

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 Southern 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 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 traded steady tone across major spot market of north India on Friday. Prices were quoted up by Rs 20-30 per maund. Today weather clear. New crop ready delivery - In Punjab, cotton traded at Rs 4,410-4,440 a maund. In Haryana, it offered at Rs 4,395-4,410 a maund while in Upper Rajasthan, cotton quoted at Rs 4,390-4,420 a maund.

Cotton spot prices steady tone across west India market on Friday. Gujarat weather clear, Sankar-6, 29 mm (10% Moisture, RD-75 & MIC-3.8), new crop good quality in Gujarat traded at Rs 42,100-42,600 a candy and 28.5mm (Average Grade) quoted at Rs.41,300-41,800 a candy. V-797 sold at Rs 26,500-27,000 (13% trash condition) a candy. While in Maharashtra, new crop good grade cotton (30mm) quoted at Rs 43,100-43,600 a candy.

Cotton spot price was steady tone across the major trading centers of south India.

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.

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:

Cotton Council International (CCI), along with the leadership of the US cotton industry, organised the first ever virtual Cotton Day India 2020 themed 'leading through change: Your partner for a new world'. It included discussions on some of the most pressing topics facing the cotton industry in India and globally, with sustainability taking centre stage.

Cotton prices on Thursday climbed over 2% to their highest level since April 2019, propelled by a strong weekly exports sales report and hopes for more US economic stimulus and its likely fillip to demand for the natural fiber.

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	20340	20340	20230	20270	258	2066
MXCTNZ0	-40	20340	20340	20230	20270	258	2066
MXCTNF1	-10	20530	20530	20490	20520	110	1375

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Dec-20	18-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5750	5750	Unch
	Gondal	Shankar-6	5805	5830	-25
	Rajkot	B.T. Cotton	5710	5740	-30
	Patan	B.T. Cotton	NR	5855	-
	Kadi	B.T. Cotton	5700	5700	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5655	5620	35
Haryana	Bhiwani	B.T. Cotton	5550	5550	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5500	Unch
	Fatehabad	B.T. Cotton	5530	5560	-30

	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5750	-50
Rajasthan	Hanumangarh	B.T. Cotton	5500	5500	Unch
	Rawatsar	B.T. Cotton	5475	5475	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5600	-
	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	5725	5725	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	5551	5309	242
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5600	5560	40
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Dec-20	18-Dec-20	
Punjab	Bhatinda	J-34	4410	4420	-10
	Abohar	J-34	4410	4430	-20
	Mansa	J-34	4300	4360	-60
Haryana	Sirsa	J-34	4380	4400	-20
Rajasthan	Sri-Ganganagar	J-34	4042	4042	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Dec-20	18-Dec-20	
Gujarat	Ahmedabad	Shankar-6	61200	68000	-6800
	Gondal	Shankar-6	3526	3006	520
	Rajkot	B.T. Cotton	3650	3300	350
	Patan	B.T. Cotton	NR	18051	-
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	2115	369	1746
Haryana	Bhiwani	B.T. Cotton	5000	5000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1360	Unch
	Fatehabad	B.T. Cotton	1500	1000	500
	Jind	B.T. Cotton	NA	NA	-

	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2500	2000	500
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	300	300	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	1500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	18000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2289437	2160595	128842
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	20	4	16
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	240	255	-15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Dec-20	18-Dec-20	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1190	2550	-1360
Haryana	Sirsa	J-34	1020	1190	-170
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	19-Dec-20	18-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1130	1080	50
Delhi	New Delhi	Rs. /10 Kg.	1150	1080	70
Telangana	Hyderabad	Rs. /10 Kg.	1120	1070	50
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	19-Dec-20	18-Dec-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2063	2063	Unch
Maharashtra	Akola	Rs./Qtl	2070	2070	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	17-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	17-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	15-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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