

**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 Tuesday.ICE cotton futures closed green on Monday.*

**News: Cotton Corporation of India has requested farmers to bring cotton crop in phased manner.** As, CCI has faced anger of farmers over daily ceiling for cotton procurement earlier. CCI has now assured farmers that they will continue the procurement process for cotton and have requested them to bring their crop in a phased manner as per the advice of the respective APMCs.

**Maharashtra to terminate the cotton crop by December.** The krishi vigyan Kendra and agriculture universities have recommended farmers to terminate their cotton crop by December, in order to break the Pink bollworm (lifecycle) 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 28<sup>th</sup> 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.

#### **Weather Forecast:**

Cold wave to severe cold wave condition very likely in most pockets over Punjab and Haryana, Chandigarh & Delhi; in some pockets over East Rajasthan and Uttarakhand;; in isolated pockets over West Rajasthan and Saurashtra & kutch. Cold wave condition at isolated pockets over Himachal Pradesh, Uttar Pradesh, north Madhya Pradesh, Bihar, Gangetic West Bengal and Odisha.

#### **International Fundamentals:**

The ICE cotton Futures was up by 15 points at 76.40 cents/lb. The Cotlook A index was up by 1.3 points, at 82.65 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	+50	20280.00	20280.00	20210.00	20220.00	140	132
MXCTNZ0	+50	20280.00	20280.00	20210.00	20220.00	140	132
MXCTNF1	+70	20480.00	20590.00	20480.00	20470.00	426	3791

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Dec-20	28-Dec-20	
Gujarat	Ahmedabad	Shankar-6	5750	5700	50
	Gondal	Shankar-6	5855	5805	50
	Rajkot	B.T. Cotton	5705	5660	45
	Patan	B.T. Cotton	NR	5655	-
	Kadi	B.T. Cotton	5600	5600	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5555	5655	-100
Haryana	Bhiwani	B.T. Cotton	5550	5600	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5550	5600	-50
	Fatehabad	B.T. Cotton	5500	5525	-25
	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	5450	Unch
	Rawatsar	B.T. Cotton	5400	5400	Unch
Madhya Pradesh	Khandwa	Mech-1	5600	5600	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5300	5200	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	5725	NA	-
Karnataka	Bijapur	Bunny	NA	5849	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5650	5600	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Dec-20	28-Dec-20	
Punjab	Bhatinda	J-34	4300	4310	-10
	Abohar	J-34	4310	4320	-10
	Mansa	J-34	4300	4300	Unch
Haryana	Sirsa	J-34	4290	4280	10
Rajasthan	Sri-Ganganagar	J-34	4042	4042	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Dec-20	28-Dec-20	
Gujarat	Ahmedabad	Shankar-6	59500	64600	-5100
	Gondal	Shankar-6	4350	4750	-400
	Rajkot	B.T. Cotton	4000	5425	-1425
	Patan	B.T. Cotton	NR	20111	-
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	200	168	32
Haryana	Bhiwani	B.T. Cotton	5000	2000	3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2500	2300	200
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	300	500	-200
Madhya Pradesh	Khandwa	Mech-1	2500	3000	-500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	18000	16000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2365521	NA	-

Karnataka	Bijapur	Bunny	NA	6193	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	247	262	-15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Dec-20	28-Dec-20	
Punjab	Bhatinda	J-34	8500	10200	-1700
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	1020	850	170
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	29-Dec-20	28-Dec-20	
Gujarat	Rajkot	Rs. /10 Kg.	1125	1125	Unch
Delhi	New Delhi	Rs. /10 Kg.	1200	1200	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1120	1120	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1120	1115	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-Dec-20	28-Dec-20	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1993	1979	14
Maharashtra	Akola	Rs./Qtl	1992	1989	3

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	29-Dec-20	28-Dec-20	Change
CCIndex(328)	RMB/Ton	14938	14932	6
CCIndex(527)	RMB/Ton	13998	13995	3
CCIndex(229)	RMB/Ton	15159	15157	2

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

China Foreign Cotton (FCE) Index :

Index	Unit	29-Dec-20	28-Dec-20	Change
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FC Index (S)	Cents/lb	87.4	87.34	0.06
FC Index (M)	Cents/lb	84.89	84.9	-0.01
FC Index (L)	Cents/lb	83.38	83.94	-0.56

**Cotlook Index:**

Cotlook Indices	Unit	24-Dec-20	25-Dec-20	Change
A-Index	Cents/Pound	82.65	#N/A	-

**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 28-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 28<sup>th</sup>, 2020**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	201228	76.40	76.67	76.15	76.35	+0.15	12,873	125,728	-147
<a href="#">May-21</a>	201228	77.13	77.31	76.83	77.00	+0.14	4,281	42,369	+140
<a href="#">Jul-21</a>	201228	77.64	77.85	77.53	77.53	+0.12	2,013	23,565	-105
<a href="#">Oct-21</a>	201228	75.10	75.10	75.10	75.10	+0.23	3	12	+0
<a href="#">Dec-21</a>	201228	73.96	74.20	73.67	73.80	+0.10	934	26,583	-89
<a href="#">Mar-22</a>	201228	74.38	74.57	74.30	74.30	+0.13	25	1,566	-1
Total Volume and Open Interest							20,162	222,212	-189

Source: MRCI

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