

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, 180 /bale on Monday.ICE cotton futures closed green on Thursday.

News: Maharashtra to terminate the cotton crop by December. *The krishi vighyan Kendra and agriculture universities have recommended farmers to terminate their cotton crop by December, in order to break the Pink bollworm (lifecyle) infestation, as the cotton season in Maharashtra is about to end and this year too continual attack of pink bollworm was seen in the crop.*

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.

Weather Forecast:

Cold wave to severe cold wave condition very likely at isolated pockets over Uttarakhand, Punjab and Haryana, Chandigarh & Delhi and north Rajasthan; in isolated pockets over Himachal Pradesh and cold wave condition at isolated pockets over Uttar Pradesh, Gujarat state and north Madhya Pradesh.

International Fundamentals:

The ICE cotton Futures was up by 6 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	28-Dec-20	26-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5700	5750	-50
	Gondal	Shankar-6	5805	5740	65
	Rajkot	B.T. Cotton	5660	5650	10
	Patan	B.T. Cotton	5655	5765	-110
	Kadi	B.T. Cotton	5600	5600	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5655	5600	55
Haryana	Bhiwani	B.T. Cotton	5600	5650	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5600	5600	Unch
	Fatehabad	B.T. Cotton	5525	5525	Unch
	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	5450	Unch
	Rawatsar	B.T. Cotton	5400	5350	50
Madhya Pradesh	Khandwa	Mech-1	5600	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5200	5150	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Dec-20	26-Dec-20	
Punjab	Bhatinda	J-34	4310	4350	-40
	Abohar	J-34	4320	4340	-20
	Mansa	J-34	4300	4320	-20
Haryana	Sirsa	J-34	4280	4310	-30
Rajasthan	Sri-Ganganagar	J-34	4042	4042	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Dec-20	26-Dec-20	
Gujarat	Ahmedabad	Shankar-6	64600	59500	5100
	Gondal	Shankar-6	4750	5234	-484
	Rajkot	B.T. Cotton	5425	4000	1425
	Patan	B.T. Cotton	20111	22141	-2030
	Kadi	B.T. Cotton	40000	60000	-20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	168	240	-72
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1700	-680
	Fatehabad	B.T. Cotton	500	800	-300
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2300	2200	100
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	500	400	100
Madhya Pradesh	Khandwa	Mech-1	3000	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	14000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Dec-20	26-Dec-20	
Punjab	Bhatinda	J-34	10200	8500	1700
	Abohar	J-34	1190	850	340
	Mansa	J-34	850	595	255
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	28-Dec-20	26-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1125	1090	35
Delhi	New Delhi	Rs. /10 Kg.	1200	1200	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1120	1100	20
Maharashtra	Mumbai	Rs. /10 Kg.	1115	1085	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Dec-20	26-Dec-20	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1979	2005	-26
Maharashtra	Akola	Rs./Qtl	1989	2013	-24

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	28-Dec-20	25-Dec-20	Change
CCIndex(328)	RMB/Ton	14932	14921	11
CCIndex(527)	RMB/Ton	13995	13993	2
CCIndex(229)	RMB/Ton	15157	15151	6

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

China Foreign Cotton (FCE) Index :

Index	Unit	28-Dec-20	24-Dec-20	Change
FC Index (S)	Cents/lb	87.34	87.38	-0.04
FC Index (M)	Cents/lb	84.9	84.86	0.04
FC Index (L)	Cents/lb	83.94	83.93	0.01

Cotlook Index:

Cotlook Indices	Unit	24-Dec-20	24-Dec-20	Change
A-Index	Cents/Pound	82.65	82.65	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 26-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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