

### 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.21, 130 /bale Monday. ICE cotton futures closed red on Friday.

**News: Cotton farmers have witnessed a jump in procurement in January month.** According to Indian Cotton Association Limited the raw cotton purchases have increased in previous month in the states of Punjab, Haryana and Rajasthan, in January about 37.95 lakh bales were purchased from these three states, which is higher from the combined previous three month procurement of 15.90 lakh bales. The ICAL has estimated a purchase target of 62.10 lakh bales in these states and out of which 53.85 lakh bales have been procured so far.

**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.

#### Weather Forecast:

Dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi and West Uttar Pradesh. Strong winds very likely over Gulf of Mannar and Comorin area.

#### International Fundamentals:

The ICE cotton Futures was down by 154 points at 82.74 cents/lb. The Cotlook A index was up by 25 points at 87.70 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 22-23<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	+150	21360	21490	21350	21240	1166	6728
MXCTNH1	+170	21650	21760	21640	21500	301	569

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Feb-21	06-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6050	6000	50
	Gondal	Shankar-6	6130	6155	-25
	Rajkot	B.T. Cotton	6075	6000	75
	Patan	B.T. Cotton	6355	6175	180
	Kadi	B.T. Cotton	6100	6000	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5980	6005	-25
Haryana	Bhiwani	B.T. Cotton	6010	Closed	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	5950	50
	Fatehabad	B.T. Cotton	5950	5850	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5900	5850	50
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	6200	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5900	5900	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	5615	-
Karnataka	Bijapur	Bunny	6581	6509	72
	Hubli	D.C.H.	5309	5170	139
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5950	5950	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change

State	Centre	Variety	08-Feb-21	06-Feb-21	
Punjab	Bhatinda	J-34	4530	4520	10
	Abohar	J-34	4540	4520	20
	Mansa	J-34	4540	4500	40
Haryana	Sirsa	J-34	4460	4450	10
Rajasthan	Sri-Ganganagar	J-34	4277	Closed	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Feb-21	06-Feb-21	
Gujarat	Ahmedabad	Shankar-6	64600	64600	Unch
	Gondal	Shankar-6	1297	3286	-1989
	Rajkot	B.T. Cotton	4800	6000	-1200
	Patan	B.T. Cotton	5381	6140	-759
	Kadi	B.T. Cotton	40000	50000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	379	372	7
Haryana	Bhiwani	B.T. Cotton	2000	Closed	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	1020	1020
	Fatehabad	B.T. Cotton	200	300	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	300	350	-50
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	300	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	561738	-
Karnataka	Bijapur	Bunny	1976	1530	446
	Hubli	D.C.H.	2	1	1

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	30	45	-15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	08-Feb-21	06-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	680	340	340
	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	850	340	510
Rajasthan	Sri-Ganganagar	J-34	2500	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	08-Feb-21	06-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1095	1085	10
Delhi	New Delhi	Rs. /10 Kg.	1080	1060	20
Telangana	Hyderabad	Rs. /10 Kg.	1140	1115	25
Maharashtra	Mumbai	Rs. /10 Kg.	1125	1120	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Feb-21	06-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2313	2207	106
Maharashtra	Akola	Rs./Qtl	2347	2248	99

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	08-Feb-21	05-Feb-21	Change
CCIndex(328)	RMB/Ton	15568	15457	111
CCIndex(527)	RMB/Ton	14665	14608	57
CCIndex(229)	RMB/Ton	15833	15733	100
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	08-Feb-21	05-Feb-21	Change
FC Index (S)	Cents/lb	93.29	94.57	-1.28
FC Index (M)	Cents/lb	90.74	92.02	-1.28

FC Index (L)	Cents/lb	90.23	91.34	-1.11
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**Cotlook Index:**

Cotlook Indices	Unit	05-Feb-21	03-Feb-21	Change
A-Index	Cents/Pound	90.9	87.45	3.45

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		04-Feb-21	02-Feb-21	Bales
Southeast	cents/lb.	83.28	81.94	0
North Delta	cents/lb.	82.28	80.94	0
South Delta	cents/lb.	82.28	80.94	0
East TX-OK	cents/lb.	79.78	78.94	3216
West Texas	cents/lb.	79.78	79.19	2373
Desert SW	cents/lb.	77.28	77.69	0
SJ Valley	cents/lb.	77.78	83.09	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 06-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 Friday February 05th, 2021**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">Mar-21</a>	210205	84.25	84.89	82.59	82.74	-1.54	16,385	83,782	-5,954
<a href="#">May-21</a>	210205	85.39	85.96	83.88	84.02	-1.47	14,995	77,842	+1,365
<a href="#">Jul-21</a>	210205	86.12	86.60	84.70	84.84	-1.37	7,897	45,236	+1,352
<a href="#">Oct-21</a>	210205	81.56	81.56	80.68	81.29	-1.02	3	15	-3
<a href="#">Dec-21</a>	210205	80.63	81.40	80.28	80.64	-0.43	4,552	31,713	+1,089
<a href="#">Mar-22</a>	210205	81.35	81.58	80.63	81.01	-0.41	863	4,356	+729
Total Volume and Open Interest							44,971	248,145	-1,243

Source: MRCI

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