

**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 Wednesday. ICE cotton futures closed green on Tuesday.

**News: Around 2 crore farmers have been benefitted under MSP procurement in 2019-20.** About 2,01,16,575 farmers have been benefitted from the government's procurement of seven commodities at the minimum support during 2019-20, the farmers have been benefitted under various schemes by the government. About 90,08,018 cotton bales have been procured by CCI till 01<sup>st</sup> February '21, valuing around Rs. 26,343.72 crore and by benefitting around 18,57,566 farmers.

**Import duty imposed on Cotton to support farmers.** The government has imposed 10 percent import duty on cotton in India to support the farmers, earlier there was no import duty on cotton. The tax comprises a basic customs duty of 5 percent and an additional 5 percent levy to finance the development of agricultural infrastructure in the country, the levy on overseas purchases will potentially support the local prices amid higher domestic production and prevent distress sales by the growers.

**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 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

#### **Weather Forecast:**

Thunderstorm accompanied with lightning & hail at isolated places over Himachal Pradesh, Uttrakhand, Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, north Rajasthan and West Madhya Pradesh and with lightening at isolated places over Jammu & Kahmir, Ladakh, Gilgit-Baltistan & Muzaffarabad and East Uttar Pradesh.

#### **International Fundamentals:**

The ICE cotton Futures was up by 66 points at 80.69 cents/lb. The Cotlook A index was lower by 75 points at 87.35 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	-30	21070.00	21130.00	21010.00	21090.00	550	6561
MXCTNH1	0	21300.00	21300.00	21290.00	20390.00	26	313

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	03-Feb-21	02-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	6055	6030	25
	Rajkot	B.T. Cotton	5980	5980	Unch
	Patan	B.T. Cotton	6070	6105	-35
	Kadi	B.T. Cotton	5900	5900	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5870	5855	15
Haryana	Bhiwani	B.T. Cotton	5850	5850	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5850	5880	-30
	Fatehabad	B.T. Cotton	5800	5825	-25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5800	5800	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5850	5850	Unch
	Rawatsar	B.T. Cotton	5750	5800	-50
Madhya Pradesh	Khandwa	Mech-1	6000	6000	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5600	5500	100
	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	6163	6173	-10
	Hubli	D.C.H.	5300	4009	1291
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	5900	6000	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	03-Feb-21	02-Feb-21	
Punjab	Bhatinda	J-34	4460	4460	Unch
	Abohar	J-34	4460	4450	10
	Mansa	J-34	4450	4485	-35
Haryana	Sirsa	J-34	4400	4410	-10
Rajasthan	Sri-Ganganagar	J-34	4164	4164	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	03-Feb-21	02-Feb-21	
Gujarat	Ahmedabad	Shankar-6	59500	64600	-5100
	Gondal	Shankar-6	1529	3387	-1858
	Rajkot	B.T. Cotton	5400	5000	400
	Patan	B.T. Cotton	9875	8555	1320
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	390	550	-160
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1360	340
	Fatehabad	B.T. Cotton	400	500	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	300	400	-100
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	300	350	-50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	8000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	1225882	-
Karnataka	Bijapur	Bunny	1537	2318	-781
	Hubli	D.C.H.	6	1	5
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	52	52	Unch
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	03-Feb-21	02-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	1020	680	340
	Mansa	J-34	1360	850	510
Haryana	Sirsa	J-34	340	680	-340
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	03-Feb-21	02-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1080	1060	20
Delhi	New Delhi	Rs. /10 Kg.	1050	1055	-5
Telangana	Hyderabad	Rs. /10 Kg.	1100	1100	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1100	1100	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	03-Feb-21	02-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2111	2107	4
Maharashtra	Akola	Rs./Qtl	2191	2191	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	03-Feb-21	02-Feb-21	Change
CCIndex(328)	RMB/Ton	15303	15319	-16
CCIndex(527)	RMB/Ton	14457	14462	-5
CCIndex(229)	RMB/Ton	15583	15591	-8

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	01-Feb-21	29-Jan-21	Change
A-Index	Cents/Pound	87.35	86.6	0.75

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		01-Feb-21	29-Jan-21	Bales
Southeast	cents/lb.	79.03	81.89	0
North Delta	cents/lb.	78.03	80.89	1651
South Delta	cents/lb.	78.03	80.89	0
East TX-OK	cents/lb.	75.53	78.89	1216
West Texas	cents/lb.	75.53	79.14	427
Desert SW	cents/lb.	73.03	77.64	0
SJ Valley	cents/lb.	73.53	83.04	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 02-Feb-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 Tuesday February 02nd, 2021**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210202	80.24	81.01	79.80	80.69	+0.66	14,622	99,020	-2,842
<a href="#">May-21</a>	210202	81.51	82.27	81.06	82.05	+0.69	9,532	71,164	+750
<a href="#">Jul-21</a>	210202	82.52	83.19	82.01	82.99	+0.66	4,040	40,757	+1,315
<a href="#">Oct-21</a>	210202	78.43	79.71	78.43	79.71	+0.61	0	18	+0
<a href="#">Dec-21</a>	210202	78.10	78.74	77.51	78.71	+0.77	1,685	29,453	-321
<a href="#">Mar-22</a>	210202	78.50	79.11	77.97	79.11	+0.80	54	2,416	-43
Total Volume and Open Interest							29,974	247,616	-1,133

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.