

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 was lower at Rs.21, 050 /bale Monday.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 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.

Weather Forecast:

Dense to very dense fog conditions at a few places very likely over sub-Himalayan, West Bengal and Sikkim, Punjab, Dense fog in isolated pockets over Rajasthan. Cold wave condition in isolated pockets over Haryana, Chandigarh & Delhi and Uttar Pradesh and Surashtra & Kutuch.

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 22-23rd 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	25-Jan-21	23-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5900	5950	-50
	Gondal	Shankar-6	6105	6055	50
	Rajkot	B.T. Cotton	5930	5965	-35
	Patan	B.T. Cotton	6000	5980	20
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6200	5875	325
Haryana	Bhiwani	B.T. Cotton	5900	5870	30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	5950	-
	Fatehabad	B.T. Cotton	Closed	5775	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	Closed	5850	-
Rajasthan	Hanumangarh	B.T. Cotton	5950	5850	100
	Rawatsar	B.T. Cotton	5800	5850	-50
Madhya Pradesh	Khandwa	Mech-1	6000	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5650	5600	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	5725	-
Karnataka	Bijapur	Bunny	6309	NA	-
	Hubli	D.C.H.	5481	5809	-328
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5700	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Jan-21	23-Jan-21	

Punjab	Bhatinda	J-34	4490	4480	10
	Abohar	J-34	4490	4480	10
	Mansa	J-34	4490	4485	5
Haryana	Sirsa	J-34	4460	4460	Unch
Rajasthan	Sri-Ganganagar	J-34	4301	4301	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jan-21	23-Jan-21	
Gujarat	Ahmedabad	Shankar-6	62900	64600	-1700
	Gondal	Shankar-6	4205	3232	973
	Rajkot	B.T. Cotton	5600	5650	-50
	Patan	B.T. Cotton	9934	11720	-1786
	Kadi	B.T. Cotton	70000	30000	40000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	407	430	-23
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	1020	-
	Fatehabad	B.T. Cotton	Closed	250	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	Closed	300	-
Rajasthan	Hanumangarh	B.T. Cotton	1000	2000	-1000
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	300	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	8000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	1163137	-
Karnataka	Bijapur	Bunny	3048	NA	-
	Hubli	D.C.H.	10	6	4

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	75	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jan-21	23-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	NA	510	-
	Mansa	J-34	NA	680	-
Haryana	Sirsa	J-34	NA	340	-
Rajasthan	Sri-Ganganagar	J-34	1500	1200	300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-Jan-21	23-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	995	995	Unch
Delhi	New Delhi	Rs. /10 Kg.	985	990	-5
Telangana	Hyderabad	Rs. /10 Kg.	1025	1025	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1040	1040	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Jan-21	23-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2141	2078	63
Maharashtra	Akola	Rs./Qtl	2205	2112	93

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	25-Jan-21	22-Jan-21	Change
CCIndex(328)	RMB/Ton	15311	15319	-8
CCIndex(527)	RMB/Ton	14469	14471	-2
CCIndex(229)	RMB/Ton	15578	15579	-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
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Cotlook Index:

Cotlook Indices	Unit	22-Jan-21	22-Jan-21	Change
A-Index	Cents/Pound	89.1	89.1	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Jan-21	20-Jan-21	Bales
Southeast	cents/lb.	80.56	82.84	0
North Delta	cents/lb.	79.56	81.84	0
South Delta	cents/lb.	79.56	81.84	0
East TX-OK	cents/lb.	77.06	79.34	2104
West Texas	cents/lb.	77.06	80.09	6703
Desert SW	cents/lb.	74.56	78.59	0
SJ Valley	cents/lb.	75.06	83.74	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 23-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 22nd, 2021

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

Source: MRCI

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