

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 were stable at Rs.21, 060 /bale Friday. ICE cotton futures closed green on Thursday.

News: CCI is planning to export 10 lakh bales of cotton. CCI has procured around 85 lakh bales of cotton so far at minimum support price since the beginning of the current season 2020-21, but with the rising prices of cotton CCI has now reduced the purchase of cotton at MSP and is planning to export at least 10 lakh bales of cotton during the current season.

Maharashtra government offers guarantee to Rs. 1500 crore loan by cotton growers marketing federation. The government has decided to stand 1500 crore loan, which will be raised by Maharashtra state co-operative cotton growers marketing federation Ltd for paying minimum support price to the cotton growing farmers, the interest rate by the bank is decided to be 6.35 percent.

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 sub- Himalayan, West Bengal and dense fog in isolated pockets over East Uttar Pradesh and Bihar, Assam, Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

International Fundamentals:

The ICE cotton Futures was down by 44 points at 81.59 cents/lb. The Cotlook A index was at 87.60 cents/lb. The AWP for cotton is 66.7 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	22-Jan-21	21-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5950	5900	50
	Gondal	Shankar-6	6055	5980	75
	Rajkot	B.T. Cotton	6000	5895	105
	Patan	B.T. Cotton	6105	6070	35
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5975	6000	-25
Haryana	Bhiwani	B.T. Cotton	5850	5800	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5950	5900	50
	Fatehabad	B.T. Cotton	5750	5775	-25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5850	5820	30
Rajasthan	Hanumangarh	B.T. Cotton	6000	5800	200
	Rawatsar	B.T. Cotton	5850	5700	150
Madhya Pradesh	Khandwa	Mech-1	5900	5800	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5650	5625	25
	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	NA	6161	-

	Hubli	D.C.H.	NA	5551	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5700	5700	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	22-Jan-21	21-Jan-21	
Punjab	Bhatinda	J-34	4510	4480	30
	Abohar	J-34	4510	4490	20
	Mansa	J-34	4520	4475	45
Haryana	Sirsa	J-34	4500	4460	40
Rajasthan	Sri-Ganganagar	J-34	4277	4193	85

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jan-21	21-Jan-21	
Gujarat	Ahmedabad	Shankar-6	64600	62900	1700
	Gondal	Shankar-6	3248	3488	-240
	Rajkot	B.T. Cotton	5600	6250	-650
	Patan	B.T. Cotton	10147	10138	9
	Kadi	B.T. Cotton	40000	50000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	307	324	-17
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1020	340
	Fatehabad	B.T. Cotton	300	250	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	300	325	-25
Rajasthan	Hanumangarh	B.T. Cotton	2000	1500	500
	Rawatsar	B.T. Cotton	300	700	-400
Madhya Pradesh	Khandwa	Mech-1	250	300	-50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6000	6000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1101813	1135674	-33861
Karnataka	Bijapur	Bunny	NA	3467	-
	Hubli	D.C.H.	NA	11	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	112	75	37
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jan-21	21-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	1190	765	425
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	1500	2000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	22-Jan-21	21-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1010	1020	-10
Delhi	New Delhi	Rs. /10 Kg.	1020	1030	-10
Telangana	Hyderabad	Rs. /10 Kg.	1030	1040	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1045	1060	-15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Jan-21	21-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2078	2065	13
Maharashtra	Akola	Rs./Qtl	2112	2074	38

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

Index	Unit	22-Jan-21	21-Jan-21	Change
CCIndex(328)	RMB/Ton	15319	15299	20
CCIndex(527)	RMB/Ton	14471	14463	8
CCIndex(229)	RMB/Ton	15579	15578	1

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

China Foreign Cotton (FCE) Index :

Index	Unit	22-Jan-21	21-Jan-21	Change
FC Index (S)	Cents/lb	92.78	91.78	1.00
FC Index (M)	Cents/lb	90.34	89.34	1.00
FC Index (L)	Cents/lb	89.13	88.13	1.00

Cotlook Index:

Cotlook Indices	Unit	20-Jan-21	19-Jan-21	Change
-----------------	------	-----------	-----------	--------

A-Index	Cents/Pound	87.6	87.1	0.50
----------------	-------------	------	------	-------------

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Jan-21	19-Jan-21	Bales
Southeast	cents/lb.	80.59	82.4	0
North Delta	cents/lb.	79.59	81.4	0
South Delta	cents/lb.	79.59	81.4	0
East TX-OK	cents/lb.	76.59	78.9	4627
West Texas	cents/lb.	76.59	79.65	6474
Desert SW	cents/lb.	74.34	78.15	972
SJ Valley	cents/lb.	74.84	83.3	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 21-Jan-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10980
Equivalent	40 Kgs	10074	193	11767

Daily Futures Price Listing Thursday January 21st, 2021

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210121	81.59	83.06	81.40	82.57	+0.98	16,481	119,111	-539
May-21	210121	82.41	83.91	82.32	83.50	+1.00	8,647	59,406	+355
Jul-21	210121	83.10	84.68	83.10	84.30	+1.02	4,248	35,122	+153
Oct-21	210121	80.78	80.78	80.40	80.64	+1.11	0	19	+0
Dec-21	210121	77.93	79.20	77.82	79.04	+1.09	2,711	29,286	+63
Mar-22	210121	78.33	79.43	78.26	79.27	+1.05	135	2,090	+73
Total Volume and Open Interest							32,627	248,918	+395

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.