

**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, 280 /bale Thursday. ICE cotton futures closed red on Wednesday.

**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 01<sup>st</sup> 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 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.

#### Weather Forecast:

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

#### International Fundamentals:

The ICE cotton Futures was down by 226 points at 84.67 cents/lb. The Cotlook A index was up by 160 points at 91.10 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	21460	21570	21410	21360	1990	6399
MXCTNH1	+180	21750	21870	21700	21900	1071	1829

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Feb-21	10-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6100	6150	-50
	Gondal	Shankar-6	6005	6205	-200
	Rajkot	B.T. Cotton	6105	6125	-20
	Patan	B.T. Cotton	6270	6350	-80
	Kadi	B.T. Cotton	6100	6200	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5895	-
Haryana	Bhiwani	B.T. Cotton	6060	6050	10
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6050	-50
	Fatehabad	B.T. Cotton	5900	6000	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5900	5950	-50
Rajasthan	Hanumangarh	B.T. Cotton	6000	6100	-100
	Rawatsar	B.T. Cotton	Closed	5900	-
Madhya Pradesh	Khandwa	Mech-1	Closed	6250	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	5850	-
	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./Maund)		Change
State	Centre	Variety	11-Feb-21	10-Feb-21	
Punjab	Bhatinda	J-34	4530	4600	-70
	Abohar	J-34	4530	4580	-50
	Mansa	J-34	4530	4580	-50
Haryana	Sirsa	J-34	4470	4510	-40

Rajasthan	Sri-Ganganagar	J-34	4258	4324	-66
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**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Feb-21	10-Feb-21	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	2900	2643	257
	Rajkot	B.T. Cotton	5600	4800	800
	Patan	B.T. Cotton	5679	6033	-354
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	390	-
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1020	340
	Fatehabad	B.T. Cotton	300	500	-200
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	300	400	-100
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	Closed	400	-
Madhya Pradesh	Khandwa	Mech-1	Closed	400	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	9000	-
	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	11-Feb-21	10-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	340	680	-340

Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch
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**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	11-Feb-21	10-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1115	1120	-5
Delhi	New Delhi	Rs. /10 Kg.	1080	1100	-20
Telangana	Hyderabad	Rs. /10 Kg.	1150	1155	-5
Maharashtra	Mumbai	Rs. /10 Kg.	1140	1140	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	11-Feb-21	10-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2281	2308	-27
Maharashtra	Akola	Rs./Qtl	2350	2356	-6

**INTERNATIONAL PRICES AND INDICES****China Cotton Index:**

Index	Unit	10-Feb-21	09-Feb-21	Change
CCIndex(328)	RMB/Ton	15663	15581	82
CCIndex(527)	RMB/Ton	14747	14700	47
CCIndex(229)	RMB/Ton	15902	15848	54

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	10-Feb-21	09-Feb-21	Change
FC Index (S)	Cents/lb	97.34	94.79	2.55
FC Index (M)	Cents/lb	94.74	92.24	2.50
FC Index (L)	Cents/lb	94.23	91.73	2.50

**Cotlook Index:**

Cotlook Indices	Unit	09-Feb-21	08-Feb-21	Change
A-Index	Cents/Pound	91.1	89.05	2.05

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		09-Feb-21	09-Feb-21	Bales
Southeast	cents/lb.	85.93	88.18	0

North Delta	cents/lb.	84.93	87.18	0
South Delta	cents/lb.	84.93	87.18	0
East TX-OK	cents/lb.	82.43	85.18	5844
West Texas	cents/lb.	82.43	85.18	8065
Desert SW	cents/lb.	79.93	83.93	0
SJ Valley	cents/lb.	80.43	89.33	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 10-Feb-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	11180
Equivalent	40 Kgs	10074	193	11982

Daily Futures Price Listing Wednesday February 10th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210210	86.50	86.75	84.41	84.67	-2.26	25,257	57,866	-11,177
<a href="#">May-21</a>	210210	87.70	87.95	85.80	86.18	-1.95	27,664	93,032	+5,704
<a href="#">Jul-21</a>	210210	88.38	88.70	86.65	87.00	-1.89	10,580	48,095	+766
<a href="#">Oct-21</a>	210210	83.35	83.35	83.35	83.30	-1.12	0	15	+0
<a href="#">Dec-21</a>	210210	83.00	83.80	82.11	82.54	-1.13	7,143	42,673	+3,341
<a href="#">Mar-22</a>	210210	83.00	83.85	82.56	82.81	-0.95	339	5,658	+35
Total Volume and Open Interest							71,404	253,031	-1,091

Source: MRCI

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