

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, 110 /bale on Tuesday. ICE cotton futures closed red on Monday.

News: Cotton Corporation of India fails to buy produce. Cotton farmers in Hyderabad are facing hardship as the cotton corporation of India (CCI) is not purchasing the produce. With this, they are forced to sell their produce to private traders at rates much below Minimum Support Price (MSP) of Rs. 5,300 to Rs. 5,600. Small and marginal farmers are selling cotton to private traders as they pay immediately, but those who cultivate cotton in large fields are worried as selling at lower rates would cause them a huge loss. Private traders are offering Rs. 3,000 to Rs. 4,600 per quintal based on quality of cotton as against 5,000 to 6,000 last year.

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 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.*

Weather Forecast:

Cold wave to severe cold wave conditions at isolated place over Punjab, Haryana, Chandigarh, Delhi and Odisha and Cold wave Conditions at isolated places over Uttar Pradesh, Rajasthan, Chattisgarh, Gangetic West Bengal and Telangana. Cold day conditions very likely at isolated places over east Uttar Pradesh and Bihar. Thunderstorm accompanied with lightening very likely at isolated places over Tamilnadu, Puducherry & Karaikal and Lakshadweep.

International Fundamentals:

The ICE cotton Futures was down by 240 points at 74.76 cents/lb. The Cotlook A index was higher by 145 points, at 83.90 cents/lb. The AWP for cotton is 60.9 cents/lb.

Cotton production decreases in Pakistan. *The cotton production in the country has declined to about 2.8 million bales, According to Pakistan cotton ginners association more than 5 million bales were produced in the country which is 35.67 percent less as compared to more than 7 million bales produced till December 15 last year.*

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*

U.S. Bans cotton imports from China. *U.S has expanded economic pressure on china's western region of Xinjiang by banning imports of cotton and cotton products from XPCC, a powerful Chinese quasi- military organization. The move, known as Withhold Release Order (WRO), covers cotton from XPCC, its subordinates and affiliated entities, as well as products derived from XPCC processed cotton.*

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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Dec-20	21-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5750	5750	Unch
	Gondal	Shankar-6	5705	5780	-75
	Rajkot	B.T. Cotton	5605	5685	-80
	Patan	B.T. Cotton	5750	5750	Unch
	Kadi	B.T. Cotton	5600	5600	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5535	5695	-160
Haryana	Bhiwani	B.T. Cotton	5650	5650	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5325	5570	-245
	Fatehabad	B.T. Cotton	5450	5525	-75
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5650	5665	-15
Rajasthan	Hanumangarh	B.T. Cotton	5450	5460	-10
	Rawatsar	B.T. Cotton	5400	5400	Unch
Madhya Pradesh	Khandwa	Mech-1	5600	5600	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5100	5350	-250
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	5725	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	5569	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Dec-20	21-Dec-20	
Punjab	Bhatinda	J-34	4330	4390	-60
	Abohar	J-34	4330	4400	-70
	Mansa	J-34	4320	4350	-30
Haryana	Sirsa	J-34	4310	4365	-55
Rajasthan	Sri-Ganganagar	J-34	4042	4070	-28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Dec-20	21-Dec-20	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	3283	3738	-455
	Rajkot	B.T. Cotton	4600	3800	800
	Patan	B.T. Cotton	20665	18152	2513
	Kadi	B.T. Cotton	70000	80000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	276	325	-49
Haryana	Bhiwani	B.T. Cotton	3000	5000	-2000
	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	2700	2750	-50
Rajasthan	Hanumangarh	B.T. Cotton	1500	2000	-500
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	2500	2500	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	20000	18000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	2402715	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	155	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Dec-20	21-Dec-20	
Punjab	Bhatinda	J-34	5100	11900	-6800
	Abohar	J-34	NR	1700	-
	Mansa	J-34	NR	1700	-
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	22-Dec-20	21-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1075	1110	-35
Delhi	New Delhi	Rs. /10 Kg.	1200	1150	50
Telangana	Hyderabad	Rs. /10 Kg.	1085	1100	-15
Maharashtra	Mumbai	Rs. /10 Kg.	1070	1065	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Dec-20	21-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1981	1997	-16
Maharashtra	Akola	Rs./Qtl	2000	2011	-11

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	22-Dec-20	21-Dec-20	Change
CCIndex(328)	RMB/Ton	14981	14981	Unch
CCIndex(527)	RMB/Ton	14003	14002	1
CCIndex(229)	RMB/Ton	15161	15159	2

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

China Foreign Cotton (FCE) Index :

Index	Unit	22-Dec-20	21-Dec-20	Change
FC Index (S)	Cents/lb	85.88	88.11	-2.23
FC Index (M)	Cents/lb	83.36	85.55	-2.19
FC Index (L)	Cents/lb	82.43	84.65	-2.22

Cotlook Index:

Cotlook Indices	Unit	21-Dec-20	19-Dec-20	Change
A-Index	Cents/Pound	#N/A	83.85	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Dec-20	19-Dec-20	Bales
Southeast	cents/lb.	#N/A	75.51	0
North Delta	cents/lb.	#N/A	74.26	0
South Delta	cents/lb.	#N/A	74.26	0
East TX-OK	cents/lb.	#N/A	72.51	3423
West Texas	cents/lb.	#N/A	73.26	4050
Desert SW	cents/lb.	#N/A	72.01	1500
SJ Valley	cents/lb.	#N/A	77.16	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 21-Dec-2020

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10130
Equivalent	40 Kgs	10074	193	10856

Daily Futures Price Listing Monday December 21, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	201221	77.20	77.30	74.60	74.76	-2.40	19,056	133,252	+2,605
May-21	201221	77.87	77.95	75.34	75.48	-2.35	7,271	41,684	+106
Jul-21	201221	78.45	78.47	76.05	76.17	-2.21	2,703	24,156	+606
Oct-21	201221	73.86	73.86	73.86	73.86	-1.81	3	11	+0
Dec-21	201221	73.90	74.00	72.30	72.36	-1.54	1,704	25,603	+857
Mar-22	201221	73.50	73.50	72.86	72.86	-1.32	345	1,582	+223
Total Volume and Open Interest							31,352	228,609	+4,557

Source: MRCI

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