

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

News: Cotton procurement hits Rs. 14,654 crore in about two months. The center has procured cotton worth Rs. 14,654 crore in the first two months of the current marketing year that started on October 1, which has benefited around 9.63 lakh farmers. These farmers have already received Rs. 11,799 crore in their bank accounts this year. Cotton procurement had stood at a record Rs. 28,500 crore in the last marketing year (2019-20), recording a leap from just Rs 90 crore in 2013-2014.

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 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:

Cold wave conditions at isolated place over Odisha and east Uttar Pradesh. Cold Day to Severe cold day conditions very likely at isolated places over West Uttar Pradesh and cold days conditions at isolated places over east Uttar Pradesh and Bihar.

International Fundamentals:

The ICE cotton Futures was down by 3 points at 77.16 cents/lb. The Cotlook A index was higher by 15 points, at 82.45 cents/lb. The AWP for cotton is 60.9 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	21-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5750	5750	Unch
	Gondal	Shankar-6	5780	5805	-25
	Rajkot	B.T. Cotton	5685	5710	-25
	Patan	B.T. Cotton	NR	5850	-
	Kadi	B.T. Cotton	5600	5700	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5695	5655	40

Haryana	Bhiwani	B.T. Cotton	5650	5550	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5570	5500	70
	Fatehabad	B.T. Cotton	5525	5530	-5
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5665	5700	-35
Rajasthan	Hanumangarh	B.T. Cotton	5460	5500	-40
	Rawatsar	B.T. Cotton	5400	5475	-75
Madhya Pradesh	Khandwa	Mech-1	5600	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5350	5300	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	5400	-
	Hathras	Desi	NR	4300	-
Telangana	Adilabad	Un-Ginned	NA	5725	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	5551	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5600	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	21-Dec-20	19-Dec-20	
Punjab	Bhatinda	J-34	4390	4410	-20
	Abohar	J-34	4400	4410	-10
	Mansa	J-34	4350	4300	50
Haryana	Sirsa	J-34	4365	4380	-15
Rajasthan	Sri-Ganganagar	J-34	4070	4042	28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Dec-20	19-Dec-20	
Gujarat	Ahmedabad	Shankar-6	68000	61200	6800
	Gondal	Shankar-6	3738	3526	212
	Rajkot	B.T. Cotton	3800	3650	150
	Patan	B.T. Cotton	NR	21842	-
	Kadi	B.T. Cotton	80000	40000	40000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	325	2115	-1790
Haryana	Bhiwani	B.T. Cotton	5000	5000	Unch

	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1360	Unch
	Fatehabad	B.T. Cotton	1000	1500	-500
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2750	2500	250
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	500	300	200
Madhya Pradesh	Khandwa	Mech-1	2500	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	18000	16000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	NA	-
Telangana	Adilabad	Un-Ginned	NA	2289437	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	20	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	240	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Dec-20	19-Dec-20	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1700	1190	510
Haryana	Sirsa	J-34	1190	1020	170
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
	State	Centre	Unit	21-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1110	1130	-20
Delhi	New Delhi	Rs. /10 Kg.	1150	1150	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1100	1120	-20
Maharashtra	Mumbai	Rs. /10 Kg.	1065	1055	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
	State	Centre	Unit	21-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1997	2063	-66
Maharashtra	Akola	Rs./Qtl	2011	2070	-59

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	21-Dec-20	18-Dec-20	Change
CCIndex(328)	RMB/Ton	14981	14882	99
CCIndex(527)	RMB/Ton	14002	13916	86
CCIndex(229)	RMB/Ton	15159	15078	81

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Dec-20	18-Dec-20	Change
FC Index (S)	Cents/lb	88.11	88.11	Unch
FC Index (M)	Cents/lb	85.55	85.55	Unch
FC Index (L)	Cents/lb	84.65	84.65	Unch

Cotlook Index:

Cotlook Indices	Unit	18-Dec-20	18-Dec-20	Change
A-Index	Cents/Pound	83.9	83.9	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Dec-20	16-Dec-20	Bales
Southeast	cents/lb.	75.66	76.4	231
North Delta	cents/lb.	74.41	75.15	0
South Delta	cents/lb.	74.41	75.15	0
East TX-OK	cents/lb.	72.41	73.4	7273
West Texas	cents/lb.	72.41	74.15	30466
Desert SW	cents/lb.	70.16	72.9	600
SJ Valley	cents/lb.	70.66	78.05	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 19-Dec-2020				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10030
Equivalent	40 Kgs	10074	193	10749

Daily Futures Price Listing Friday December 18, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	201218	77.19	77.41	76.85	77.16	-0.03	12,246	130,647	+281
May-21	201218	77.93	78.07	77.57	77.83	-0.06	3,710	41,578	+74
Jul-21	201218	78.49	78.65	78.18	78.38	-0.10	1,991	23,550	+482
Oct-21	201218	75.67	75.67	75.67	75.67	+0.04	1	11	-1
Dec-21	201218	73.74	74.00	73.60	73.90	+0.28	1,043	24,746	+311
Mar-22	201218	74.15	74.27	74.03	74.18	+0.23	73	1,359	+0
Total Volume and Open Interest							19,289	224,052	+1,299

Source: MRCI

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