

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, 860 /bale Saturday. ICE cotton futures closed green on Friday.

News: Cotton prices increases in Guntur market. In the open market the cotton is being sold at prices ranging between Rs. 5,600- Rs. 6,000 per quintal due to increasing demand caused by the reduced production, as a result prices are expected to increase in the market in the coming weeks. The cotton Corporation of India has fixed Rs. 5,825 per quintal for quality cotton earlier. As the demand is increasing the traders are offering better price than the CCI and are purchasing cotton from farmers.

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 26th 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 and dense fog in isolated pockets over Bihar, Sub-Himalayan, West Bengal & Sikkim, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura. Cold day to severe cold day condition in some pockets very likely over east Uttar Pradesh and Bihar; Cold wave conditions in some pockets over Odisha and Cold wave conditions in isolated pockets over East Uttar Pradesh, Bihar, Jharkhand and West Bengal & Sikkim.

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 22-23rd 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	-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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	01-Feb-21	30-Jan-21	
Gujarat	Ahmedabad	Shankar-6	6000	5950	50
	Gondal	Shankar-6	6055	5930	125
	Rajkot	B.T. Cotton	5950	5900	50
	Patan	B.T. Cotton	6000	6005	-5
	Kadi	B.T. Cotton	6000	5900	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5930	5830	100
Haryana	Bhiwani	B.T. Cotton	5850	5825	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5860	5800	60
	Fatehabad	B.T. Cotton	5800	5700	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5840	5800	40
Rajasthan	Hanumangarh	B.T. Cotton	5900	Closed	-
	Rawatsar	B.T. Cotton	5800	5725	75
Madhya Pradesh	Khandwa	Mech-1	6000	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5550	5550	Unch
	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	NA	6161	-
	Hubli	D.C.H.	5509	5409	100
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5750	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	01-Feb-21	30-Jan-21	
Punjab	Bhatinda	J-34	4460	4440	20
	Abohar	J-34	4470	4445	25
	Mansa	J-34	4470	4450	20
Haryana	Sirsa	J-34	4425	4410	15
Rajasthan	Sri-Ganganagar	J-34	4136	4174	-38

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	01-Feb-21	30-Jan-21	
Gujarat	Ahmedabad	Shankar-6	64600	68000	-3400
	Gondal	Shankar-6	3775	3333	442
	Rajkot	B.T. Cotton	6030	4600	1430
	Patan	B.T. Cotton	8822	10050	-1228
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	371	442	-71
Haryana	Bhiwani	B.T. Cotton	1000	1200	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	850	340
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	650	500	150
Rajasthan	Hanumangarh	B.T. Cotton	3000	Closed	-
	Rawatsar	B.T. Cotton	200	600	-400
Madhya Pradesh	Khandwa	Mech-1	250	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	10000	Unch

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	821682	-
Karnataka	Bijapur	Bunny	NA	1552	-
	Hubli	D.C.H.	9	4	5
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	60	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	01-Feb-21	30-Jan-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	510	340	170
Rajasthan	Sri-Ganganagar	J-34	3000	2000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	01-Feb-21	30-Jan-21	
Gujarat	Rajkot	Rs. /10 Kg.	1060	1060	Unch
Delhi	New Delhi	Rs. /10 Kg.	1055	1055	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1100	1100	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1100	1080	20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	01-Feb-21	30-Jan-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2133	2097	36
Maharashtra	Akola	Rs./Qtl	2193	2175	18

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	01-Feb-21	29-Jan-21	Change
CCIndex(328)	RMB/Ton	15243	15243	Unch
CCIndex(527)	RMB/Ton	14455	14455	Unch

CCIndex(229)	RMB/Ton	15549	15541	8
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	01-Feb-21	29-Jan-21	Change
FC Index (S)	Cents/lb	NR	80.04	-
FC Index (M)	Cents/lb	NR	87.41	-
FC Index (L)	Cents/lb	NR	86.37	-

Cotlook Index:

Cotlook Indices	Unit	29-Jan-21	27-Jan-21	Change
A-Index	Cents/Pound	86.6	88.35	-1.75

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-Jan-21	27-Jan-21	Bales
Southeast	cents/lb.	79.64	82.09	8
North Delta	cents/lb.	78.64	81.09	0
South Delta	cents/lb.	78.64	81.09	0
East TX-OK	cents/lb.	76.14	79.09	2326
West Texas	cents/lb.	76.14	79.84	3726
Desert SW	cents/lb.	73.64	77.84	964
SJ Valley	cents/lb.	74.14	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 30-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)									
Mar-21	210129	79.98	80.85	79.75	80.64	+0.71	17,426	106,745	-2,784



May-21	210129	81.13	82.01	80.95	81.84	+0.71	10,308	69,872	+1,954
Jul-21	210129	82.19	82.91	81.87	82.78	+0.72	2,841	39,160	-48
Oct-21	210129	79.21	79.21	79.21	79.21	+0.39	0	18	+0
Dec-21	210129	77.59	78.25	77.26	77.69	+0.19	3,086	30,178	-545
Mar-22	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

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.