

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, 820 /bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: India's cotton production seen at 29.3 million bales. According to the USDA post estimates, cotton production at 29.3 million bales in marketing year 2020/21 at an area of 13.3 million hectares is estimated. Cotton prices have improved due to strong export demand for raw cotton and cotton yarn. Farmers continue to deliver their crop to the government's procurement scheme under minimum support price (MSP) as prevailing seed cotton market price remained below MSP levels. Mills consumption has improved steadily but remains constrained at 23 million bales due to subdued demand in the domestic market.

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 have 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 brought 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- Mahabubnagar 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.

Weather Forecast:

Thunderstorm accompanied with lightening at isolated places very likely over Konkan & Goa, Madhya Pradesh, Maharashtra, Marathwada, Karnataka, Tamilnadu, Puducherry & Karaikal, Kerala & Mahe and Lakshadweep. Dense to very dense fog very likely over Punjab, Haryana, Chandigarh & Delhi; in isolated pockets over north Rajasthan and Uttar Pradesh and dense fog very likely in isolated pockets over himachal Pradesh, Uttarakhand and west Madhya Pradesh.

International Fundamentals:

The ICE cotton Futures was up by 138 points at 80.35 cents/lb. The Cotlook A index was high by 15 points at 84.75 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 entites, 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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	06-Jan-21	05-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5950	5950	Unch
	Gondal	Shankar-6	5905	5880	25
	Rajkot	B.T. Cotton	5850	5850	Unch
	Patan	B.T. Cotton	6080	6000	80
	Kadi	B.T. Cotton	6000	5800	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6000	5850	150
Haryana	Bhiwani	B.T. Cotton	5850	5800	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5970	5700	270
	Fatehabad	B.T. Cotton	5880	5825	55
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5700	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5770	NA	-
	Rawatsar	B.T. Cotton	5650	5550	100
Madhya Pradesh	Khandwa	Mech-1	5600	5500	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5500	5500	Unch
	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	6009	-

	Hubli	D.C.H.	5600	5450	150
	Hubli	B.T. Cotton	4109	NA	-
	Raichur	H-44 Cotton	NA	5600	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	06-Jan-21	05-Jan-21	
Punjab	Bhatinda	J-34	4480	4450	30
	Abohar	J-34	4500	4440	60
	Mansa	J-34	4510	4350	160
Haryana	Sirsa	J-34	4470	4440	30
Rajasthan	Sri-Ganganagar	J-34	4418	4371	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Jan-21	05-Jan-21	
Gujarat	Ahmedabad	Shankar-6	64600	59500	5100
	Gondal	Shankar-6	3141	4018	-877
	Rajkot	B.T. Cotton	3200	3900	-700
	Patan	B.T. Cotton	12024	16507	-4483
	Kadi	B.T. Cotton	50000	30000	20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	236	294	-58
Haryana	Bhiwani	B.T. Cotton	500	500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	255	425
	Fatehabad	B.T. Cotton	200	50	150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	750	50	700
Rajasthan	Hanumangarh	B.T. Cotton	400	NA	-
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	500	300	200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	18000	18000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	1401772	NA	-
Karnataka	Bijapur	Bunny	NA	3806	-
	Hubli	D.C.H.	2	106	-104
	Hubli	B.T. Cotton	2	NA	-
	Raichur	H-44 Cotton	NA	165	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	06-Jan-21	05-Jan-21	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	850	NA	-
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	700	1000	-300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	06-Jan-21	05-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1165	1155	10
Delhi	New Delhi	Rs. /10 Kg.	1140	1120	20
Telangana	Hyderabad	Rs. /10 Kg.	1190	1180	10
Maharashtra	Mumbai	Rs. /10 Kg.	1185	1185	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	06-Jan-21	05-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2121	2085	36
Maharashtra	Akola	Rs./Qtl	2111	2075	36

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	06-Jan-21	05-Jan-21	Change
CCIndex(328)	RMB/Ton	15299	15203	96
CCIndex(527)	RMB/Ton	14347	14244	103
CCIndex(229)	RMB/Ton	15529	15426	103

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

China Foreign Cotton (FCE) Index :

Index	Unit	06-Jan-21	05-Jan-21	Change
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FC Index (S)	Cents/lb	90.8	89.47	1.33
FC Index (M)	Cents/lb	88.31	87.06	1.25
FC Index (L)	Cents/lb	87.16	85.82	1.34

Cotlook Index:

Cotlook Indices	Unit	04-Jan-21	31-Dec-20	Change
A-Index	Cents/Pound	84.75	84.6	0.15

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		04-Jan-21	30-Dec-20	Bales
Southeast	cents/lb.	77.22	78.47	0
North Delta	cents/lb.	75.97	77.22	0
South Delta	cents/lb.	75.97	77.22	0
East TX-OK	cents/lb.	73.97	75.47	5141
West Texas	cents/lb.	73.97	76.22	10150
Desert SW	cents/lb.	71.72	75.22	2000
SJ Valley	cents/lb.	72.22	80.37	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 05-Jan-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10580
Equivalent	40 Kgs	10074	193	11339

Daily Futures Price Listing Tuesday January 05th, 2021

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210105	78.97	80.72	78.97	80.35	+1.38	8,622	127,824	-146
May-21	210105	79.81	81.32	79.81	81.01	+1.32	2,994	43,378	+269
Jul-21	210105	80.32	81.74	80.32	81.53	+1.31	1,107	25,069	+236
Oct-21	210105	78.20	78.45	78.11	78.11	+0.80	2	13	+0
Dec-21	210105	75.40	76.30	75.25	76.11	+0.70	1,059	27,804	+328
Mar-22	210105	75.59	76.65	75.52	76.65	+0.92	47	1,628	-25
Total Volume and Open Interest							13,831	228,235	+662

Source: MRCI

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