

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, 330 /bale Wednesday. ICE cotton futures closed green on Tuesday.

News: According to United States Department of Agriculture, India's Minimum Support Price program continues to purchase significant volume of cotton amid expectation for record sales in 2020/21. Till 01st February'21, Cotton Corporation of India had purchased the equivalent of 6.9 million bales (480 lbs.) of lint cotton from the 2020/21 crop.

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.

Weather Forecast:

Dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi and dense fog at isolated pockets over Uttar Pradesh.

International Fundamentals:

The ICE cotton Futures was up by 265 points at 86.93 cents/lb. The Cotlook A index was up by 140 points at 89.50 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	10-Feb-21	09-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6150	6150	Unch
	Gondal	Shankar-6	6205	6080	125
	Rajkot	B.T. Cotton	6125	6055	70
	Patan	B.T. Cotton	6350	6310	40
	Kadi	B.T. Cotton	6200	6200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6050	6050	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6050	6030	20
	Fatehabad	B.T. Cotton	6000	5975	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5950	5900	50
Rajasthan	Hanumangarh	B.T. Cotton	6100	6000	100
	Rawatsar	B.T. Cotton	5900	5800	100
Madhya Pradesh	Khandwa	Mech-1	6250	6200	50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5850	5900	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	10-Feb-21	09-Feb-21	

Punjab	Bhatinda	J-34	4600	4550	50
	Abohar	J-34	4580	4550	30
	Mansa	J-34	4580	4540	40
Haryana	Sirsa	J-34	4510	4465	45
Rajasthan	Sri-Ganganagar	J-34	4324	4258	66

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Feb-21	09-Feb-21	
Gujarat	Ahmedabad	Shankar-6	59500	62900	-3400
	Gondal	Shankar-6	2643	3393	-750
	Rajkot	B.T. Cotton	4800	5800	-1000
	Patan	B.T. Cotton	6033	8306	-2273
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1360	-340
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	400	300	100
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	400	300	100
Madhya Pradesh	Khandwa	Mech-1	400	300	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9000	10000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Feb-21	09-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	680	340	340
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	10-Feb-21	09-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1120	1105	15
Delhi	New Delhi	Rs. /10 Kg.	1100	1085	15
Telangana	Hyderabad	Rs. /10 Kg.	1155	1155	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1140	1135	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Feb-21	09-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2308	2323	-15
Maharashtra	Akola	Rs./Qtl	2356	2354	2

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
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 09-Feb-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10080
Equivalent	40 Kgs	10074	193	11874

Daily Futures Price Listing Tuesday February 09th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210209	84.40	87.13	84.40	86.93	+2.65	33,611	69,043	-13,197
May-21	210209	86.00	88.32	85.73	88.13	+2.53	29,177	87,328	+3,241
Jul-21	210209	86.50	89.08	86.50	88.89	+2.46	10,264	47,329	+1,046
Oct-21	210209	83.32	84.42	83.32	84.42	+1.70	4	15	-1
Dec-21	210209	82.20	83.79	82.19	83.67	+1.55	7,173	39,332	+2,352
Mar-22	210209	82.25	83.76	82.25	83.76	+1.46	1,214	5,623	+585
Total Volume and Open Interest							81,888	254,122	-5,825

Source: MRCI

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