

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.21, 120 /bale Friday. ICE cotton futures closed green on Thursday.

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.

Weather Forecast:

Thunderstorm accompanied with lightning & hail at isolated places over Bihar, Jharkhand, West Bengal & Sikkim and Arunachal Pradesh and with lightening at isolated places over Chhattisgarh and Assam & Meghalaya. Dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh and Rajasthan.

International Fundamentals:

The ICE cotton Futures was up by 329 points at 84.28 cents/lb. The Cotlook A index was up by 55 points at 87.45 cents/lb. The AWP for cotton is 66.38 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	05-Feb-21	04-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	6105	5980	125
	Rajkot	B.T. Cotton	6100	6050	50
	Patan	B.T. Cotton	6180	6090	90
	Kadi	B.T. Cotton	6100	6000	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6045	5905	140
Haryana	Bhiwani	B.T. Cotton	5950	5900	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5950	5850	100
	Fatehabad	B.T. Cotton	5850	5825	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5850	5830	20
Rajasthan	Hanumangarh	B.T. Cotton	6000	5850	150
	Rawatsar	B.T. Cotton	5800	5750	50
Madhya Pradesh	Khandwa	Mech-1	6000	6000	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5725	5700	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5615	5615	Unch
Karnataka	Bijapur	Bunny	6440	6213	227
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5900	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	05-Feb-21	04-Feb-21	

Punjab	Bhatinda	J-34	4530	4460	70
	Abohar	J-34	4520	4460	60
	Mansa	J-34	4530	4460	70
Haryana	Sirsa	J-34	4460	4400	60
Rajasthan	Sri-Ganganagar	J-34	4277	4174	103

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Feb-21	04-Feb-21	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	3324	3120	204
	Rajkot	B.T. Cotton	5200	5000	200
	Patan	B.T. Cotton	7685	6550	1135
	Kadi	B.T. Cotton	40000	50000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	145	391	-246
Haryana	Bhiwani	B.T. Cotton	700	2000	-1300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	300	250	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	350	325	25
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	200	300	-100
Madhya Pradesh	Khandwa	Mech-1	400	300	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	12000	-4000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	542314	497147	45167
Karnataka	Bijapur	Bunny	1346	1715	-369
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	60	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	05-Feb-21	04-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	680	510	170
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	05-Feb-21	04-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1080	1080	Unch
Delhi	New Delhi	Rs. /10 Kg.	1050	1050	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1115	1100	15
Maharashtra	Mumbai	Rs. /10 Kg.	1120	1110	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	05-Feb-21	04-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2207	2158	49
Maharashtra	Akola	Rs./Qtl	2248	2228	20

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	05-Feb-21	04-Feb-21	Change
CCIndex(328)	RMB/Ton	15457	15266	191
CCIndex(527)	RMB/Ton	14608	14452	156
CCIndex(229)	RMB/Ton	15733	15547	186
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	05-Feb-21	04-Feb-21	Change
FC Index (S)	Cents/lb	94.57	91.29	3.28
FC Index (M)	Cents/lb	92.02	88.75	3.27

FC Index (L)	Cents/lb	91.34	87.84	3.50
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Cotlook Index:

Cotlook Indices	Unit	03-Feb-21	02-Feb-21	Change
A-Index	Cents/Pound	87.45	86.9	0.55

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		03-Feb-21	01-Feb-21	Bales
Southeast	cents/lb.	79.99	81.28	0
North Delta	cents/lb.	78.99	80.28	0
South Delta	cents/lb.	78.99	80.28	0
East TX-OK	cents/lb.	76.49	78.28	1656
West Texas	cents/lb.	76.49	78.53	3593
Desert SW	cents/lb.	73.99	77.03	0
SJ Valley	cents/lb.	74.49	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 04-Feb-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10880
Equivalent	40 Kgs	10074	193	11660

Daily Futures Price Listing Thursday February 04th, 2021

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210204	81.00	84.82	80.84	84.28	+3.29	17,987	89,736	-4,498
May-21	210204	82.33	85.85	82.33	85.49	+3.16	16,263	76,477	+4,212
Jul-21	210204	83.04	87.00	83.03	86.21	+3.10	6,769	43,884	+795
Oct-21	210204	81.08	82.31	81.08	82.31	+2.72	1	18	+0
Dec-21	210204	78.74	81.28	78.73	81.07	+2.16	4,183	30,624	+1,008
Mar-22	210204	79.50	81.59	79.50	81.42	+2.00	894	3,627	+657
Total Volume and Open Interest							46,362	249,388	+2,350

Source: MRCI

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