

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

News: Cotton growers await compensation for losses. *Whitefly has caused losses to cotton crop in Hisar, Fatehabad ,sirsa and bhiwani districts. The farmers might have suffered biggest ever losses since 2015 when whitefly had destroyed almost 70 percent of the crop in the region. Farmers who suffered losses to their cotton crop due to whitefly attack earlier this year are still waiting for compensation from the government and insurance agencies.*

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 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 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.

Weather Forecast:

Heavy rainfall very likely at isolated places over Andaman & Nicobar Islands. Thunderstorm accompanied with lightening very likely at isolated places over Andaman & Nicobar Islands.

International Fundamentals:

The ICE cotton Futures was up by 132 points at 76.14 cents/lb. The Cotlook A index was weaker by 2.5 points, at 81.35 cents/lb. The AWP for cotton is 60.9 cents/lb.

Cotton prices fall in UK. With the new strain of the novel corona virus that emerged in the UK spooking markets, cotton prices have fallen by Rs 600-700 per candy over the past two days. In India, the price for Shankar -6 cotton variety too fell from Rs 42,200-42,900 per candy (356 kg) to Rs 41,400-42,200.

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	+20	20340.00	20430.00	20320.00	20340.00	634	1138
MXCTNZ0	+20	20340.00	20430.00	20320.00	20340.00	634	1138
MXCTNF1	+10	20690.00	20690.00	20570.00	20610.00	909	3396

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Dec-20	23-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5750	5750	Unch
	Gondal	Shankar-6	5730	5705	25
	Rajkot	B.T. Cotton	5750	5660	90
	Patan	B.T. Cotton	NR	5680	-
	Kadi	B.T. Cotton	5600	5600	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5655	5550	105
Haryana	Bhiwani	B.T. Cotton	5650	5650	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5600	5550	50
	Fatehabad	B.T. Cotton	5550	5510	40
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5665	5650	15
Rajasthan	Hanumangarh	B.T. Cotton	5470	5450	20
	Rawatsar	B.T. Cotton	5350	5350	Unch
Madhya Pradesh	Khandwa	Mech-1	5600	5600	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5100	5150	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	NA	NR	-
Telangana	Adilabad	Un-Ginned	5725	5725	Unch

Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	5521	5309	212
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5700	5600	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Dec-20	23-Dec-20	
Punjab	Bhatinda	J-34	4380	4325	55
	Abohar	J-34	4330	4330	Unch
	Mansa	J-34	4300	4300	Unch
Haryana	Sirsa	J-34	4350	4310	40
Rajasthan	Sri-Ganganagar	J-34	4042	4042	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Dec-20	23-Dec-20	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	5382	3417	1965
	Rajkot	B.T. Cotton	4400	4425	-25
	Patan	B.T. Cotton	NR	20337	-
	Kadi	B.T. Cotton	40000	70000	-30000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	376	228	148
Haryana	Bhiwani	B.T. Cotton	2000	3000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1020	340
	Fatehabad	B.T. Cotton	600	NR	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2000	3000	-1000
Rajasthan	Hanumangarh	B.T. Cotton	1800	1300	500
	Rawatsar	B.T. Cotton	400	500	-100
Madhya Pradesh	Khandwa	Mech-1	3500	3000	500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	17000	18000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	NA	NR	-
Telangana	Adilabad	Un-Ginned	1927944	1972914	-44970
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	16	12	4

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	262	247	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Dec-20	23-Dec-20	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	NR	NR	-
	Mansa	J-34	NR	NR	-
Haryana	Sirsa	J-34	850	680	170
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	24-Dec-20	23-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1090	1080	10
Delhi	New Delhi	Rs. /10 Kg.	1200	1200	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1100	1090	10
Maharashtra	Mumbai	Rs. /10 Kg.	1085	1070	15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Dec-20	23-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2016	2019	-3
Maharashtra	Akola	Rs./Qtl	2018	2086	-68

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	24-Dec-20	23-Dec-20	Change
CCIndex(328)	RMB/Ton	14909	14893	16
CCIndex(527)	RMB/Ton	13991	13985	6
CCIndex(229)	RMB/Ton	15141	15132	9

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

China Foreign Cotton (FCE) Index :

Index	Unit	24-Dec-20	23-Dec-20	Change
FC Index (S)	Cents/lb	87.38	85.88	1.50
FC Index (M)	Cents/lb	84.86	83.36	1.50
FC Index (L)	Cents/lb	83.93	82.43	1.50

Cotlook Index:

Cotlook Indices	Unit	23-Dec-20	22-Dec-20	Change
A-Index	Cents/Pound	81.35	81.35	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		23-Dec-20	22-Dec-20	Bales
Southeast	cents/lb.	74.64	75.57	7500
North Delta	cents/lb.	73.39	74.32	0
South Delta	cents/lb.	73.39	74.32	0
East TX-OK	cents/lb.	71.39	72.57	392
West Texas	cents/lb.	71.39	73.32	2333
Desert SW	cents/lb.	69.14	72.07	709
SJ Valley	cents/lb.	69.64	77.22	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 23-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 Wednesday December 23rd, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	201223	74.80	76.40	74.40	76.14	+1.32	24,705	128,367	-4,676
May-21	201223	75.27	77.00	75.06	76.74	+1.31	6,437	42,217	+25
Jul-21	201223	75.87	77.58	75.66	77.27	+1.28	3,977	24,539	-69
Oct-21	201223	74.36	74.63	74.36	74.63	+1.00	0	11	+0
Dec-21	201223	72.35	73.61	72.15	73.27	+0.94	2,171	26,552	+247
Mar-22	201223	73.88	74.03	73.73	73.77	+0.86	27	1,566	-6
Total Volume and Open Interest							37,357	225,627	-4,483

Source: MRCI

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