

**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, 880 /bale Saturday. ICE cotton futures closed green on Friday.

**News: CAI increases its crop estimates for 2020-21.** Cotton Association of India has increased its crop estimate by 2.50 lakh bales for the 2020-21 seasons to 358.50 lakh bales due to more carry over stock. The total cotton production for the previous season 2019-20 stood around 360 lakh bales. The Total cotton supply estimated by the CAI during October to December 2020 is 327.35 lakh bales, which comprises arrivals of 197.85 lakh bales, imports estimated at 4.50 lakh bales, and opening stock of 125 lakh bales as on October 1, 2020. The CAI has revised its crop estimate and the total cotton supply till end of the cotton season 2020-21 is at 497.50 lakh bales, this consist of the revised opening stock at 358.50 lakh bales and imports at 14 lakh bales

**CCI has purchased around 26.5 lakh quintals in Punjab.** The ongoing farmer's agitation has significantly altered the procurement dynamics of cotton this season. According to Cotton Corporation of India, a record purchase of around 26.5 lakh quintals of cotton (2020-21) has been made in Punjab till the first week of January 21 as against the 7.5 lakh quintals procured during the previous season (2019-20) around the same time.

**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 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 vighyan 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.

#### **Weather Forecast:**

*Heavy to very heavy rainfall at isolated places over Tamilnadu, Puducherry & Karaikal, Kerala and heavy rainfall at isolated places over kerala & Mahe. Thunderstorm accompanied with lightening at isolated places very likely over Tamilnadu, Puducherry & Karaikal, Kerala & Mahe and Lakshadweep. Dense fog very likely over Odisha.*

#### **International Fundamentals:**

*The ICE cotton Futures was up by 1 points at 79.77 cents/lb. The Cotlook A index was at 86.55 cents/lb. The AWP for cotton is 62.25 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	-100.00	21120.00	2126.00	21050.00	21150.00	924	1736
MXCTNZ0	+110.00	20470.00	20580.00	20470.00	20390.00	17	95
MXCTNF1	-100.00	21120.00	2126.00	21050.00	21150.00	924	1736

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	09-Jan-21	08-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5850	5850	Unch
	Gondal	Shankar-6	5905	5905	Unch
	Rajkot	B.T. Cotton	5875	5895	-20
	Patan	B.T. Cotton	NR	6015	-
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5885	5880	5
Haryana	Bhiwani	B.T. Cotton	5800	5900	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5905	5950	-45
	Fatehabad	B.T. Cotton	5850	5825	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5850	5660	190
Rajasthan	Hanumangarh	B.T. Cotton	5850	5850	Unch
	Rawatsar	B.T. Cotton	5700	5700	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5700	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5500	5450	50
	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	6200	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5650	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	09-Jan-21	08-Jan-21	
Punjab	Bhatinda	J-34	4500	4490	10
	Abohar	J-34	4510	4490	20
	Mansa	J-34	4500	4490	10
Haryana	Sirsa	J-34	4450	4470	-20
Rajasthan	Sri-Ganganagar	J-34	4587	4512	75

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	09-Jan-21	08-Jan-21	
Gujarat	Ahmedabad	Shankar-6	62900	68000	-5100
	Gondal	Shankar-6	3650	3550	100
	Rajkot	B.T. Cotton	4800	5400	-600
	Patan	B.T. Cotton	NR	10920	-
	Kadi	B.T. Cotton	40000	50000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	314	222	92
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1020	340
	Fatehabad	B.T. Cotton	500	250	250
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	250	500	-250
Rajasthan	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	400	500	-100
Madhya Pradesh	Khandwa	Mech-1	Closed	500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	16000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-

	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	748993	NA	-
Karnataka	Bijapur	Bunny	NA	4191	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	112	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>09-Jan-21</b>	<b>08-Jan-21</b>	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	1190	850	340
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

**Cotton Seed Oil Prices:**

<b>Commodity</b>	<b>Cotton Seed Oil</b>		<b>Price</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Unit</b>	<b>09-Jan-21</b>	<b>08-Jan-21</b>	
Gujarat	Rajkot	Rs. /10 Kg.	1155	1145	10
Delhi	New Delhi	Rs. /10 Kg.	1140	1125	15
Telangana	Hyderabad	Rs. /10 Kg.	1185	1175	10
Maharashtra	Mumbai	Rs. /10 Kg.	1175	1175	Unch

**Cotton Seed Oil Seed Cake Prices:**

<b>Commodity</b>	<b>Cotton Seed Oil Seed Cake</b>		<b>Price</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Unit</b>	<b>09-Jan-21</b>	<b>08-Jan-21</b>	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2103	2103	Unch
Maharashtra	Akola	Rs./Qtl	2115	2114	1

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

<b>Index</b>	<b>Unit</b>	<b>09-Jan-21</b>	<b>08-Jan-21</b>	<b>Change</b>
CCIndex(328)	RMB/Ton	Closed	15311	-
CCIndex(527)	RMB/Ton	Closed	14359	-
CCIndex(229)	RMB/Ton	Closed	15532	-

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	09-Jan-21	08-Jan-21	Change
FC Index (S)	Cents/lb	Closed	90.27	-
FC Index (M)	Cents/lb	Closed	87.79	-
FC Index (L)	Cents/lb	Closed	86.64	-

**Cotlook Index:**

Cotlook Indices	Unit	08-Jan-21	07-Jan-21	Change
A-Index	Cents/Pound	#N/A	86.55	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		07-Jan-21	05-Jan-21	Bales
Southeast	cents/lb.	78.26	80.85	1444
North Delta	cents/lb.	77.26	79.6	0
South Delta	cents/lb.	77.26	79.6	0
East TX-OK	cents/lb.	74.76	77.85	6554
West Texas	cents/lb.	74.76	78.6	11591
Desert SW	cents/lb.	72.51	77.35	369
SJ Valley	cents/lb.	73.01	82.5	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 07-Jan-2021**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10680
Equivalent	40 Kgs	10074	193	11446

**Daily Futures Price Listing Friday January 08th, 2021**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210108	79.76	80.39	79.55	79.77	+0.01	17,483	128,438	-1,351
<a href="#">May-21</a>	210108	80.59	81.19	80.35	80.55	-0.04	8,401	50,243	+1,779
<a href="#">Jul-21</a>	210108	81.25	81.82	81.00	81.25	Unch	4,051	27,231	+1,305
<a href="#">Oct-21</a>	210108	77.84	77.84	77.84	77.84	-0.21	0	17	+0
<a href="#">Dec-21</a>	210108	76.35	76.85	76.11	76.11	-0.16	1,805	28,779	+116
<a href="#">Mar-22</a>	210108	77.14	77.35	76.79	76.79	-0.18	426	1,812	+77
Total Volume and Open Interest							32,323	239,300	+2,060

Source: MRCI

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