

**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, 010 /bale Thursday.ICE cotton futures closed red on Wednesday.*

**News: Private traders are offering higher prices than MSP for cotton in Punjab.** Punjab cotton growers are now being offered prices far higher than minimum support price of Rs. 5,515 for the current season 2020-21, the private traders are buying cotton at Rs. 5,900 per quintal. Private traders are offering higher prices as the CCI has procured over 50 percent of the crop estimated that is to be produced in this season, cotton prices have increased to Rs. 43,500 from Rs. 41,000 a candy in few states including north India. So, the private ginners are buying cotton from the farmers as they find parity. Also, the prices are ruling high despite the country having a record carryover stock of about 120 lakh bales this season as cotton yarn prices have surged over 50 percent since June last year.

**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 11<sup>th</sup> 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 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 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- Mahabubnagar region and 10,000 bales in Adilabad region in the ongoing procurement season.

#### Weather Forecast:

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

#### International Fundamentals:

The ICE cotton Futures was down by 78 points at 80.92 cents/lb. The Cotlook A index was 60 points higher at 86.90 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	-120	21250.00	21320.00	21170.00	21360.00	564	3765
MXCTNZ0	+110	20470.00	20580.00	20470.00	20390.00	17	95
MXCTNF1	-120	21250.00	21320.00	21170.00	21360.00	564	3765

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Jan-21	13-Jan-21	
Gujarat	Ahmedabad	Shankar-6	Closed	5950	-
	Gondal	Shankar-6	Closed	5955	-
	Rajkot	B.T. Cotton	Closed	5930	-
	Patan	B.T. Cotton	Closed	6255	-
	Kadi	B.T. Cotton	Closed	6000	-
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	Closed	5980	-
Haryana	Bhiwani	B.T. Cotton	5770	5770	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6000	Unch
	Fatehabad	B.T. Cotton	5800	5800	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5850	5850	Unch
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	5900	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5650	Closed	-

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-Jan-21	13-Jan-21	
Punjab	Bhatinda	J-34	4500	4510	-10
	Abohar	J-34	4490	4530	-40
	Mansa	J-34	4480	4550	-70
Haryana	Sirsa	J-34	4475	4510	-35
Rajasthan	Sri-Ganganagar	J-34	Closed	4244	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Jan-21	13-Jan-21	
Gujarat	Ahmedabad	Shankar-6	Closed	59500	-
	Gondal	Shankar-6	Closed	3811	-
	Rajkot	B.T. Cotton	Closed	5250	-
	Patan	B.T. Cotton	Closed	9585	-
	Kadi	B.T. Cotton	Closed	60000	-
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	Closed	366	-
Haryana	Bhiwani	B.T. Cotton	800	800	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	200	300	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	300	200	100
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	1000	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	11000	Closed	-

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>14-Jan-21</b>	<b>13-Jan-21</b>	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	340	510	-170
	Mansa	J-34	170	255	-85
Haryana	Sirsa	J-34	340	510	-170
Rajasthan	Sri-Ganganagar	J-34	Closed	4000	-

**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>14-Jan-21</b>	<b>13-Jan-21</b>	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	1125	-
Delhi	New Delhi	Rs. /10 Kg.	1065	1095	-30
Telangana	Hyderabad	Rs. /10 Kg.	Closed	1145	-
Maharashtra	Mumbai	Rs. /10 Kg.	1150	1155	-5

**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>14-Jan-21</b>	<b>13-Jan-21</b>	
Gujarat	Mahesana (Kadi)	Rs./Qtl	Closed	2052	-
Maharashtra	Akola	Rs./Qtl	2065	2071	-6

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

<b>Index</b>	<b>Unit</b>	<b>14-Jan-21</b>	<b>11-Jan-21</b>	<b>Change</b>
CCIndex(328)	RMB/Ton	15333	15299	34
CCIndex(527)	RMB/Ton	14436	14358	78
CCIndex(229)	RMB/Ton	15572	15530	42
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	14-Jan-21	11-Jan-21	Change
FC Index (S)	Cents/lb	91.43	90.35	1.08
FC Index (M)	Cents/lb	89.07	87.87	1.20
FC Index (L)	Cents/lb	87.96	86.74	1.22

**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	12-Jan-21	Bales
Southeast	cents/lb.	80.2	82.45	4689
North Delta	cents/lb.	79.2	81.45	0
South Delta	cents/lb.	79.2	81.45	0
East TX-OK	cents/lb.	76.7	79.2	11818
West Texas	cents/lb.	76.7	79.95	12725
Desert SW	cents/lb.	74.45	78.7	1154
SJ Valley	cents/lb.	74.95	83.85	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 13-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 Wednesday January 13th, 2021**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210113	81.70	82.08	80.76	80.92	-0.78	20,161	122,770	-2,602
<a href="#">May-21</a>	210113	82.35	82.83	81.62	81.77	-0.68	11,109	53,418	+1,595
<a href="#">Jul-21</a>	210113	83.05	83.50	82.37	82.53	-0.62	4,911	31,069	+1,768
<a href="#">Oct-21</a>	210113	78.68	79.17	78.68	79.17	-0.46	2	18	+0
<a href="#">Dec-21</a>	210113	77.11	77.45	76.70	76.80	-0.43	1,079	29,191	+56
<a href="#">Mar-22</a>	210113	77.65	77.74	77.16	77.22	-0.48	54	2,010	+0
Total Volume and Open Interest							37,418	241,760	+783

Source: MRCI

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.