

**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, 510 /bale Friday. 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 West Rajasthan. Thunderstorm accompanied with lightening & hail very likely in isolated places over Jammu & Kashmir, Ladakh. Gilgit-Baltistan & Muzaffarabad, Nagaland, Manipur & Tripura, Coastal Andhra Pradesh & Yanam, Rayalseema, Tamil Nadu, Puducherry & Karaikal, Kerala & Mahe and South Interior Karnataka.

### International Fundamentals:

The ICE cotton Futures was up by 37 points at 88.73 cents/lb. The Cotlook A index was down by 80 points at 94.60 cents/lb. The AWP for cotton is 73.13 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	19-Feb-21	18-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6400	6400	Unch
	Gondal	Shankar-6	6305	6305	Unch
	Rajkot	B.T. Cotton	6260	6300	-40
	Patan	B.T. Cotton	6375	6400	-25
	Kadi	B.T. Cotton	6400	6300	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6000	5955	45
Haryana	Bhiwani	B.T. Cotton	6100	6125	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6000	Unch
	Fatehabad	B.T. Cotton	5950	5900	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5950	5910	40
Rajasthan	Hanumangarh	B.T. Cotton	6150	6180	-30
	Rawatsar	B.T. Cotton	6150	6150	Unch
Madhya Pradesh	Khandwa	Mech-1	6500	6300	200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6000	5900	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	6758	6740	18
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6580	6639	-59
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Feb-21	18-Feb-21	
Punjab	Bhatinda	J-34	4590	4580	10
	Abohar	J-34	4590	4580	10
	Mansa	J-34	4590	4580	10
Haryana	Sirsa	J-34	4500	4510	-10
Rajasthan	Sri-Ganganagar	J-34	4305	4324	-19

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Feb-21	18-Feb-21	
Gujarat	Ahmedabad	Shankar-6	51000	54400	-3400
	Gondal	Shankar-6	2018	2305	-287
	Rajkot	B.T. Cotton	4000	4200	-200
	Patan	B.T. Cotton	1885	3415	-1530
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	268	238	30
Haryana	Bhiwani	B.T. Cotton	500	1000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1190	Unch
	Fatehabad	B.T. Cotton	500	400	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	250	175	75
Rajasthan	Hanumangarh	B.T. Cotton	600	1000	-400
	Rawatsar	B.T. Cotton	200	200	Unch
Madhya Pradesh	Khandwa	Mech-1	200	300	-100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7000	7000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	2110	2208	-98
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1244	1700	-456
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	22	22	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Feb-21	18-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	19-Feb-21	18-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1130	1122	8
Delhi	New Delhi	Rs. /10 Kg.	1200	1200	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1175	1185	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1160	1155	5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-Feb-21	18-Feb-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2321	2333	-12
Maharashtra	Akola	Rs./Qtl	2323	2371	-48

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

Index	Unit	19-Feb-21	18-Feb-21	Change
CCIndex(328)	RMB/Ton	16013	15911	102
CCIndex(527)	RMB/Ton	15069	14968	101
CCIndex(229)	RMB/Ton	16231	16132	99

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

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

Index	Unit	19-Feb-21	18-Feb-21	Change
FC Index (S)	Cents/lb	101.04	101.04	Unch
FC Index (M)	Cents/lb	98.2	98.2	Unch
FC Index (L)	Cents/lb	97.72	97.72	Unch

**Cotlook Index:**

Cotlook Indices	Unit	17-Feb-21	16-Feb-21	Change
A-Index	Cents/Pound	94.6	93.8	0.80

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Feb-21	17-Feb-21	Bales
Southeast	cents/lb.	88.18	90.43	136
North Delta	cents/lb.	87.18	89.43	0

South Delta	cents/lb.	87.18	89.43	0
East TX-OK	cents/lb.	84.18	86.93	488
West Texas	cents/lb.	84.18	86.93	1136
Desert SW	cents/lb.	81.93	85.68	0
SJ Valley	cents/lb.	82.43	91.33	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 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 Thursday February 18th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210218	88.36	89.23	88.00	88.73	+0.37	8,347	9,907	-7,603
<a href="#">May-21</a>	210218	89.90	90.77	89.53	90.30	+0.37	24,522	115,755	+2,204
<a href="#">Jul-21</a>	210218	90.71	91.53	90.34	91.04	+0.33	8,730	55,379	+57
<a href="#">Oct-21</a>	210218	86.69	86.69	86.69	86.69	-0.40	1	17	+0
<a href="#">Dec-21</a>	210218	84.91	85.32	84.74	85.08	+0.08	4,811	50,534	+1,268
<a href="#">Mar-22</a>	210218	84.46	84.50	84.00	84.25	-0.17	346	6,263	+180
Total Volume and Open Interest							46,962	244,078	-3,837

Source: MRCI

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