

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

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.

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 Punjab, Haryana, Chandigarh & Delhi and dense fog in isolated pockets over Uttar Pradesh and Bihar.

International Fundamentals:

The ICE cotton Futures was down by 45 points at 81.15 cents/lb. The Cotlook A index was at 87.10 cents/lb. The AWP for cotton is 66.23 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	20-Jan-21	19-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	5980	6005	-25
	Rajkot	B.T. Cotton	5870	5855	15
	Patan	B.T. Cotton	6055	6080	-25
	Kadi	B.T. Cotton	6000	5900	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5935	5945	-10
Haryana	Bhiwani	B.T. Cotton	5800	5800	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5800	5880	-80
	Fatehabad	B.T. Cotton	5775	5725	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5700	5750	-50
Rajasthan	Hanumangarh	B.T. Cotton	5750	5850	-100
	Rawatsar	B.T. Cotton	5700	5750	-50
Madhya Pradesh	Khandwa	Mech-1	5700	5800	-100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5600	5500	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5725	5725	Unch
Karnataka	Bijapur	Bunny	6127	6120	7
	Hubli	D.C.H.	5700	4769	931
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5700	5700	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Jan-21	19-Jan-21	
Punjab	Bhatinda	J-34	4465	4450	15
	Abohar	J-34	4470	4460	10
	Mansa	J-34	4475	4470	5
Haryana	Sirsa	J-34	4430	4430	Unch
Rajasthan	Sri-Ganganagar	J-34	4183	4160	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Jan-21	19-Jan-21	
Gujarat	Ahmedabad	Shankar-6	62900	59500	3400
	Gondal	Shankar-6	3882	3459	423
	Rajkot	B.T. Cotton	5650	6100	-450
	Patan	B.T. Cotton	10381	11576	-1195
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	353	320	33
Haryana	Bhiwani	B.T. Cotton	1800	1000	800
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	850	170
	Fatehabad	B.T. Cotton	250	300	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	400	500	-100
Rajasthan	Hanumangarh	B.T. Cotton	1000	2000	-1000
	Rawatsar	B.T. Cotton	700	500	200
Madhya Pradesh	Khandwa	Mech-1	600	500	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6000	2000	4000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1059864	1368903	-309039
Karnataka	Bijapur	Bunny	3919	4312	-393
	Hubli	D.C.H.	11	9	2
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	75	112	-37
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Jan-21	19-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	680	680	Unch
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	20-Jan-21	19-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1035	1055	-20
Delhi	New Delhi	Rs. /10 Kg.	1020	1040	-20
Telangana	Hyderabad	Rs. /10 Kg.	1040	1070	-30
Maharashtra	Mumbai	Rs. /10 Kg.	1060	1095	-35

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	20-Jan-21	19-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2017	2021	-4
Maharashtra	Akola	Rs./Qtl	2042	2040	2

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	20-Jan-21	19-Jan-21	Change
CCIndex(328)	RMB/Ton	NR	15313	-
CCIndex(527)	RMB/Ton	NR	14468	-
CCIndex(229)	RMB/Ton	NR	15577	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	20-Jan-21	19-Jan-21	Change
FC Index (S)	Cents/lb	91.45	90.94	0.51
FC Index (M)	Cents/lb	88.99	88.51	0.48
FC Index (L)	Cents/lb	87.77	87.36	0.41

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 19-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 Tuesday January 19th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210119	80.88	81.85	80.75	81.15	+0.45	12,643	120,235	-787
May-21	210119	81.95	82.73	81.65	82.07	+0.45	6,495	58,218	+594
Jul-21	210119	82.47	83.47	82.39	82.84	+0.47	3,953	34,772	+1,336
Oct-21	210119	79.49	79.49	79.49	79.49	+0.52	0	19	+0
Dec-21	210119	76.99	78.34	76.95	77.69	+0.67	1,467	28,959	-160
Mar-22	210119	77.78	78.66	77.67	77.99	+0.52	72	1,998	+32
Total Volume and Open Interest							24,756	247,739	+1,069

Source: MRCI

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