

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

News: Lack of procurement center hits cotton farmers in Andhra Pradesh. Cotton farmers of Anantpur, who suffered due to vagaries of nature earlier, are now suffering due to lack of procurement center in the district. The district has two cotton procurement centers in Gooty and Tadipatri, while Rythu bharosa kendras are limited to registering the names of cotton growers, only after registering the names and getting an alert on their mobile phones, farmers can go to procurement centre for sale of the cotton. As this process takes 2-3 days, farmers have started selling cotton to middlemen at lesser prices, while CCI is offering Rs.5,825/q for high quality, Rs. 5,725/q for medium quality and Rs. 5,615/q for low grade quality cotton.

Cotton procurement reaches at 75, 03,914 cotton bales. Procurement operations of seed cotton under Minimum support price are going smoothly in the states of Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha and Karnataka. Around 75, 03,914 cotton bales has been procured so far valuing Rs. 21,989.94 crore, benefiting 14,69,704 farmers.

Cotton procurement center has been started in Nandgaon. Cotton registration has been done for 773 farmers in Nandgaon. With the opening of cotton procurement center in Nandgaon farmers have started bringing cotton for sale; around 123 farmers had bought their crop initially. Earlier farmers were facing difficulty to take their cotton crop to Amravati for sale but now with the new procurement centre farmers can easily sell their crop.

Telangana government urges CCI to lift restrictions on cotton procurement. The state government has urged Cotton Corporation of India to not to impose a limit on the procurement of cotton stocks as it might create fear among the farmers of not getting the minimum support price (MSP). Earlier CCI has set a limit to procure 15,000 bales in the Warangal- Mahbubnagar region and 10,000 bales in Adilabad region in the ongoing procurement season.

Cotton Corporation of India has requested farmers to bring cotton crop in phased manner. 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 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.

Weather Forecast:

Heavy rain/snow very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan, Muzaffargarh, Uttarakhand and Himachal Pradesh. Thunderstorm and lightening, hail at isolated places very likely over Jammu division, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh and Delhi and North West Uttar Pradesh; with lightening at isolated places over Rajasthan, West Madhya Pradesh, south Coastal Andhra Pradesh, Rayalaseema, South interior Karnataka, Tamilnadu, Puducherry, Karikal, Kerala & Mahe and Lakshadweep.

International Fundamentals:

The ICE cotton Futures was up by 15 points at 78.12 cents/lb. The Cotlook A index was up by 75 points, at 83.60 cents/lb. The AWP for cotton is 63.03 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	+120.00	20750.00	20780.00	20550.00	20630.00	302	4184
MXCTNZ0	+110.00	20470.00	20580.00	20470.00	20690.00	12	95
MXCTNF1	+120.00	20750.00	20780.00	20550.00	20630.00	302	4185

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Jan-21	02-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5825	5800	25
	Gondal	Shankar-6	5880	5810	70
	Rajkot	B.T. Cotton	5845	5740	105
	Patan	B.T. Cotton	NR	5765	-
	Kadi	B.T. Cotton	5800	5700	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5810	5770	40
Haryana	Bhiwani	B.T. Cotton	5770	5650	120
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5725	5680	45
	Fatehabad	B.T. Cotton	5780	5590	190
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5700	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5700	5500	200
	Rawatsar	B.T. Cotton	5525	5475	50
Madhya Pradesh	Khandwa	Mech-1	5700	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5400	5400	Unch
	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	5849	-
	Hubli	D.C.H.	5409	5450	-41
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5650	5700	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Jan-21	02-Jan-21	
Punjab	Bhatinda	J-34	4400	4380	20
	Abohar	J-34	4425	4380	45
	Mansa	J-34	4415	4385	30
Haryana	Sirsa	J-34	4410	4370	40
Rajasthan	Sri-Ganganagar	J-34	4324	4136	188

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Jan-21	02-Jan-21	
Gujarat	Ahmedabad	Shankar-6	59500	68000	-8500
	Gondal	Shankar-6	4209	3203	1006
	Rajkot	B.T. Cotton	5000	3450	1550
	Patan	B.T. Cotton	NR	16571	-
	Kadi	B.T. Cotton	30000	40000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	228	266	-38
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	1190	-340
	Fatehabad	B.T. Cotton	400	500	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	300	300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	1000	800	200
	Rawatsar	B.T. Cotton	500	300	200
Madhya Pradesh	Khandwa	Mech-1	700	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	22000	5000	17000
	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	4136	-
	Hubli	D.C.H.	16	20	-4
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	165	172	-7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Jan-21	02-Jan-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1020	850	170
	Mansa	J-34	850	680	170
Haryana	Sirsa	J-34	340	170	170
Rajasthan	Sri-Ganganagar	J-34	3000	1500	1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Jan-21	02-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1160	1140	20
Delhi	New Delhi	Rs. /10 Kg.	1135	1100	35
Telangana	Hyderabad	Rs. /10 Kg.	1180	1150	30
Maharashtra	Mumbai	Rs. /10 Kg.	1165	1145	20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Jan-21	02-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2000	2010	-10
Maharashtra	Akola	Rs./Qtl	2064	2010	54

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	04-Jan-21	31-Dec-20	Change
CCIndex(328)	RMB/Ton	15136	14963	173
CCIndex(527)	RMB/Ton	14167	14017	150
CCIndex(229)	RMB/Ton	15365	15179	186

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

China Foreign Cotton (FCE) Index :

Index	Unit	04-Jan-21	31-Dec-20	Change
FC Index (S)	Cents/lb	88.48	88.4	0.08
FC Index (M)	Cents/lb	86.08	86.02	0.06
FC Index (L)	Cents/lb	84.82	84.67	0.15

Cotlook Index:

Cotlook Indices	Unit	31-Dec-20	30-Dec-20	Change
A-Index	Cents/Pound	84.6	83.6	1.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-Dec-20	29-Dec-20	Bales
Southeast	cents/lb.	76.37	77.76	0
North Delta	cents/lb.	75.12	76.51	2720
South Delta	cents/lb.	75.12	76.51	0
East TX-OK	cents/lb.	73.12	74.76	2917
West Texas	cents/lb.	73.12	75.51	17001
Desert SW	cents/lb.	70.87	74.26	5500
SJ Valley	cents/lb.	71.37	79.41	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 02-Jan-2021

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10380
Equivalent	40 Kgs	10074	193	11124

Daily Futures Price Listing Thursday December 31st, 2020

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	201231	77.97	78.39	77.48	78.12	+0.15	9,514	126,158	+916
May-21	201231	78.41	78.95	78.12	78.70	+0.13	2,437	42,108	-115
Jul-21	201231	79.02	79.46	78.68	79.17	+0.04	1,202	23,970	+268
Oct-21	201231	76.57	76.57	76.57	76.57	-0.19	1	12	+0
Dec-21	201231	75.00	75.25	74.73	74.87	-0.24	866	27,203	+333
Mar-22	201231	75.50	75.58	75.27	75.27	-0.24	65	1,648	+41
Total Volume and Open Interest							14,179	223,590	+1,497

Source: MRCI

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