

**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, 430 /bale Thursday. ICE cotton futures closed green on Wednesday.

**News: CCI has purchased 18, 17,627 quintals of cotton at 30 cotton purchasing centres in Andhra Pradesh.** Cotton Corporation of India has paid Rs. 1,050 crore to the farmers for purchasing cotton, CCI has purchased the quality cotton at Rs. 5,850 per quintal, while traders are purchasing the quality cotton at Rs. 6,400 per quintal at the doorsteps of the farmers, as a result farmers are selling cotton to private traders to avoid loading and unloading charges. Demand for quality cotton has increased due to reduction of quality cotton supply in the market.

**Telangana got the maximum benefit of CCI procurement program.** Telangana, Punjab and Odisha are amongst the top three states that have got maximum benefit of cotton procurement by the Cotton Corporation of India. In Punjab CCI has procured around 33.33 lakh bales in Telangana and a total of about 90.87 lakh bales in India till 6<sup>th</sup> February'21.

**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 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.

### 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 Jharkhand, Uttrakhand, East Madhya Pradesh, Uttar Pradesh, Chattisgarh, Bihar, Gangetic West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Arunachal Pradesh, Assam, Meghalaya and Interior Karnataka.

### International Fundamentals:

The ICE cotton Futures was up by 24 points at 88.36 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	+140	21480	21650	21450	21450	1687	3132
MXCTNH1	+110	21780	21960	21760	21770	1999	6506

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Feb-21	17-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6400	6200	200
	Gondal	Shankar-6	6305	6230	75
	Rajkot	B.T. Cotton	6300	6250	50
	Patan	B.T. Cotton	6400	6505	-105
	Kadi	B.T. Cotton	6300	6050	250
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6125	6100	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6000	Unch
	Fatehabad	B.T. Cotton	5900	6050	-150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5910	5900	10
Rajasthan	Hanumangarh	B.T. Cotton	6180	6100	80
	Rawatsar	B.T. Cotton	6150	6100	50
Madhya Pradesh	Khandwa	Mech-1	6300	6350	-50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5900	5950	-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	6629	-
	Hubli	D.C.H.	NA	4809	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	18-Feb-21	17-Feb-21	
Punjab	Bhatinda	J-34	4580	4600	-20
	Abohar	J-34	4580	4590	-10
	Mansa	J-34	4580	4580	Unch
Haryana	Sirsa	J-34	4510	4500	10
Rajasthan	Sri-Ganganagar	J-34	4324	4287	38

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Feb-21	17-Feb-21	
Gujarat	Ahmedabad	Shankar-6	54400	54400	Unch
	Gondal	Shankar-6	2305	1833	472
	Rajkot	B.T. Cotton	4200	4000	200
	Patan	B.T. Cotton	3415	4930	-1515
	Kadi	B.T. Cotton	20000	20000	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	1190	1105	85
	Fatehabad	B.T. Cotton	400	250	150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	175	325	-150
Rajasthan	Hanumangarh	B.T. Cotton	1000	500	500
	Rawatsar	B.T. Cotton	200	200	Unch
Madhya Pradesh	Khandwa	Mech-1	300	250	50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7000	5000	2000
	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	1169	-
	Hubli	D.C.H.	NA	2	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	22	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Feb-21	17-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	510	340	170
Haryana	Sirsa	J-34	170	340	-170
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	18-Feb-21	17-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1122	1122	Unch
Delhi	New Delhi	Rs. /10 Kg.	1200	1150	50
Telangana	Hyderabad	Rs. /10 Kg.	1185	1185	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1155	1155	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Feb-21	17-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2333	2296	37
Maharashtra	Akola	Rs./Qtl	2371	2363	8

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	18-Feb-21	17-Feb-21	Change
CCIndex(328)	RMB/Ton	15911	#N/A	-
CCIndex(527)	RMB/Ton	14968	#N/A	-
CCIndex(229)	RMB/Ton	16132	#N/A	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	18-Feb-21	17-Feb-21	Change
FC Index (S)	Cents/lb	101.04	#N/A	-
FC Index (M)	Cents/lb	98.2	#N/A	-
FC Index (L)	Cents/lb	97.72	#N/A	-

Cotlook Index:

Cotlook Indices	Unit	16-Feb-21	15-Feb-21	Change
A-Index	Cents/Pound	93.8	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Feb-21	16-Feb-21	Bales
Southeast	cents/lb.	87.85	90.1	0
North Delta	cents/lb.	86.85	89.1	0
South Delta	cents/lb.	86.85	89.1	0



East TX-OK	cents/lb.	83.85	86.6	1795
West Texas	cents/lb.	83.85	86.6	2953
Desert SW	cents/lb.	81.6	85.35	0
SJ Valley	cents/lb.	82.1	91	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 17-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 17th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210217	88.01	88.49	87.58	88.36	+0.24	11,909	17,510	-6,239
<a href="#">May-21</a>	210217	89.60	90.00	89.11	89.93	+0.33	24,166	113,551	+3,973
<a href="#">Jul-21</a>	210217	90.72	90.79	89.87	90.71	+0.39	9,375	55,322	+1,806
<a href="#">Oct-21</a>	210217	87.16	87.16	87.09	87.09	+0.13	1	17	+1
<a href="#">Dec-21</a>	210217	84.56	85.00	84.50	85.00	+0.19	3,874	49,266	+979
<a href="#">Mar-22</a>	210217	84.25	84.42	83.91	84.42	+0.06	409	6,083	+208
Total Volume and Open Interest							50,016	247,915	+780

Source: MRCI

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.