

**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 Saturday. ICE cotton futures closed green on Thursday.*

**News: Cotton Corporation of India introduces lock - in period for prices.** CCI has permitted those who buy cotton from it through e-auctions, to lock in the cotton prices. CCI has introduced this facility to ensure price security especially for textile mills.

**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 17<sup>th</sup> 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.

#### Weather Forecast:

Dense to very dense fog conditions at a few places very likely over Punjab, Haryana, Chandigarh & Delhi and East Uttar Pradesh, and in isolated pockets over Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, West Uttar Pradesh and dense fog in isolated pockets over Bihar and north Rajasthan.

#### International Fundamentals:

The ICE cotton Futures was down by 101 points at 81.56 cents/lb. The Cotlook A index was high at 88.10 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 22-23<sup>rd</sup> 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	23-Jan-21	22-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5950	5950	Unch
	Gondal	Shankar-6	6055	6055	Unch
	Rajkot	B.T. Cotton	5965	6000	-35
	Patan	B.T. Cotton	5980	6105	-125
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5875	5975	-100
Haryana	Bhiwani	B.T. Cotton	5870	5850	20
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5950	5950	Unch
	Fatehabad	B.T. Cotton	5775	5750	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5850	5850	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5850	6000	-150
	Rawatsar	B.T. Cotton	5850	5850	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5900	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5600	5650	-50
	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	6230	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5700	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	23-Jan-21	22-Jan-21	
Punjab	Bhatinda	J-34	4480	4510	-30
	Abohar	J-34	4480	4510	-30
	Mansa	J-34	4485	4520	-35
Haryana	Sirsa	J-34	4460	4500	-40
Rajasthan	Sri-Ganganagar	J-34	4301	4277	24

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-21	22-Jan-21	
Gujarat	Ahmedabad	Shankar-6	64600	64600	Unch
	Gondal	Shankar-6	3232	3248	-16
	Rajkot	B.T. Cotton	5650	5600	50
	Patan	B.T. Cotton	11720	10147	1573
	Kadi	B.T. Cotton	30000	40000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	430	307	123
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1360	-340
	Fatehabad	B.T. Cotton	250	300	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	300	300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	500	300	200
Madhya Pradesh	Khandwa	Mech-1	Closed	250	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	6000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1163137	1101813	61324
Karnataka	Bijapur	Bunny	NA	2896	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	112	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-21	22-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	850	-340
	Mansa	J-34	680	1190	-510
Haryana	Sirsa	J-34	340	510	-170
Rajasthan	Sri-Ganganagar	J-34	1200	1500	-300

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	23-Jan-21	22-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	995	1010	-15
Delhi	New Delhi	Rs. /10 Kg.	990	1020	-30
Telangana	Hyderabad	Rs. /10 Kg.	1025	1030	-5
Maharashtra	Mumbai	Rs. /10 Kg.	1040	1045	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Jan-21	22-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2078	2078	Unch
Maharashtra	Akola	Rs./Qtl	2112	2112	Unch

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

Index	Unit	23-Jan-21	22-Jan-21	Change
CCIndex(328)	RMB/Ton	Closed	15319	-
CCIndex(527)	RMB/Ton	Closed	14471	-
CCIndex(229)	RMB/Ton	Closed	15579	-

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

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

Index	Unit	23-Jan-21	22-Jan-21	Change
FC Index (S)	Cents/lb	Closed	92.78	-
FC Index (M)	Cents/lb	Closed	90.34	-

FC Index (L)	Cents/lb	Closed	89.13	-
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**Cotlook Index:**

Cotlook Indices	Unit	21-Jan-21	20-Jan-21	Change
A-Index	Cents/Pound	88.1	87.6	0.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Jan-21	19-Jan-21	Bales
Southeast	cents/lb.	81.57	82.4	0
North Delta	cents/lb.	80.57	81.4	0
South Delta	cents/lb.	80.57	81.4	0
East TX-OK	cents/lb.	78.07	78.9	4627
West Texas	cents/lb.	78.07	79.65	6474
Desert SW	cents/lb.	75.57	78.15	972
SJ Valley	cents/lb.	76.07	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 Friday January 22<sup>nd</sup>, 2021**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210122	82.52	82.56	81.50	81.56	-1.01	15,919	117,684	-1,427
<a href="#">May-21</a>	210122	83.40	83.50	82.60	82.66	-0.84	10,985	60,666	+1,260
<a href="#">Jul-21</a>	210122	84.22	84.31	83.44	83.56	-0.74	5,206	35,468	+346
<a href="#">Oct-21</a>	210122	80.02	80.02	80.02	80.02	-0.62	0	19	+0
<a href="#">Dec-21</a>	210122	78.58	79.04	78.21	78.47	-0.57	2,713	29,327	+41
<a href="#">Mar-22</a>	210122	79.26	79.42	78.58	78.77	-0.50	172	2,163	+73

Total Volume and Open Interest	35,567	249,672	+754
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Source: MRCI

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