

**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.20, 790 /bale Saturday. ICE cotton futures closed green on Friday.*

**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 Sub –Himalayan West Bengal & Sikkim and dense fog in isolated pockets over East Uttar Pradesh and Bihar. Cold day to severe cold day condition in some pockets very likely over east Uttar Pradesh; Cold wave conditions in some pockets over Madhya Pradesh. Cold wave conditions in isolated pockets over Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, Rajasthan, Madhya Pradesh, Chhattisgarh, Bihar, Odisha and Kutuch region.

### International Fundamentals:

The ICE cotton Futures was up by 71 points at 80.64 cents/lb. The Cotlook A index was lower by 80 points at 87.55 cents/lb. The AWP for cotton is 67.59 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	30-Jan-21	29-Jan-21	
Gujarat	Ahmedabad	Shankar-6	5950	5950	Unch
	Gondal	Shankar-6	5930	5930	Unch
	Rajkot	B.T. Cotton	5900	5915	-15
	Patan	B.T. Cotton	6005	5975	30
	Kadi	B.T. Cotton	5900	5900	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5830	NA	-
Haryana	Bhiwani	B.T. Cotton	5825	5800	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5800	5825	-25
	Fatehabad	B.T. Cotton	5700	5775	-75
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5800	5815	-15
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5850	-
	Rawatsar	B.T. Cotton	5725	5775	-50
Madhya Pradesh	Khandwa	Mech-1	Closed	6000	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5550	5700	-150
	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	6259	-
	Hubli	D.C.H.	5409	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5700	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Jan-21	29-Jan-21	

Punjab	Bhatinda	J-34	4440	4420	20
	Abohar	J-34	4445	4430	15
	Mansa	J-34	4450	4440	10
Haryana	Sirsa	J-34	4410	4400	10
Rajasthan	Sri-Ganganagar	J-34	4174	4164	9

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Jan-21	29-Jan-21	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	3333	3620	-287
	Rajkot	B.T. Cotton	4600	5350	-750
	Patan	B.T. Cotton	10050	9523	527
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	442	NA	-
Haryana	Bhiwani	B.T. Cotton	1200	1500	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	500	350	150
Rajasthan	Hanumangarh	B.T. Cotton	Closed	1000	-
	Rawatsar	B.T. Cotton	600	500	100
Madhya Pradesh	Khandwa	Mech-1	Closed	300	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	7000	3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	821682	785567	36115
Karnataka	Bijapur	Bunny	NA	2521	-
	Hubli	D.C.H.	4	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	75	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Jan-21	29-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	680	1020	-340
	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	340	850	-510
Rajasthan	Sri-Ganganagar	J-34	2000	3000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	30-Jan-21	29-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1060	1055	5
Delhi	New Delhi	Rs. /10 Kg.	1055	1045	10
Telangana	Hyderabad	Rs. /10 Kg.	1100	1100	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1080	1080	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-Jan-21	29-Jan-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2097	2097	Unch
Maharashtra	Akola	Rs./Qtl	2175	2175	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	30-Jan-21	29-Jan-21	Change
CCIndex(328)	RMB/Ton	Closed	15243	-
CCIndex(527)	RMB/Ton	Closed	14455	-
CCIndex(229)	RMB/Ton	Closed	15541	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	30-Jan-21	29-Jan-21	Change
FC Index (S)	Cents/lb	Closed	80.04	-

FC Index (M)	Cents/lb	Closed	87.41	-
FC Index (L)	Cents/lb	Closed	86.37	-

**Cotlook Index:**

Cotlook Indices	Unit	28-Jan-21	27-Jan-21	Change
A-Index	Cents/Pound	87.55	88.35	-0.80

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-Jan-21	27-Jan-21	Bales
Southeast	cents/lb.	78.93	82.09	8
North Delta	cents/lb.	77.93	81.09	0
South Delta	cents/lb.	77.93	81.09	0
East TX-OK	cents/lb.	75.43	79.09	2326
West Texas	cents/lb.	75.34	79.84	3726
Desert SW	cents/lb.	72.93	77.84	964
SJ Valley	cents/lb.	73.43	83.24	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 Friday January 29th, 2021**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210129	79.98	80.85	79.75	80.64	+0.71	17,426	106,745	-2,784
<a href="#">May-21</a>	210129	81.13	82.01	80.95	81.84	+0.71	10,308	69,872	+1,954
<a href="#">Jul-21</a>	210129	82.19	82.91	81.87	82.78	+0.72	2,841	39,160	-48
<a href="#">Oct-21</a>	210129	79.21	79.21	79.21	79.21	+0.39	0	18	+0
<a href="#">Dec-21</a>	210129	77.59	78.25	77.26	77.69	+0.19	3,086	30,178	-545
<a href="#">Mar-22</a>	210129	77.50	78.25	77.36	77.75	+0.25	47	2,331	+30
Total Volume and Open Interest							33,751	253,055	-1,385

Source: MRCI

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