

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, 910 /bale Friday. ICE cotton futures closed green on Friday.

News: CCI procurement reduces as prices goes up. Cotton procurement under minimum support price has reduced with prices going up. Cotton arrivals are staggered with around 210 lakh bales which have already arrived into the market with another 140-150 lakh bales remaining with farmers. CCI has procured around 85 lakh bales till now and will continue procuring cotton from farmers. The raw cotton prices have reached around Rs. 6000 per quintal in last week.

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 11th January 2021, CCI has procured around 83,41,536 cotton bales valuing about Rs. 24,399.63 crore.

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.

Weather Forecast:

Dense to very dense fog conditions at a few places very likely over Punjab, Haryana, Chandigarh & Delhi and Uttar Pradesh; in isolated pockets over north Rajasthan, Nagaland, Manipur, Mizoram & Tripur, Assam and Meghalaya and Dense Fog at isolated places very likely over Himachal Pradesh, Uttarakhand, northeast Madhya Pradesh, Bihar and West Bengal.

International Fundamentals:

The ICE cotton Futures was down by 45 points at 80.7 cents/lb. The Cotlook A index was at 87.35 cents/lb. The AWP for cotton is 63.23 cents/lb.

Cotton prices fall in India. 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 between 22-23rd December 2020, the price for Shankar -6 cotton variety fell from Rs 42,200-42,900 per candy (356 kg) to Rs 41, 400-42,200. Prices have fallen as the new corona virus strain in UK has increased apprehensions about the cotton export.

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 | 16-Jan-21 | 15-Jan-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 5950 | Closed | - |
| | Gondal | Shankar-6 | 5955 | 5955 | Unch |
| | Rajkot | B.T. Cotton | 5900 | 5960 | -60 |
| | Patan | B.T. Cotton | 6150 | 6025 | 125 |
| | Kadi | B.T. Cotton | 5900 | 6000 | -100 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 5885 | 5925 | -40 |
| Haryana | Bhiwani | B.T. Cotton | 5800 | 5800 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 5850 | 5950 | -100 |
| | Fatehabad | B.T. Cotton | 5750 | 5800 | -50 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 5800 | 5800 | Unch |
| Rajasthan | Hanumangarh | B.T. Cotton | 5850 | 5800 | 50 |
| | Rawatsar | B.T. Cotton | 5800 | 5850 | -50 |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | Closed | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | NR | 5400 | - |
| | 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 | 6230 | 6200 | 30 |
|-----------|----------------|-------------|--------------------|-----------|--------|
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 5700 | 5650 | 50 |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 16-Jan-21 | 15-Jan-21 | |
| Punjab | Bhatinda | J-34 | 4470 | 4500 | -30 |
| | Abohar | J-34 | 4470 | 4490 | -20 |
| | Mansa | J-34 | 4490 | 4500 | -10 |
| Haryana | Sirsa | J-34 | 4450 | 4480 | -30 |
| Rajasthan | Sri-Ganganagar | J-34 | 4183 | 4244 | -61 |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 16-Jan-21 | 15-Jan-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 68000 | Closed | - |
| | Gondal | Shankar-6 | 3438 | 2344 | 1094 |
| | Rajkot | B.T. Cotton | 4300 | 2800 | 1500 |
| | Patan | B.T. Cotton | 6917 | 3764 | 3153 |
| | Kadi | B.T. Cotton | 30000 | 30000 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 260 | 178 | 82 |
| Haryana | Bhiwani | B.T. Cotton | 800 | 700 | 100 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 850 | 1020 | -170 |
| | Fatehabad | B.T. Cotton | 300 | 200 | 100 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 400 | 500 | -100 |
| Rajasthan | Hanumangarh | B.T. Cotton | 2000 | 2000 | Unch |
| | Rawatsar | B.T. Cotton | 500 | 600 | -100 |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | Closed | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | NR | 12000 | - |
| | 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 | 3326 | 3327 | -1 |

| | Hubli | D.C.H. | NA | NA | - |
|-----------|----------------|-------------|--------------------|-----------|--------|
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 112 | 112 | Unch |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 16-Jan-21 | 15-Jan-21 | |
| Punjab | Bhatinda | J-34 | 5100 | 5100 | Unch |
| | Abohar | J-34 | 510 | 510 | Unch |
| | Mansa | J-34 | 680 | 255 | 425 |
| Haryana | Sirsa | J-34 | 510 | 340 | 170 |
| Rajasthan | Sri-Ganganagar | J-34 | 3000 | 4000 | -1000 |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 16-Jan-21 | 15-Jan-21 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1085 | 1125 | -40 |
| Delhi | New Delhi | Rs. /10 Kg. | 1050 | 1050 | Unch |
| Telangana | Hyderabad | Rs. /10 Kg. | Closed | Closed | - |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1140 | 1140 | Unch |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 16-Jan-21 | 15-Jan-21 | |
| Gujarat | Mahešana (Kadi) | Rs./Qtl | 2041 | 2041 | Unch |
| Maharashtra | Akola | Rs./Qtl | 2062 | 2062 | Unch |

INTERNATIONAL PRICES AND INDICESChina 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 | 14-Jan-21 | 14-Jan-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 87.35 | 87.35 | Unch |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 14-Jan-21 | 12-Jan-21 | Bales |
| Southeast | cents/lb. | 80.15 | 82.45 | 4689 |
| North Delta | cents/lb. | 79.15 | 81.45 | 0 |
| South Delta | cents/lb. | 79.15 | 81.45 | 0 |
| East TX-OK | cents/lb. | 76.15 | 79.2 | 11818 |
| West Texas | cents/lb. | 76.15 | 79.95 | 12725 |
| Desert SW | cents/lb. | 73.9 | 78.7 | 1154 |
| SJ Valley | cents/lb. | 74.4 | 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 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 Friday January 15th, 2021

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Mar-21 | 210115 | 81.12 | 81.43 | 80.60 | 80.70 | -0.45 | 18,709 | 121,022 | -1,408 |
| May-21 | 210115 | 82.00 | 82.21 | 81.47 | 81.62 | -0.38 | 11,787 | 57,624 | +905 |
| Jul-21 | 210115 | 82.88 | 82.95 | 82.23 | 82.37 | -0.38 | 4,979 | 33,436 | +893 |
| Oct-21 | 210115 | 78.04 | 79.45 | 78.04 | 78.97 | -0.18 | 1 | 19 | +0 |
| Dec-21 | 210115 | 76.80 | 77.13 | 76.47 | 77.02 | +0.22 | 1,418 | 29,119 | -249 |
| Mar-22 | 210115 | 77.10 | 77.56 | 77.03 | 77.47 | +0.30 | 32 | 1,966 | +2 |
| Total Volume and Open Interest | | | | | | | 37,166 | 246,670 | +362 |

Source: MRCI

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