

**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, 400 /bale Friday. ICE cotton futures closed green on Thursday.

**News: According to Cotton Association of India, About 29 lakh bales of cotton has been exported by the end of January 2021,** which is highest in past three years during the same period in 2018-19, cotton exports were 24 lakh bales and in 2019-20 it was 20 lakh bales. Nearly 60 percent of the country's total projected cotton shipments were executed during the first four months of the 2020-21 season. India's cotton export are estimated around 54 lakh bales for the 2020-21 season which is 4 lakh bales higher from previous 2019-20 season.

**India's Minimum Support Program continues to purchase significant volume of cotton amid expectation for record sales in 2020/21.** As on February 1<sup>st</sup> Cotton Corporation of India had purchased the equivalent of 6.9 million bales (480 lbs.) of lint cotton from the 2020-21 crop, representing about 40 percent of the cotton sold to date by farmers and 25 percent of the USDA production forecast.

**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.

**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 Uttar Pradesh and dense fog in isolated pockets over Gangetic West Bengal and northwest Rajasthan.

#### **International Fundamentals:**

The ICE cotton Futures was up by 174 points at 86.41 cents/lb. The Cotlook A index was up by 210 points at 93.2 cents/lb. The AWP for cotton is 70.32 cents/lb.

**According to the USDA February forecast shows higher production in China and Australia.** Production in China is raised sharply on the higher than normal last season ginning; Consumption has also risen in China and India on stronger expected recovery in mill demand. Global trade has reflected these changes and is raised slightly on higher imports for china.

**Cotton Production in Pakistan witnessed a massive decline of about 35 percent to 5.57 million bales by the end of January 2021,** which is the lowest in 30 years. The decline in cotton production is mainly due to pest's infestation and drought, seed degradation, reduction of planting area. There are multiple reasons this year for the decreasing production as white fly has also caused serious impact on cotton, even higher than those pink bollworm earlier.

**Bangladesh domestic cotton production may rise in 2020-21.** Local cotton production is likely to increase in Bangladesh with the increase in acreages and expansion of hybrid varieties. During the current season farmers have sown cotton on nearly 44,450 hectares of land; overall production is expected to be around 200,000 bales (each 480 pounds) in 2020-21.

#### **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	12-Feb-21	11-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6100	6100	Unch
	Gondal	Shankar-6	6005	6005	Unch
	Rajkot	B.T. Cotton	6060	6105	-45
	Patan	B.T. Cotton	6325	6270	55
	Kadi	B.T. Cotton	6000	6100	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6050	6060	-10
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6050	6000	50
	Fatehabad	B.T. Cotton	5870	5900	-30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5960	5900	60
Rajasthan	Hanumangarh	B.T. Cotton	6150	6000	150
	Rawatsar	B.T. Cotton	6000	Closed	-
Madhya Pradesh	Khandwa	Mech-1	6300	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6050	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	6711	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6649	6639	10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Feb-21	11-Feb-21	

Punjab	Bhatinda	J-34	4540	4530	10
	Abohar	J-34	4550	4530	20
	Mansa	J-34	4535	4530	5
Haryana	Sirsa	J-34	4480	4470	10
Rajasthan	Sri-Ganganagar	J-34	Closed	4258	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Feb-21	11-Feb-21	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	2842	2900	-58
	Rajkot	B.T. Cotton	5300	5600	-300
	Patan	B.T. Cotton	3972	5679	-1707
	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	300	300	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	425	300	125
Rajasthan	Hanumangarh	B.T. Cotton	1500	1000	500
	Rawatsar	B.T. Cotton	200	Closed	-
Madhya Pradesh	Khandwa	Mech-1	250	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7000	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	4642	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1596	1078	518

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	30	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Feb-21	11-Feb-21	
Punjab	Bhatinda	J-34	3400	5100	-1700
	Abohar	J-34	340	510	-170
	Mansa	J-34	680	1020	-340
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	3000	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	12-Feb-21	11-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1115	1115	Unch
Delhi	New Delhi	Rs. /10 Kg.	1085	1080	5
Telangana	Hyderabad	Rs. /10 Kg.	1150	1150	Unch
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	12-Feb-21	11-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2291	2281	10
Maharashtra	Akola	Rs./Qtl	2362	2350	12

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

Index	Unit	10-Feb-21	05-Feb-21	Change
CCIndex(328)	RMB/Ton	15663	15457	206
CCIndex(527)	RMB/Ton	14747	14608	139
CCIndex(229)	RMB/Ton	15902	15733	169
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	10-Feb-21	05-Feb-21	Change
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FC Index (S)	Cents/lb	97.34	94.57	2.77
FC Index (M)	Cents/lb	94.74	92.02	2.72
FC Index (L)	Cents/lb	94.23	91.34	2.89

**Cotlook Index:**

Cotlook Indices	Unit	10-Feb-21	09-Feb-21	Change
A-Index	Cents/Pound	89.3	91.1	-1.80

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Feb-21	10-Feb-21	Bales
Southeast	cents/lb.	83.67	85.92	543
North Delta	cents/lb.	82.67	84.92	0
South Delta	cents/lb.	82.67	84.92	0
East TX-OK	cents/lb.	80.17	82.92	1338
West Texas	cents/lb.	80.17	82.92	5080
Desert SW	cents/lb.	77.67	81.67	7
SJ Valley	cents/lb.	78.17	87.07	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 11-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	11874

**Daily Futures Price Listing Thursday February 11th, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210211	84.50	86.77	84.50	86.41	+1.74	27,854	46,852	-11,014
<a href="#">May-21</a>	210211	86.11	88.16	86.03	87.87	+1.69	35,984	98,051	+5,019
<a href="#">Jul-21</a>	210211	86.85	88.88	86.85	88.66	+1.66	12,713	51,263	+3,168
<a href="#">Oct-21</a>	210211	84.91	84.91	84.88	84.88	+1.58	2	15	+0
<a href="#">Dec-21</a>	210211	82.35	83.83	82.34	83.78	+1.24	8,176	45,270	+2,597
<a href="#">Mar-22</a>	210211	83.06	83.79	82.77	83.78	+0.97	407	5,762	+104
Total Volume and Open Interest							85,468	253,031	+0

Source: MRCI

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