

**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, 940 /bale Friday. ICE cotton futures closed green on Thursday.*

**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.

#### 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 East Uttar Pradesh and Dense Fog at isolated places very likely over Nagaland, Manipur, Mizoram & Tripura, Assam & Meghalaya.

#### International Fundamentals:

The ICE cotton Futures was up by 23 points at 81.15 cents/lb. The Cotlook A index was at 88.10 cents/lb. The AWP for cotton is 63.23 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	-180	21170.00	21250.00	21000.00	21260.00	1073	3600
MXCTNZ0	+110	20470.00	20580.00	20470.00	20390.00	17	95
MXCTNF1	-180	21170.00	21250.00	21000.00	21260.00	1073	3600

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Jan-21	14-Jan-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	5955	Closed	-
	Rajkot	B.T. Cotton	5960	Closed	-
	Patan	B.T. Cotton	6025	Closed	-
	Kadi	B.T. Cotton	6000	Closed	-
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	5925	Closed	-
Haryana	Bhiwani	B.T. Cotton	5800	5770	30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5950	6000	-50
	Fatehabad	B.T. Cotton	5800	5800	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5800	5850	-50
Rajasthan	Hanumangarh	B.T. Cotton	5800	Closed	-
	Rawatsar	B.T. Cotton	5850	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5400	5650	-250
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6200	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5650	NA	-

Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Jan-21	14-Jan-21	
Punjab	Bhatinda	J-34	4500	4500	Unch
	Abohar	J-34	4490	4490	Unch
	Mansa	J-34	4500	4480	20
Haryana	Sirsa	J-34	4480	4475	5
Rajasthan	Sri-Ganganagar	J-34	4244	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Jan-21	14-Jan-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	2344	Closed	-
	Rajkot	B.T. Cotton	2800	Closed	-
	Patan	B.T. Cotton	3764	Closed	-
	Kadi	B.T. Cotton	30000	Closed	-
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	178	Closed	-
Haryana	Bhiwani	B.T. Cotton	700	800	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	200	200	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	500	300	200
Rajasthan	Hanumangarh	B.T. Cotton	2000	Closed	-
	Rawatsar	B.T. Cotton	600	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	12000	11000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	3327	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	112	NA	-
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	15-Jan-21	14-Jan-21	
Punjab	Bhatinda	J-34	5100	3400	1700
	Abohar	J-34	510	340	170
	Mansa	J-34	255	170	85
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	Closed	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	15-Jan-21	14-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1125	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	1050	1065	-15
Telangana	Hyderabad	Rs. /10 Kg.	Closed	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	1140	1150	-10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-Jan-21	14-Jan-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2041	Closed	-
Maharashtra	Akola	Rs./Qtl	2062	2065	-3

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

Index	Unit	15-Jan-21	14-Jan-21	Change
CCIndex(328)	RMB/Ton	15250	15333	-83
CCIndex(527)	RMB/Ton	14421	14436	-15
CCIndex(229)	RMB/Ton	15543	15572	-29

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

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

Index	Unit	15-Jan-21	14-Jan-21	Change
FC Index (S)	Cents/lb	91.51	91.43	0.08
FC Index (M)	Cents/lb	89.1	89.07	0.03
FC Index (L)	Cents/lb	87.96	87.96	Unch

**Cotlook Index:**

Cotlook Indices	Unit	12-Jan-21	12-Jan-21	Change
A-Index	Cents/Pound	86.9	86.9	Unch

**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 14-Jan-2021**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10880
Equivalent	40 Kgs	10074	193	11660

**Daily Futures Price Listing Thursday January 14th, 2021**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210114	80.92	81.52	80.25	81.15	+0.23	22,764	122,430	-340
<a href="#">May-21</a>	210114	81.79	82.30	81.09	82.00	+0.23	13,560	56,719	+3,301
<a href="#">Jul-21</a>	210114	82.46	83.05	81.84	82.75	+0.22	5,334	32,543	+1,474
<a href="#">Oct-21</a>	210114	79.15	79.15	79.15	79.15	-0.02	1	19	+1
<a href="#">Dec-21</a>	210114	76.99	77.10	76.20	76.80	Unch	2,580	29,368	+177
<a href="#">Mar-22</a>	210114	76.89	77.25	76.81	77.17	-0.05	219	1,964	-46
Total Volume and Open Interest							44,582	246,308	+4,548

Source: MRCI

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