

**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 higher at Rs.20, 850 /bale Friday.ICE cotton futures closed red on Thursday.*

**News: CCI Procurement has reached at 88, 43,847 cotton bales.** Procurement operations of seed cotton under MSP are going smoothly in 10 states and till 26<sup>th</sup> Jan'21 around 88,43,847 cotton bales have been procured valuing Rs. 25,826.59 crore and by benefitting around 18,13,359 farmers.

**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 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.

### Weather Forecast:

Dense to very dense fog conditions at a few places very likely over Uttar Pradesh, Bihar and in isolated pockets over west Punjab, Haryana, Chandigarh & Delhi and Odissa. Cold to severe cold day condition in some pockets very likely over Uttar Pradesh; Cold wave conditions in some pockets over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Uttarakhand, Uttar Pradesh, Madhya Pradesh, Bihar and Saurashtra & Kutuch.

### International Fundamentals:

The ICE cotton Futures was down by 91 points at 81.40 cents/lb. The Cotlook A index was steady at 88.35 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	-60	21110.00	21110.00	20960.00	21130.00	215	791
MXCTNZ0	+110	20470.00	20580.00	20470.00	20390.00	17	95
MXCTNF1	-60	21110.00	21110.00	20960.00	21130.00	215	791

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Jan-21	28-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5950	5900	50
	Gondal	Shankar-6	5930	6130	-200
	Rajkot	B.T. Cotton	5915	5845	70
	Patan	B.T. Cotton	5975	5970	5
	Kadi	B.T. Cotton	5900	6000	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5800	5850	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5825	5850	-25
	Fatehabad	B.T. Cotton	5775	5725	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5815	5815	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5850	5825	25
	Rawatsar	B.T. Cotton	5775	5700	75
Madhya Pradesh	Khandwa	Mech-1	6000	6000	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5700	5600	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	6259	6312	-53
	Hubli	D.C.H.	NA	5651	-
	Hubli	B.T. Cotton	NA	0	-
	Raichur	H-44 Cotton	5700	5700	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	29-Jan-21	28-Jan-21	
Punjab	Bhatinda	J-34	4420	4460	-40
	Abohar	J-34	4430	4460	-30
	Mansa	J-34	4440	4460	-20

Haryana	Sirsa	J-34	4400	4430	-30
Rajasthan	Sri-Ganganagar	J-34	4164	4155	9

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jan-21	28-Jan-21	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	3620	4736	-1116
	Rajkot	B.T. Cotton	5350	5900	-550
	Patan	B.T. Cotton	9523	8787	736
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	1020	-170
	Fatehabad	B.T. Cotton	500	200	300
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	350	375	-25
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	500	700	-200
Madhya Pradesh	Khandwa	Mech-1	300	300	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7000	10000	-3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	78556.7	2427248	-2348691.3
Karnataka	Bijapur	Bunny	2521	4421	-1900
	Hubli	D.C.H.	NA	52	-
	Hubli	B.T. Cotton	NA	0	-
	Raichur	H-44 Cotton	75	75	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jan-21	28-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	1020	510	510

	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	850	340	510
Rajasthan	Sri-Ganganagar	J-34	3000	5000	-2000

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	29-Jan-21	28-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1055	1045	10
Delhi	New Delhi	Rs. /10 Kg.	1045	1035	10
Telangana	Hyderabad	Rs. /10 Kg.	1100	1080	20
Maharashtra	Mumbai	Rs. /10 Kg.	1080	1065	15

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-Jan-21	28-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2097	2089	8
Maharashtra	Akola	Rs./Qtl	2175	2180	-5

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

Index	Unit	29-Jan-21	28-Jan-21	Change
CCIndex(328)	RMB/Ton	15243	15298	-55
CCIndex(527)	RMB/Ton	14455	14476	-21
CCIndex(229)	RMB/Ton	15541	15577	-36

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

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

Index	Unit	29-Jan-21	28-Jan-21	Change
FC Index (S)	Cents/lb	80.04	91	-10.96
FC Index (M)	Cents/lb	87.41	88.38	-0.97
FC Index (L)	Cents/lb	86.37	87.37	-1.00

**Cotlook Index:**

Cotlook Indices	Unit	27-Jan-21	25-Jan-21	Change
A-Index	Cents/Pound	88.35	88.1	0.25

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
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		27-Jan-21	25-Jan-21	Bales
Southeast	cents/lb.	79.84	82.96	343
North Delta	cents/lb.	78.84	81.96	0
South Delta	cents/lb.	78.84	81.96	0
East TX-OK	cents/lb.	76.34	79.96	3607
West Texas	cents/lb.	76.34	80.71	1622
Desert SW	cents/lb.	73.84	78.71	963
SJ Valley	cents/lb.	74.34	84.11	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 28-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 28th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210128	80.85	81.40	79.85	79.93	-0.91	22,579	109,529	-4,272
<a href="#">May-21</a>	210128	81.92	82.53	81.03	81.13	-0.86	11,897	67,918	+2,589
<a href="#">Jul-21</a>	210128	82.83	83.40	81.95	82.06	-0.80	3,789	39,208	+566
<a href="#">Oct-21</a>	210128	78.82	78.82	78.82	78.82	-0.55	0	18	+0
<a href="#">Dec-21</a>	210128	78.05	78.50	77.43	77.50	-0.58	2,184	30,723	+102
<a href="#">Mar-22</a>	210128	77.99	78.52	77.47	77.50	-0.82	56	2,301	+37
Total Volume and Open Interest							40,549	254,440	-977

Source: MRCI

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