

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 Tuesday.ICE cotton futures closed red on Friday.

News: CCI Procurement has reached at 84, 80,544 cotton bales. Procurement operations of seed cotton under minimum support price are going smoothly in 10 states and have reached a quantity of 84,80,544 cotton bales till 17th January 21 valuing around Rs. 24,803.63 crore and benefitting about 17,27,601 farmers.

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.

Weather Forecast:

Dense to very dense fog conditions at a few places very likely over Rajasthan, Odisha and Bihar. Cold day to severe cold day condition in isolated pockets very likely over Bihar and cold day condition in isolated pockets over Punjab, Haryana, Chandigarh & Delhi.

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.

According to the USDA estimates, India's cotton production for MY 2020-21 is estimated at 29.3 million bales from acreage of 13.3 million hectares. 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.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+160	21080.00	21240.00	21080.00	21020.00	784	3017
MXCTNZ0	+110	20470.00	20580.00	20470.00	20390.00	17	95
MXCTNF1	+160	21080.00	21240.00	21080.00	21020.00	784	3017

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Jan-21	18-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	6005	5980	25
	Rajkot	B.T. Cotton	5855	5865	-10
	Patan	B.T. Cotton	6080	6125	-45
	Kadi	B.T. Cotton	5900	6000	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5945	5845	100
Haryana	Bhiwani	B.T. Cotton	5800	5800	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5880	5870	10
	Fatehabad	B.T. Cotton	5725	5700	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5750	5750	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5850	5850	Unch
	Rawatsar	B.T. Cotton	5750	5750	Unch
Madhya Pradesh	Khandwa	Mech-1	5800	5800	Unch
	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	5725	NA	-
Karnataka	Bijapur	Bunny	NA	6139	-
	Hubli	D.C.H.	4769	5679	-910
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5650	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Jan-21	18-Jan-21	
Punjab	Bhatinda	J-34	4450	4460	-10
	Abohar	J-34	4460	4460	Unch
	Mansa	J-34	4470	4465	5
Haryana	Sirsa	J-34	4430	4450	-20
Rajasthan	Sri-Ganganagar	J-34	4160	4169	-9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jan-21	18-Jan-21	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	3459	3789	-330
	Rajkot	B.T. Cotton	6100	6200	-100
	Patan	B.T. Cotton	11576	9757	1819
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	320	339	-19
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	1020	-170
	Fatehabad	B.T. Cotton	300	500	-200
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	500	500	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	500	500	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	2000	4000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1368903	NA	-
Karnataka	Bijapur	Bunny	NA	4296	-
	Hubli	D.C.H.	9	5	4
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	112	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jan-21	18-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	680	850	-170
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	340	510	-170
Rajasthan	Sri-Ganganagar	J-34	2000	3000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	19-Jan-21	18-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1055	1065	-10
Delhi	New Delhi	Rs. /10 Kg.	1040	1040	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1070	1100	-30
Maharashtra	Mumbai	Rs. /10 Kg.	1095	1105	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-Jan-21	18-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2021	2016	5
Maharashtra	Akola	Rs./Qtl	2040	2056	-16

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

Index	Unit	19-Jan-21	18-Jan-21	Change
CCIndex(328)	RMB/Ton	15313	15251	62
CCIndex(527)	RMB/Ton	14468	14426	42
CCIndex(229)	RMB/Ton	15577	15545	32

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

China Foreign Cotton (FCE) Index :

Index	Unit	19-Jan-21	18-Jan-21	Change
FC Index (S)	Cents/lb	90.94	90.94	Unch
FC Index (M)	Cents/lb	88.51	88.51	Unch
FC Index (L)	Cents/lb	87.36	87.36	Unch

Cotlook Index:

Cotlook Indices	Unit	18-Jan-21	15-Jan-21	Change
A-Index	Cents/Pound	87.1	87.6	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Jan-21	13-Jan-21	Bales
Southeast	cents/lb.	79.7	82.17	7377
North Delta	cents/lb.	78.7	81.17	861
South Delta	cents/lb.	78.7	81.17	0
East TX-OK	cents/lb.	75.7	78.67	5687
West Texas	cents/lb.	75.7	79.42	8455

Desert SW	cents/lb.	73.45	77.92	282
SJ Valley	cents/lb.	73.95	83.07	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 18-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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