

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, 830 /bale Monday. ICE cotton futures closed green on Friday.

News: Cotton traders have started purchasing cotton at higher prices. Private companies including cotton traders and cotton factories from different parts of Punjab have started purchasing cotton at higher prices more than the Minimum support price of Rs. 5,665 – Rs. 5,725 per quintal, while the companies are offering Rs. 5,900 per quintal. As a result farmers are now selling their cotton to private companies. The private players are buying cotton at a much higher price than MSP due to increased demand and high price of cotton in the international market.

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.*

Weather Forecast:

Heavy to very heavy rainfall at isolated places over Tamilnadu, Puducherry & Karaikal, Kerala , Mahe and heavy rainfall at isolated places over lakshadweep. Thunderstorm accompanied with lightening at isolated places very likely over Tamilnadu, Puducherry & Karaikal, Kerala & Mahe and Lakshadweep. Dense fog very likely over sub-Himalaya, West Bengal & Sikkim and Uttrakhand.

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 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	-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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Jan-21	09-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5850	5850	Unch
	Gondal	Shankar-6	5855	5905	-50
	Rajkot	B.T. Cotton	5905	5875	30
	Patan	B.T. Cotton	NR	6000	-
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5880	5885	-5
Haryana	Bhiwani	B.T. Cotton	5900	5800	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	5905	95
	Fatehabad	B.T. Cotton	5800	5850	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5815	5850	-35
Rajasthan	Hanumangarh	B.T. Cotton	5900	5850	50
	Rawatsar	B.T. Cotton	5650	5700	-50
Madhya Pradesh	Khandwa	Mech-1	5600	Closed	-
	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	NA	5725	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	5702	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	5650	5650	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	11-Jan-21	09-Jan-21	
Punjab	Bhatinda	J-34	4490	4500	-10
	Abohar	J-34	4490	4510	-20
	Mansa	J-34	4475	4500	-25
Haryana	Sirsa	J-34	4470	4450	20
Rajasthan	Sri-Ganganagar	J-34	Closed	4587	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Jan-21	09-Jan-21	
Gujarat	Ahmedabad	Shankar-6	68000	62900	5100
	Gondal	Shankar-6	4534	3650	884
	Rajkot	B.T. Cotton	5950	4800	1150
	Patan	B.T. Cotton	NR	14155	-
	Kadi	B.T. Cotton	50000	40000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	394	314	80
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	1360	-510
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	325	250	75
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	500	400	100
Madhya Pradesh	Khandwa	Mech-1	500	Closed	-
	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	NA	748993	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	136	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	112	112	Unch
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	11-Jan-21	09-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	680	1190	-510
	Mansa	J-34	1190	1020	170
Haryana	Sirsa	J-34	680	340	340
Rajasthan	Sri-Ganganagar	J-34	Closed	3000	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	11-Jan-21	09-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1155	1155	Unch
Delhi	New Delhi	Rs. /10 Kg.	1125	1140	-15
Telangana	Hyderabad	Rs. /10 Kg.	1185	1185	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1165	1175	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	11-Jan-21	09-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2065	2103	-38
Maharashtra	Akola	Rs./Qtl	2089	2115	-26

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

Index	Unit	11-Jan-21	08-Jan-21	Change
CCIndex(328)	RMB/Ton	15299	15311	-12
CCIndex(527)	RMB/Ton	14358	14359	-1
CCIndex(229)	RMB/Ton	15530	15532	-2

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

China Foreign Cotton (FCE) Index :

Index	Unit	11-Jan-21	08-Jan-21	Change
FC Index (S)	Cents/lb	90.35	90.27	0.08
FC Index (M)	Cents/lb	87.87	87.79	0.08
FC Index (L)	Cents/lb	86.74	86.64	0.10

Cotlook Index:

Cotlook Indices	Unit	09-Jan-21	08-Jan-21	Change
A-Index	Cents/Pound	#N/A	86.3	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		08-Jan-21	06-Jan-21	Bales
Southeast	cents/lb.	78.27	80.81	831
North Delta	cents/lb.	77.27	79.81	955
South Delta	cents/lb.	77.27	79.81	0
East TX-OK	cents/lb.	74.77	77.56	9317
West Texas	cents/lb.	74.77	78.31	9453
Desert SW	cents/lb.	72.52	77.06	11
SJ Valley	cents/lb.	73.02	82.21	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 08-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)									
Mar-21	210108	79.76	80.39	79.55	79.77	+0.01	17,483	128,438	-1,351
May-21	210108	80.59	81.19	80.35	80.55	-0.04	8,401	50,243	+1,779
Jul-21	210108	81.25	81.82	81.00	81.25	Unch	4,051	27,231	+1,305
Oct-21	210108	77.84	77.84	77.84	77.84	-0.21	0	17	+0
Dec-21	210108	76.35	76.85	76.11	76.11	-0.16	1,805	28,779	+116
Mar-22	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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