550	-250
	Patan	B.T. Cotton	NR	16920	-
	Kadi	B.T. Cotton	40000	60000	-20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	369	299	70
Haryana	Bhiwani	B.T. Cotton	5000	5000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1190	170
	Fatehabad	B.T. Cotton	1000	1000	Unch
	Jind	B.T. Cotton	NA	NA	-

	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2000	1500	500
Rajasthan	Hanumangarh	B.T. Cotton	2000	1500	500
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	1500	1500	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	18000	18000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2160595	2237592	-76997
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	4	25	-21
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	255	240	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Dec-20	17-Dec-20	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	1700	1360	340
	Mansa	J-34	2550	1870	680
Haryana	Sirsa	J-34	1190	850	340
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	18-Dec-20	17-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1080	1070	10
Delhi	New Delhi	Rs. /10 Kg.	1080	1050	30
Telangana	Hyderabad	Rs. /10 Kg.	1070	1060	10
Maharashtra	Mumbai	Rs. /10 Kg.	1055	1055	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Dec-20	17-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2063	2076	-13
Maharashtra	Akola	Rs./Qtl	2070	2076	-6

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	18-Dec-20	16-Dec-20	Change
CCIndex(328)	RMB/Ton	14876	14843	33
CCIndex(527)	RMB/Ton	13915	13896	19
CCIndex(229)	RMB/Ton	15075	15060	15
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	18-Dec-20	16-Dec-20	Change
FC Index (S)	Cents/lb	86.64	86.64	Unch
FC Index (M)	Cents/lb	84.05	84.05	Unch
FC Index (L)	Cents/lb	83.15	83.15	Unch

Cotlook Index:

Cotlook Indices	Unit	18-Dec-20	14-Dec-20	Change
A-Index	Cents/Pound	81.3	80.7	0.60

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Dec-20	14-Dec-20	Bales
Southeast	cents/lb.	74.09	75.42	0
North Delta	cents/lb.	72.84	74.17	0
South Delta	cents/lb.	72.84	74.17	0
East TX-OK	cents/lb.	70.84	72.42	6866
West Texas	cents/lb.	70.84	73.17	21972
Desert SW	cents/lb.	68.59	71.92	500
SJ Valley	cents/lb.	69.09	77.07	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 16-Dec-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	9830
Equivalent	40 Kgs	10074	193	10535

Daily Futures Price Listing Wednesday December 17, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	201217	75.65	77.41	75.51	77.19	+1.54↑	15,183	130,366	+1,202
May-21	201217	76.41	78.08	76.26	77.89	+1.46↑	4,798	41,504	+458
Jul-21	201217	77.07	78.62	76.93	78.48	+1.37↑	1,825	23,068	+413
Oct-21	201217	74.48	75.64	74.48	75.63	+1.04↑	0	12	+0
Dec-21	201217	73.23	74.10	72.96	73.62	+0.28↑	547	24,435	+71
Mar-22	201217	73.26	74.39	73.26	73.95	+0.42↑	234	1,359	+54
Total Volume and Open Interest							23,024	222,753	+2,350

Source: MRCI

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