

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

News: Cotton Corporation of India has sold around 1.28 crore bales to millers and traders. CCI has sold 30,000 bales to Bangladesh last week, almost all the stock of the previous season around 108 lakh bales and 20 lakh bales from the current season, in total of 128 lakh bales has been sold. Last year, CCI had stock of 115 lakh bales and only 7 lakh bales remained unsold.

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 1st 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 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 West Uttar Pradesh and Thunderstorm accompanied with lightening & hail very likely in isolated places over Uttarakhand, West Madhya Pradesh, Jharkhand, Arunachal Pradesh, Assam, Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

International Fundamentals:

The ICE cotton Futures was up by 85 points at 88.12 cents/lb. The Cotlook A index was down by 80 points at 93.80 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	-50	21540	21550	21400	21450	1301	5308
MXCTNH1	-40	21800	21860	21700	21750	1083	45

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Feb-21	15-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6400	6150	250
	Gondal	Shankar-6	6055	6080	-25
	Rajkot	B.T. Cotton	6225	6140	85
	Patan	B.T. Cotton	Closed	6350	-
	Kadi	B.T. Cotton	6200	6200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	6005	-
Haryana	Bhiwani	B.T. Cotton	6100	6100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	5990	10
	Fatehabad	B.T. Cotton	5960	5900	60
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5900	5860	40
Rajasthan	Hanumangarh	B.T. Cotton	6100	6100	Unch
	Rawatsar	B.T. Cotton	6100	6050	50
Madhya Pradesh	Khandwa	Mech-1	6350	6300	50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5950	6000	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	6726	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6629	6649	-20
	Hubli	D.C.H.	5520	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	16-Feb-21	15-Feb-21	
Punjab	Bhatinda	J-34	4580	4560	20
	Abohar	J-34	4590	4560	30
	Mansa	J-34	4600	4580	20
Haryana	Sirsa	J-34	4520	4500	20
Rajasthan	Sri-Ganganagar	J-34	4287	4287	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Feb-21	15-Feb-21	
Gujarat	Ahmedabad	Shankar-6	71400	62900	8500
	Gondal	Shankar-6	1355	1337	18
	Rajkot	B.T. Cotton	3000	3250	-250
	Patan	B.T. Cotton	Closed	3960	-
	Kadi	B.T. Cotton	30000	40000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	284	-
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1360	-340
	Fatehabad	B.T. Cotton	500	250	250
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	250	270	-20
Rajasthan	Hanumangarh	B.T. Cotton	800	900	-100
	Rawatsar	B.T. Cotton	150	150	Unch
Madhya Pradesh	Khandwa	Mech-1	250	300	-50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	8000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	1742	-
Telangana	Adilabad	Un-Ginned	NA	NA	-

Karnataka	Bijapur	Bunny	1478	2416	-938
	Hubli	D.C.H.	12	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	22	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Feb-21	15-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	1020	680	340
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	16-Feb-21	15-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1122	1120	2
Delhi	New Delhi	Rs. /10 Kg.	1100	1090	10
Telangana	Hyderabad	Rs. /10 Kg.	1165	1150	15
Maharashtra	Mumbai	Rs. /10 Kg.	1155	1145	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Feb-21	15-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2290	2284	6
Maharashtra	Akola	Rs./Qtl	2359	2353	6

INTERNATIONAL PRICES AND INDICESChina 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	12-Feb-21	12-Feb-21	Change
A-Index	Cents/Pound	93	93	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Feb-21	10-Feb-21	Bales
Southeast	cents/lb.	86.91	85.92	543
North Delta	cents/lb.	85.91	84.92	0
South Delta	cents/lb.	85.91	84.92	0
East TX-OK	cents/lb.	82.91	82.92	1338
West Texas	cents/lb.	82.91	82.92	5080
Desert SW	cents/lb.	80.66	81.67	7
SJ Valley	cents/lb.	81.16	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 15-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 Tuesday February 16th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210216	87.30	88.90	87.30	88.12	+0.85	17,956	23,749	-8,952
May-21	210216	88.68	90.42	88.68	89.60	+0.94	25,428	109,578	+6,288
Jul-21	210216	89.60	91.04	89.46	90.32	+0.91	8,548	53,516	+1,193
Oct-21	210216	86.96	86.96	86.96	86.96	+1.25	1	16	+1
Dec-21	210216	83.90	84.89	83.90	84.81	+0.92	5,354	48,287	+1,157
Mar-22	210216	84.00	84.43	83.77	84.36	+0.92	328	5,875	+86
Total Volume and Open Interest							57,718	247,135	-208

Source: MRCI

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