

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

News: Cotton procurement has reached 83, 41,536 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, till 11th January 2021, CCI has procured around 83,41,536 cotton bales valuing about Rs. 24,399.63 crore.

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:

Thunderstorm accompanied with lightning at isolated places over Lakshadweep. Dense to very dense fog conditions at a few places very likely over Uttrakhand, Punjab, Haryana, Chandigarh & Delhi and Uttar Pradesh and Dense Fog at isolated places very likely over Assam & Meghalaya, sub-Himalaya, West Bengal & Sikkim and Nagaland, Manipur, Mizoram & Tripura.

International Fundamentals:

The ICE cotton Futures was up by 127 points at 81.7 cents/lb. The Cotlook A index was at 86.30 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	+250	21340.00	21450.00	21220.00	21070.00	1129	3753
MXCTNZ0	+110	20470.00	20580.00	20470.00	20390.00	17	95
MXCTNF1	+250	21340.00	21450.00	21220.00	21070.00	1129	3753

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Jan-21	12-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5950	5850	100
	Gondal	Shankar-6	5955	5930	25
	Rajkot	B.T. Cotton	5930	5900	30
	Patan	B.T. Cotton	6255	6140	115
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5980	5900	80
Haryana	Bhiwani	B.T. Cotton	5770	5825	-55
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	5925	75
	Fatehabad	B.T. Cotton	5800	5750	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5850	5800	50
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5950	-
	Rawatsar	B.T. Cotton	5900	5650	250
Madhya Pradesh	Khandwa	Mech-1	Closed	5800	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	5400	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-

	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	6133	-
Telangana	Adilabad	Un-Ginned	NA	5725	-
Karnataka	Bijapur	Bunny	NA	6164	-
	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	13-Jan-21	12-Jan-21	
Punjab	Bhatinda	J-34	4510	4480	30
	Abohar	J-34	4530	4480	50
	Mansa	J-34	4550	4390	160
Haryana	Sirsa	J-34	4510	4470	40
Rajasthan	Sri-Ganganagar	J-34	4244	4193	52

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jan-21	12-Jan-21	
Gujarat	Ahmedabad	Shankar-6	59500	68000	-8500
	Gondal	Shankar-6	3811	4276	-465
	Rajkot	B.T. Cotton	5250	NA	-
	Patan	B.T. Cotton	9585	14640	-5055
	Kadi	B.T. Cotton	60000	50000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	366	343	23
Haryana	Bhiwani	B.T. Cotton	800	800	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	300	500	-200
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	200	400	-200
Rajasthan	Hanumangarh	B.T. Cotton	Closed	800	-
	Rawatsar	B.T. Cotton	1000	500	500
Madhya Pradesh	Khandwa	Mech-1	Closed	600	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	15000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-

	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	15139	-
Telangana	Adilabad	Un-Ginned	NA	1370475	-
Karnataka	Bijapur	Bunny	NA	5305	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	112	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jan-21	12-Jan-21	
Punjab	Bhatinda	J-34	3400	5100	-1700
	Abohar	J-34	510	510	Unch
	Mansa	J-34	255	850	-595
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	4000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	13-Jan-21	12-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1125	1125	Unch
Delhi	New Delhi	Rs. /10 Kg.	1095	1125	-30
Telangana	Hyderabad	Rs. /10 Kg.	1145	1145	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1155	1155	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Jan-21	12-Jan-21	
Gujarat	Mahehana (Kadi)	Rs./Qtl	2052	2050	2
Maharashtra	Akola	Rs./Qtl	2071	2064	7

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	13-Jan-21	12-Jan-21	Change
CCIndex(328)	RMB/Ton	15257	15191	66
CCIndex(527)	RMB/Ton	14389	14329	60
CCIndex(229)	RMB/Ton	15523	15451	72

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

China Foreign Cotton (FCE) Index :

Index	Unit	13-Jan-21	12-Jan-21	Change
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FC Index (S)	Cents/lb	92.19	90.8	1.39
FC Index (M)	Cents/lb	89.82	88.41	1.41
FC Index (L)	Cents/lb	88.71	87.3	1.41

Cotlook Index:

Cotlook Indices	Unit	12-Jan-21	11-Jan-21	Change
A-Index	Cents/Pound	86.9	86.3	0.60

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Jan-21	11-Jan-21	Bales
Southeast	cents/lb.	80.2	81.18	0
North Delta	cents/lb.	79.2	80.18	0
South Delta	cents/lb.	79.2	80.18	0
East TX-OK	cents/lb.	76.7	77.93	2838
West Texas	cents/lb.	76.7	78.68	1343
Desert SW	cents/lb.	74.45	77.43	950
SJ Valley	cents/lb.	74.95	82.58	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 12-Jan-2021

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10780
Equivalent	40 Kgs	10074	193	11553

Daily Futures Price Listing Tuesday January 12th, 2021

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210112	80.45	81.77	79.86	81.70	+1.27	12,252	125,372	-2,140
May-21	210112	81.12	82.50	80.60	82.45	+1.28	6,656	51,823	-497
Jul-21	210112	81.90	83.20	81.26	83.15	+1.29	3,576	29,301	+1,192
Oct-21	210112	79.42	79.63	79.42	79.63	+1.18	0	18	+0
Dec-21	210112	76.49	77.31	76.00	77.23	+0.63	1,388	29,135	+144
Mar-22	210112	76.65	77.70	76.65	77.70	+0.53	76	2,010	-15
Total Volume and Open Interest							24,092	240,977	-1,211

Source: MRCI

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