

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 Saturday. ICE cotton futures closed green on Friday.

News: Cotton exports may increase 30 percent as global market surges. India's cotton export may increase by 30 percent for the current crop year as rising global prices have made the fiber competitive. According to trade experts, cotton exports could be between 65- 70 lakh bales compared with 50 lakh bales the previous year.

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 6th 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 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.

Weather Forecast:

Thunderstorm accompanied with lightening & hail very likely in isolated places over Jammu & Kashmir, Ladakh. Gilgit-Baltistan & Muzaffarabad, Uttarakhand, and with lightening at isolated places over Himachal Pradesh.

International Fundamentals:

The ICE cotton Futures was up by 22 points at 88.95 cents/lb. The Cotlook A index was up by 50 points at 95.10 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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Feb-21	19-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6400	6400	Unch
	Gondal	Shankar-6	6305	6305	Unch
	Rajkot	B.T. Cotton	6255	6260	-5
	Patan	B.T. Cotton	NR	6375	-
	Kadi	B.T. Cotton	6500	6400	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5880	6000	-120
Haryana	Bhiwani	B.T. Cotton	6100	6100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6000	Unch
	Fatehabad	B.T. Cotton	6000	5950	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5975	5950	25
Rajasthan	Hanumangarh	B.T. Cotton	6125	6150	-25
	Rawatsar	B.T. Cotton	6100	6150	-50
Madhya Pradesh	Khandwa	Mech-1	Closed	6500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6000	6000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	6758	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	6580	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	20-Feb-21	19-Feb-21	
Punjab	Bhatinda	J-34	4600	4590	10
	Abohar	J-34	4600	4590	10
	Mansa	J-34	4600	4590	10
Haryana	Sirsa	J-34	4500	4500	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	4305	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Feb-21	19-Feb-21	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	2018	2018	Unch
	Rajkot	B.T. Cotton	3800	4000	-200
	Patan	B.T. Cotton	NR	1885	-
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	258	268	-10
Haryana	Bhiwani	B.T. Cotton	800	500	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1190	-170
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	200	250	-50
Rajasthan	Hanumangarh	B.T. Cotton	400	600	-200
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	Closed	200	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5000	7000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	2110	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	1244	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	22	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Feb-21	19-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	340	170	170
Rajasthan	Sri-Ganganagar	J-34	Closed	2000	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	20-Feb-21	19-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1125	1130	-5
Delhi	New Delhi	Rs. /10 Kg.	1200	1200	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1170	1175	-5
Maharashtra	Mumbai	Rs. /10 Kg.	1155	1160	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	20-Feb-21	19-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2321	2321	Unch
Maharashtra	Akola	Rs./Qtl	2323	2323	Unch

INTERNATIONAL PRICES AND INDICESChina 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
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Cotlook Index:

Cotlook Indices	Unit	18-Feb-21	17-Feb-21	Change
A-Index	Cents/Pound	95.1	94.6	0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Feb-21	18-Feb-21	Bales
Southeast	cents/lb.	88.55	90.8	0
North Delta	cents/lb.	87.55	89.8	0
South Delta	cents/lb.	87.55	89.8	0
East TX-OK	cents/lb.	84.55	87.3	1242
West Texas	cents/lb.	84.55	87.3	631
Desert SW	cents/lb.	82.3	86.05	0
SJ Valley	cents/lb.	82.8	91.7	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 Friday February 19th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210219	88.75	89.36	88.07	88.95	+0.22	6,122	5,854	-4,053
May-21	210219	90.22	91.16	89.57	90.48	+0.18	20,213	119,516	+3,761
Jul-21	210219	90.96	91.86	90.34	91.21	+0.17	8,716	57,730	+2,351
Oct-21	210219	86.90	87.06	86.90	87.06	+0.37	1	18	+1
Dec-21	210219	85.00	85.68	84.57	85.50	+0.42	3,118	51,354	+820
Mar-22	210219	83.73	84.69	83.73	84.55	+0.30	138	6,321	+58
Total Volume and Open Interest							38,366	247,058	+2,980

Source: MRCI

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