

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, 920 /bale Thursday. ICE cotton futures closed green on Wednesday.

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 01st 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 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.

Weather Forecast:

Thunderstorm accompanied with lightning & hail at isolated places over Uttarakhand, East Madhya Pradesh and Chhattisgarh and with lightening at isolated places over Uttar Pradesh. Dense fog in isolated pockets very likely over Assam & Meghalaya, Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, Nagaland, Manipur, Mizoram & Tripura.

International Fundamentals:

The ICE cotton Futures was up by 30 points at 80.99 cents/lb. The Cotlook A index was at by 45 points at 86.90 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	+120	21100	21260	21100	21130	1118	6600
MXCTNH1	+120	21440	21530	21440	21490	179	421

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Feb-21	03-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	5980	6055	-75
	Rajkot	B.T. Cotton	6050	5980	70
	Patan	B.T. Cotton	6090	6070	20
	Kadi	B.T. Cotton	6000	5900	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5905	5870	35
Haryana	Bhiwani	B.T. Cotton	5900	5850	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5850	5850	Unch
	Fatehabad	B.T. Cotton	5825	5800	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5830	5800	30
Rajasthan	Hanumangarh	B.T. Cotton	5850	5850	Unch
	Rawatsar	B.T. Cotton	5750	5750	Unch
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	5615	NA	-
Karnataka	Bijapur	Bunny	6213	6163	50
	Hubli	D.C.H.	NA	5300	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5900	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Feb-21	03-Feb-21	

Punjab	Bhatinda	J-34	4460	4460	Unch
	Abohar	J-34	4460	4460	Unch
	Mansa	J-34	4460	4450	10
Haryana	Sirsa	J-34	4400	4400	Unch
Rajasthan	Sri-Ganganagar	J-34	4174	4164	9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Feb-21	03-Feb-21	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	3120	1529	1591
	Rajkot	B.T. Cotton	5000	5400	-400
	Patan	B.T. Cotton	6550	9875	-3325
	Kadi	B.T. Cotton	50000	30000	20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	391	390	1
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1700	-680
	Fatehabad	B.T. Cotton	250	400	-150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	325	300	25
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	300	300	Unch
Madhya Pradesh	Khandwa	Mech-1	300	300	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	12000	10000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	497147	NA	-
Karnataka	Bijapur	Bunny	1715	1537	178
	Hubli	D.C.H.	NA	6	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	52	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Feb-21	03-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	1020	-170
	Mansa	J-34	850	1360	-510
Haryana	Sirsa	J-34	510	340	170
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Feb-21	03-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1080	1080	Unch
Delhi	New Delhi	Rs. /10 Kg.	1050	1050	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1100	1100	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1110	1100	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Feb-21	03-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2158	2111	47
Maharashtra	Akola	Rs./Qtl	2228	2191	37

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	04-Feb-21	03-Feb-21	Change
CCIndex(328)	RMB/Ton	15266	15303	-37
CCIndex(527)	RMB/Ton	14452	14457	-5
CCIndex(229)	RMB/Ton	15547	15583	-36
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	04-Feb-21	03-Feb-21	Change
FC Index (S)	Cents/lb	91.29	91.02	0.27
FC Index (M)	Cents/lb	88.75	88.48	0.27



FC Index (L)	Cents/lb	87.84	87.57	0.27
--------------	----------	-------	-------	------

Cotlook Index:

Cotlook Indices	Unit	02-Feb-21	01-Feb-21	Change
A-Index	Cents/Pound	86.9	87.35	-0.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		02-Feb-21	01-Feb-21	Bales
Southeast	cents/lb.	79.69	81.28	0
North Delta	cents/lb.	78.69	80.28	0
South Delta	cents/lb.	78.69	80.28	0
East TX-OK	cents/lb.	76.19	78.28	1656
West Texas	cents/lb.	76.19	78.53	3593
Desert SW	cents/lb.	73.69	77.03	0
SJ Valley	cents/lb.	74.19	82.43	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 03-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 Wednesday February 03rd, 2021

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210203	80.69	81.14	80.45	80.99	+0.30	20,150	94,234	-4,786
May-21	210203	82.05	82.48	81.76	82.33	+0.28	16,076	72,265	+1,101
Jul-21	210203	82.73	83.35	82.69	83.20	+0.21	7,934	43,089	+2,332
Oct-21	210203	79.28	79.59	78.78	79.59	-0.12	0	18	+0
Dec-21	210203	78.60	78.92	78.23	78.91	+0.20	3,388	29,616	+163
Mar-22	210203	78.75	79.42	78.63	79.42	+0.31	1,030	2,970	+554

Total Volume and Open Interest	48,717	247,038	-578
--------------------------------	--------	---------	------

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.