

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 Friday.ICE cotton futures closed green on Thursday.

News: Cotton procurement reaches 67 lakh bales. *The cotton season of 2020-21 is likely to end by march 2021 due to heavy arrivals in the market. Cotton Corporation of India has procured around 67 lakh bales till 28th December 2020 at a cost of Rs. 19,048.87 crore. This is almost double of the amount of cotton procured in the year ago period. The pace of arrival is very fast maybe because of Covid fears and another lockdown, Farmers fear that the prices may not rise further. Current price for cotton is Rs. 6000 per quintal which is more than the MSP of Rs. 5825 per quintal.*

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:

Cold wave to severe cold wave condition very likely at isolated pockets over Punjab and Haryana, Chandigarh & Delhi and cold wave condition at isolated pockets over Punjab and Haryana, Chandigarh & Delhi.

International Fundamentals:

The ICE cotton Futures was up by 2 points at 76.2 cents/lb. The Cotlook A index was firm 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 | 26-Dec-20 | 24-Dec-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 5750 | 5750 | Unch |
| | Gondal | Shankar-6 | 5740 | 5730 | 10 |
| | Rajkot | B.T. Cotton | 5650 | 5750 | -100 |
| | Patan | B.T. Cotton | NA | 5695 | - |
| | Kadi | B.T. Cotton | 5600 | 5600 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 5600 | 5655 | -55 |
| Haryana | Bhiwani | B.T. Cotton | 5650 | 5650 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 5600 | 5600 | Unch |
| | Fatehabad | B.T. Cotton | 5525 | 5550 | -25 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 5665 | 5665 | Unch |
| Rajasthan | Hanumangarh | B.T. Cotton | 5450 | 5470 | -20 |
| | Rawatsar | B.T. Cotton | 5350 | 5350 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 5600 | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 5150 | 5100 | 50 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |

| | | | | | |
|-----------|----------------|-------------|--------------------|-----------|--------|
| Telangana | Adilabad | Un-Ginned | NA | 5725 | - |
| Karnataka | Bijapur | Bunny | NA | 5860 | - |
| | Hubli | D.C.H. | NA | 5521 | - |
| | Hubli | B.T. Cotton | NA | 0 | - |
| | Raichur | H-44 Cotton | NA | 5700 | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 26-Dec-20 | 24-Dec-20 | |
| Punjab | Bhatinda | J-34 | 4350 | 4380 | -30 |
| | Abohar | J-34 | 4340 | 4330 | 10 |
| | Mansa | J-34 | 4320 | 4300 | 20 |
| Haryana | Sirsa | J-34 | 4310 | 4350 | -40 |
| Rajasthan | Sri-Ganganagar | J-34 | 4042 | 4042 | Unch |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 26-Dec-20 | 24-Dec-20 | |
| Gujarat | Ahmedabad | Shankar-6 | 59500 | 68000 | -8500 |
| | Gondal | Shankar-6 | 5234 | 5382 | -148 |
| | Rajkot | B.T. Cotton | 4000 | 4400 | -400 |
| | Patan | B.T. Cotton | NA | 17885 | - |
| | Kadi | B.T. Cotton | 60000 | 40000 | 20000 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 240 | 376 | -136 |
| Haryana | Bhiwani | B.T. Cotton | 2000 | 2000 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 1700 | 1360 | 340 |
| | Fatehabad | B.T. Cotton | 800 | 600 | 200 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 2200 | 2000 | 200 |
| Rajasthan | Hanumangarh | B.T. Cotton | 1000 | 1800 | -800 |
| | Rawatsar | B.T. Cotton | 400 | 400 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 3500 | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 14000 | 17000 | -3000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 1927944 | - |

| Karnataka | Bijapur | Bunny | NA | 8845 | - |
|-----------|----------------|-------------|--------------------|-----------|--------|
| | Hubli | D.C.H. | NA | 16 | - |
| | Hubli | B.T. Cotton | NA | 0 | - |
| | Raichur | H-44 Cotton | NA | 262 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 26-Dec-20 | 24-Dec-20 | |
| Punjab | Bhatinda | J-34 | 8500 | 5100 | 3400 |
| | Abohar | J-34 | 850 | NA | - |
| | Mansa | J-34 | 595 | NA | - |
| Haryana | Sirsa | J-34 | 850 | 850 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | 3000 | 3000 | Unch |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 26-Dec-20 | 24-Dec-20 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1090 | 1090 | Unch |
| Delhi | New Delhi | Rs. /10 Kg. | 1200 | 1200 | Unch |
| Telangana | Hyderabad | Rs. /10 Kg. | 1100 | 1100 | Unch |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1085 | 1085 | Unch |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 26-Dec-20 | 24-Dec-20 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2005 | 2016 | -11 |
| Maharashtra | Akola | Rs./Qtl | 2013 | 2018 | -5 |

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

| Index | Unit | 25-Dec-20 | 24-Dec-20 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 14921 | 14909 | 12 |
| CCIndex(527) | RMB/Ton | 13993 | 13991 | 2 |
| CCIndex(229) | RMB/Ton | 15151 | 15141 | 10 |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 24-Dec-20 | 24-Dec-20 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 87.38 | 87.38 | Unch |
| FC Index (M) | Cents/lb | 84.86 | 84.86 | Unch |

| | | | | |
|--------------|----------|-------|-------|------|
| FC Index (L) | Cents/lb | 83.93 | 83.93 | Unch |
|--------------|----------|-------|-------|------|

Cotlook Index:

| Cotlook Indices | Unit | 24-Dec-20 | 23-Dec-20 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 82.65 | 81.35 | 1.30 |

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 24-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 Thursday December 24th, 2020

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Mar-21 | 201224 | 76.05 | 76.59 | 75.91 | 76.20 | +0.06 | 14,575 | 125,875 | -2492 |
| May-21 | 201224 | 76.65 | 77.20 | 76.58 | 76.86 | +0.12 | 3,963 | 42,229 | +12 |
| Jul-21 | 201224 | 77.25 | 77.70 | 77.15 | 77.41 | +0.14 | 2,841 | 23,670 | -869 |
| Oct-21 | 201224 | 74.87 | 74.87 | 74.87 | 74.87 | +0.24 | 1 | 12 | +1 |
| Dec-21 | 201224 | 73.30 | 73.86 | 73.30 | 73.70 | +0.43 | 1,058 | 26,672 | +120 |
| Mar-22 | 201224 | 73.98 | 74.26 | 73.98 | 74.17 | +0.40 | 24 | 1,567 | +1 |
| Total Volume and Open Interest | | | | | | | 22,481 | 222,401 | -3,226 |

Source: MRCI

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