

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, 250 /bale Tuesday. ICE cotton futures closed green on Monday.

News: CAI retains 2020-21 cotton crop estimates at 360 lakh bales. According to Cotton Association of India, in its January 2021 estimate has retained its cotton crop estimate for the 2020-21 season, domestic consumption is expected to reach its normal level this year after the disruptions and labor shortage on account of the lockdown due to COVID-19 pandemic. The total cotton supply during the months of October 2020 to January 2021 is estimated by the CAI at 386.25 lakh bales of 170 kg each, which comprises the arrivals of 255.25 lakh bales of 170 kg each, import of cotton is at 6.00 lakh bales upto January 31, 2020. CAI has estimated cotton consumption at 110.00 lakh bales, while the export shipment of cotton is estimated at 29 lakh bales and ending stocks at 247.25 lakh bales.

The CAI Crop Committee has estimated the total cotton supply till the end of the cotton season 2020-21 i.e. upto September 30, 2021 at 499 lakh bales of 170 kg each. The total cotton supply consists of the opening stock of 125 lakh bales at the beginning of the season on October 1, 2020, crop for the season estimated at 360 lakh bales, and imports estimated by the CAI at 14 lakh bales (compared to 15.50 lakh bales in the previous cotton season 2019-20). Domestic consumption has now been estimated by the CAI at 330 lakh bales same as estimated in the previous month. There is an increase of 80 lakh bales in the cotton consumption compared to the previous crop year's consumption estimate of 250 lakh bales, as the consumption is expected to reach its normal level this year.

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 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.

Weather Forecast:

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

International Fundamentals:

The ICE cotton Futures was up by 154 points at 84.28 cents/lb. The Cotlook A index was up by 3 points at 90.90 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	+150	21460	21570	21410	21360	1990	6399
MXCTNH1	+180	21750	21870	21700	21900	1071	1829

DOMESTIC PRICES AND ARRIVAL
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	09-Feb-21	08-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6150	6050	100
	Gondal	Shankar-6	6080	6130	-50
	Rajkot	B.T. Cotton	6055	6075	-20
	Patan	B.T. Cotton	6310	6355	-45
	Kadi	B.T. Cotton	6200	6100	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5980	-
Haryana	Bhiwani	B.T. Cotton	6050	6010	40
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6030	6000	30
	Fatehabad	B.T. Cotton	5975	5950	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5900	5900	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6000	Closed	-
	Rawatsar	B.T. Cotton	5800	Closed	-
Madhya Pradesh	Khandwa	Mech-1	6200	6200	Unch
	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	-
Andhra Pradesh	Adoni	Medium Staple	NA	6490	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	6581	-
	Hubli	D.C.H.	NA	5309	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5950	-
Commodity	Lint		Prices (Rs./Maund)		Change



State	Centre	Variety	09-Feb-21	08-Feb-21	
Punjab	Bhatinda	J-34	4550	4530	20
	Abohar	J-34	4550	4540	10
	Mansa	J-34	4540	4540	Unch
Haryana	Sirsa	J-34	4465	4460	5
Rajasthan	Sri-Ganganagar	J-34	4258	4277	-19

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	09-Feb-21	08-Feb-21	
Gujarat	Ahmedabad	Shankar-6	62900	64600	-1700
	Gondal	Shankar-6	3393	1297	2096
	Rajkot	B.T. Cotton	5800	4800	1000
	Patan	B.T. Cotton	8306	5381	2925
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	379	-
Haryana	Bhiwani	B.T. Cotton	1000	2000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	2040	-680
	Fatehabad	B.T. Cotton	500	200	300
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	300	300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	1000	Closed	-
	Rawatsar	B.T. Cotton	300	Closed	-
Madhya Pradesh	Khandwa	Mech-1	300	300	Unch
	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	-
Andhra Pradesh	Adoni	Medium Staple	NA	2100	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	1976	-

	Hubli	D.C.H.	NA	2	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	30	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	09-Feb-21	08-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	680	-170
	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	340	850	-510
Rajasthan	Sri-Ganganagar	J-34	3000	2500	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	09-Feb-21	08-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1105	1095	10
Delhi	New Delhi	Rs. /10 Kg.	1085	1080	5
Telangana	Hyderabad	Rs. /10 Kg.	1155	1140	15
Maharashtra	Mumbai	Rs. /10 Kg.	1135	1125	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	09-Feb-21	08-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2323	2313	10
Maharashtra	Akola	Rs./Qtl	2354	2347	7

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	09-Feb-21	08-Feb-21	Change
CCIndex(328)	RMB/Ton	15581	15568	13
CCIndex(527)	RMB/Ton	14700	14665	35
CCIndex(229)	RMB/Ton	15848	15833	15

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	09-Feb-21	08-Feb-21	Change
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FC Index (S)	Cents/lb	94.79	93.29	1.50
FC Index (M)	Cents/lb	92.24	90.74	1.50
FC Index (L)	Cents/lb	91.73	90.23	1.50

Cotlook Index:

Cotlook Indices	Unit	08-Feb-21	05-Feb-21	Change
A-Index	Cents/Pound	89.05	90.9	-1.85

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		08-Feb-21	08-Feb-21	Bales
Southeast	cents/lb.	83.28	85.53	2975
North Delta	cents/lb.	82.28	84.53	0
South Delta	cents/lb.	82.28	84.53	0
East TX-OK	cents/lb.	79.78	82.53	1400
West Texas	cents/lb.	79.78	82.78	637
Desert SW	cents/lb.	77.28	81.28	0
SJ Valley	cents/lb.	77.78	86.68	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 08-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 Monday February 08th, 2021

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210208	83.00	84.76	82.73	84.28	+1.54	38,431	82,240	-1,542
May-21	210208	84.32	85.85	84.05	85.60	+1.58	31,753	84,087	+6,245
Jul-21	210208	84.97	86.63	84.86	86.43	+1.59	16,148	46,283	+1,047
Oct-21	210208	82.72	82.72	82.72	82.73	+1.43	1	16	+1
Dec-21	210208	80.58	82.32	82.12	82.12	+1.48	12,076	36,980	+5,267
Mar-22	210208	81.67	82.44	82.30	82.30	+1.29	1,659	5,038	+682
Total Volume and Open Interest							100,680	259,947	+11,802

Source: MRCI

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