

COTTON WEEKLY RESEARCH REPORT 04th Jan 2021

Domestic market summary

Domestic Market Scenario:CCI Procurement operations of seed cotton under Minimum support price are going on smoothly in Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha, and Karnataka, around 75 lakh bales of cotton has been procured till 02th January 2021. Gujarat Shankar-6 variety cotton spot prices stood firm around Rs.42,100 per candy during the week.

Weekly Price Outlook: The average price of Kapas is likely to remain firm between Rs. 5736-6010/q in Rajkot while the prices in Andhra Pradesh is likely to hover around Rs.4550-5000/q.

Major Market Highlights:

- All India daily arrivals have reached around 2,70,000 to 3,00,000 bales per day.
- Cotlook index stood higher(82.65cents/lbs) compared to the ICE cotton future that stood at 76.35 cents/lbs.
- Indian rupee remained stronger between 73.06 to 73.50 against USD compared to last week.

Market Highlights:

- Telangana government urged CCI to lift restrictions on cotton procurement. The state government has
 urged Cotton Corporation of India to not to impose a limit on the procurement of cotton stocks as it might
 create fear among the farmers of not getting the minimum support price (MSP). Earlier CCI has set a limit
 to procure 15,000 bales in the Warangal- Mahbubnagar region and 10,000 bales in Adilabad region in the
 ongoing procurement season.
- Cotton procurement center has been started in Nandgaon. Cotton registration has been done for 773 farmers in Nandgaon. With the opening of cotton procurement center in Nandgaon farmers have started bringing cotton for sale; around 123 farmers had bought their crop initially. Earlier farmers were facing difficulty to take their cotton crop to Amravati for sale but now with the new procurement centre farmers can easily sell their crop.
- Cotton Corporation of India has requested farmers to bring cotton crop in phased manner. CCI has faced
 anger of farmers over daily ceiling for cotton procurement earlier. CCI has now assured farmers that they
 will continue the procurement process for cotton and have requested them to bring their crop in a phased
 manner as per the advice of their respective APMCs.

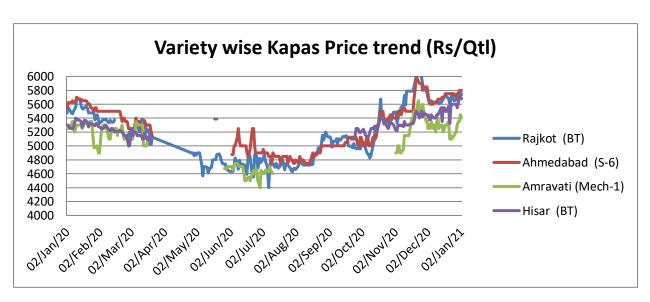


- Maharashtra to terminate the cotton crop by December. The Krishi Vigyan Kendra and agriculture
 universities have recommended farmers to terminate their cotton crop by December, in order to break the
 Pink bollworm (lifecycle) infestation, as the cotton season in Maharashtra is about to end and this year too
 continual attack of pink bollworm was observed in the crop.
- Cotton procurement reaches 67 lakh bales. The cotton season of 2020-21 is likely to end by march 2021 due to heavy arrivals in the market. Cotton Corporation of India has procured around 67 lakh bales till 28th December 2020 at a cost of Rs. 19,048.87 crore. This is almost double of the amount of cotton procured in the year ago period. The pace of arrival is very fast maybe because of Covid fears and another lockdown, Farmers fear that the prices may not rise further.
- Cotton farmers in Hyderabad are facing hardship as CClis not purchasing the produce, as there is already large stock procured. With this, the farmers are forced to sell their produce to private traders at rates much below Minimum Support Price (MSP) of Rs. 5,300 to Rs. 5,600. Small and marginal farmers are selling cotton to private traders as they pay immediately, but those who cultivate cotton in large fields are worried as selling at lower rates would cause them a huge loss. Private traders are offering Rs. 3,000 to Rs. 4,600 per quintal based on quality of cotton as against 5,000 to 6,000 last year

Domestic Cotton Prices Scenario

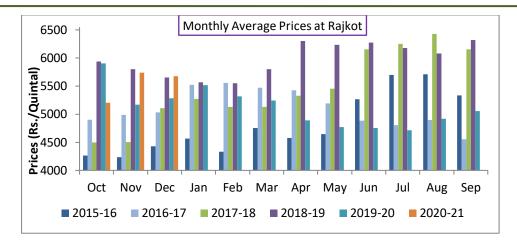
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review:Weekly kapas average price at Rajkot was weak at Rs. 5676/q and Ahmedabad prices were firm at 5750/q.





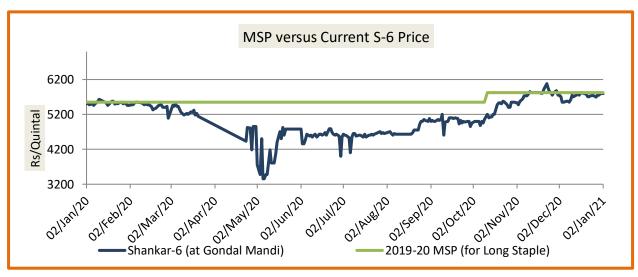
Kapas Monthly M-o-M Price Scenario



The arrivals in the month of December were high in the market and the monthly average price were also higher in December at Rs. 5674.07/q compared to the prices during the corresponding month of the previous season. (Rs. 5281/q)

Spot Price versus MSP

Average kapas price at Gondal market stood lower at Rs. 5748/q from Rs. 5759.16/q previous week.

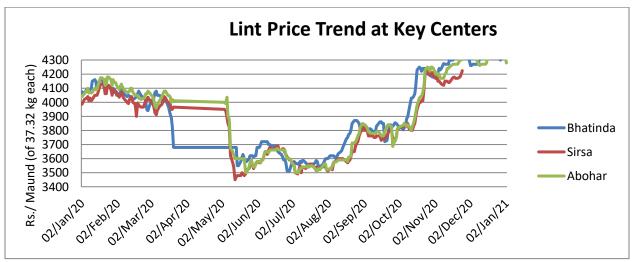


Source: Agriwatch



Lint price Outlook

The average price stood lower atRs.4320/maund of lint in Abohar, Rs.4332 in Bhatinda and Rs.4332/maund in Sirsa from previous week.



Source: Agriwatch

Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) of premium quality prices was lower at Rs.41950/candy from around Rs.42260/ candy last week.



Source: Cotton Association of India (CAI)



Cotton Seed Oil and Cotton Seed Oil Cake

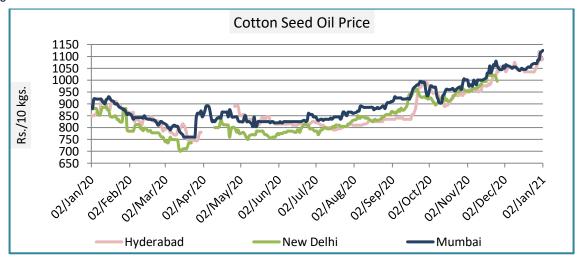
Cotton Seed Oil weekly

Price Scenario

Cotton seed oil price showed firm trend across all the centres during the week ending on 31st Dec'20. Weekly average price in Mumbai stood high at Rs.1114, in New Delhi the prices were around Rs. 1180per 10 Kg.

	Weekly Average Pri	ce as on (Rs/10 kg.)	0/ 01	
	31-Dec-20	24-Dec-20	% Change	
New Delhi	1180	1163	1.46	
Rajkot	1120	1094	2.38	
Hyderabad	1126	1094	2.93	
Mumbai	1114	1067	4.40	

Source: Agriwatch

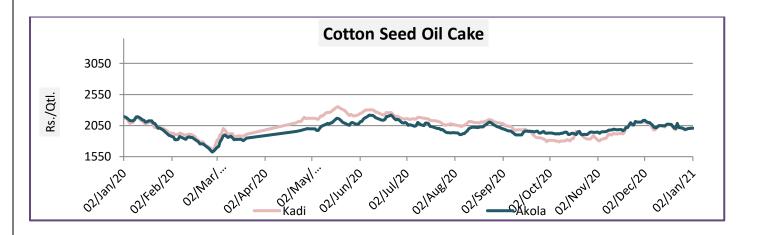


Cotton Seed Oil Cake weekly Price Scenario

The demand for Cottonseed Oil Cakes in northern India, including Rajasthan has increased slightly due to which prices have been increasing. However, there are concerns about 50% of the total production that is still lying in the go-downs and warehouses. It is estimated that around 9 million tonnes of cake was produced in the country. As the moisture percentage in cotton seed remains high, the prices will firm up, when the moisture starts decreasing. The average price in Kadi was Rs. 1997/q and forAkola was Rs. 2000/q higher from the previous week.



	Weekly Average Price		
Centers	31-Dec-20	% Change	
	1997	2023	-1.29
Kadi			
	2000	2043	-2.12
Akola			



Source: NCDEX

International Market Scenario

Bangladesh cotton imports increases. According to United States Department of Agriculture (USDA) data Bangladesh cotton imports are likely to increase by about 9 percent to 75 lakh bales in the 2019-20 marketing year despite of the ongoing coronavirus pandemic.

Cotton prices hits season's highest Rs 10,200 per maund in Pakistan. Cotton Association spot rate committee has increased the spot rate by Rs. 250 per maund to the highest at Rs. 10,200 per maund. The hike in prices was also observed in the international market.

Cotton prices fall in UK. With the new strain of the novel corona virus that emerged in the UK spooking markets, cotton prices have fallen by Rs 600-700 per candy over the past two days. In India, the price for Shankar -6 cotton variety too fell from Rs 42,200-42,900 per candy (356 kg) to Rs 41, 400-42,200.



Cotton production decreases in Pakistan. The cotton production in the country has declined to about 2.8 million bales, According to Pakistan cotton ginners association more than 5 million bales were produced in the country which is 35.67 perent less as compared to more than 7 million bales produced till December 15 last year.

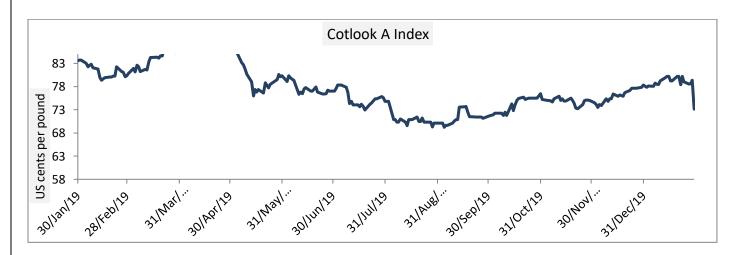
According to USDA latest report, the 2020-21 November forecast shows higher use with lower production and ending stock. Sharply lower production in Pakistan, India and Australia is partially offset by an increase in Turkmenistan. Consumption is raised in India, China and Pakistan and lowered in Thailand. Global trade is up slightly led by Bangladesh and Thailand.

Cotlook A Index

Cotlook A indexwas higherin thisweek. The Cotlook A Index was at 82.61 cents/lb lower compared to the previous week (82.62 cents/lb).

Cotlook A Index	WeeklyAverage P	WeeklyAverage Price change as on			
	31-Dec-20	24-Dec-20			
Prices	82.61	82.61 82.62			
Prices in LIS cents per Pound					

Source: Cotlook

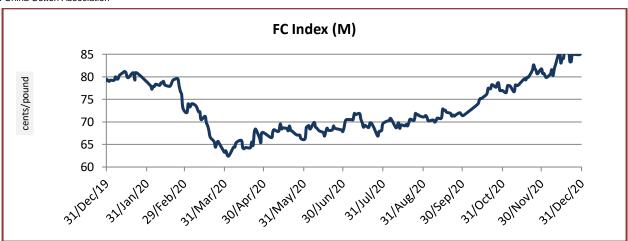




China Cotton Index and Foreign Cotton Index

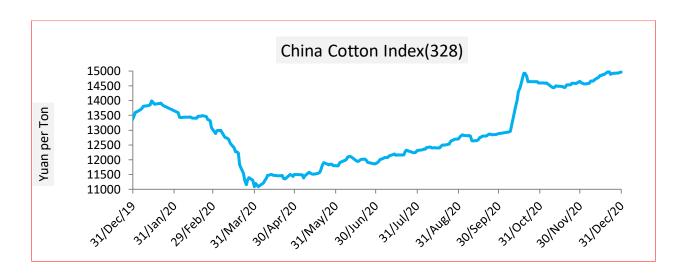
Cotton Index	Weekly Avera	% Change				
	31-Dec-20	24-Dec-20				
FC (S)	87.66	87.07	0.67			
FC (M)	85.22	84.54	0.80			
FC (L)	83.93	82.00	2.35			
	Prices in US cents per Pound					

Source: China Cotton Association



Cotton Index	Weekly Avera	% Change	
	31-Dec-20		
CCIndex(328)	14946.50	1429.20	0.12
CCIndex(527)	14005.25	13979.40	0.18
CCIndex(229)	15166.50 15134.20		0.21
	Prices in Yuan per ton		

Source: China Cotton Association



USA Spot Prices

U.S. Export Sales was lower but shipments were better. Net upland sales of 1,15,600 RB for 2020- 2021 were down 60 percent from the previous week and 42 percent from the prior 4-week average. Increases primarily for China, Pakistan (25,200 RB), Turkey (22,500 RB), South Korea (16,600 RB), and Guatemala (15,900 RB), and the major reductions were primarily from Bangladesh (44,100 RB) and Mexico (10,100 RB).

USA Spot Prices	Monthly Avera	% Change				
	31-Dec-20	24-Dec-20				
Prices	77.99 76.05		2.36			
Prices in US cents per Pound						

Source: USDA



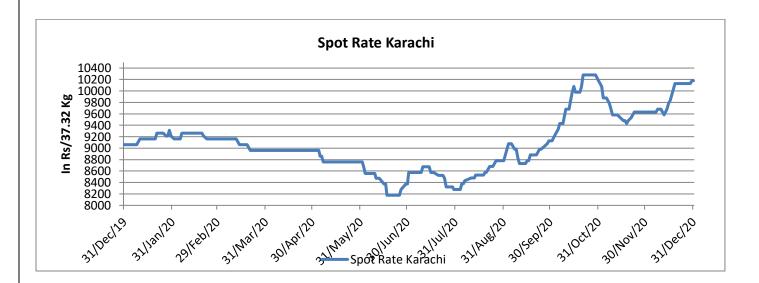


Pakistan Spot Prices

The Karachi spot pricestood around Rs. 10155/q higher than the previous week. (Rs. 10110/q)

Karachi Spot Prices	WeeklyAvera	% Change			
	31-Dec-20	24-Dec-20			
Prices	10155 10110		0.45		
Prices in Rs per 37.32 Kg					

Source: Fibre2fashion.com





Commodity: Cotton Exchange: MCX

Contract: Dec. Expiry: Jan. 29, 2021



TechnicalCommentary:

- Therecenttrendincottonhasbeenbullish, butthemarkethasbeenquiteindecisive overthelastone month.
- A supporting trendline is passing through 19900, while mild resistance is seen around 20850.
- If the market tests the support at 20000, intraday long positions may becreated.

Strategy: Buy

Intraday Supports & Resistances		S2	S1	РСР	R1	R2	
Cotton	MCX	Dec	20000	20200	20750	20850	20950
			Call	Entry	T1	T2	SL
Cotton	MCX	Dec	Buy	20450	20696	20800	20545



Commodity: Cotton Seed oil Cake Exchange: NCDEX
Contract: Dec Expiry: Jan 20, 2021



Technical Commentary:

- Cottonseed oilcake on the daily chart looks uncertain even as the broader trend is bullish.
- On the intra-day chart, there exists a consolidation zone (support) at 1975 and then a trendline support at 2100. Strong resistance is seen at 2030.
- One may sell near the support levels with small stoploss.

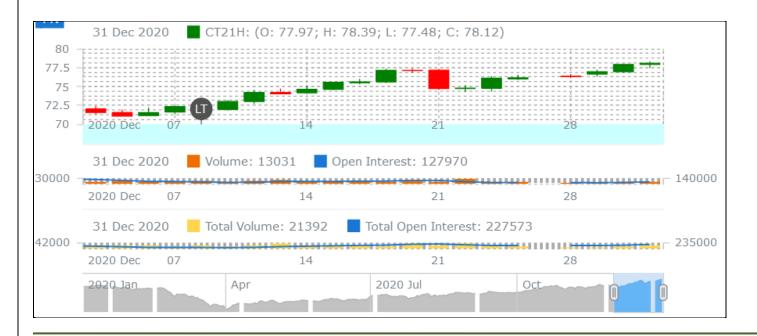
Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake NCDEX Dec			1950	1975	2007	2030	2050
Intraday Trade Call		Call	Entry	T1	T2	SL	
Cotton oil cake	NCDEX	Dec	Sell	2002	2050	2060	2045

^{*} Do not carry-forward the position next day.



Technical Analysis of Cotton Future (Dec'20Contract) at ICE



- The Dec'20 contract closed lower by the end of the week.
- > Candlesticks denote steady to uptrend.
- > Total volume increased &Open Interest decreased compared to last week.
- We expect cotton prices to remain range bound in the coming week.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Firm	72-76

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
72	74	77	79

Figures in US cents/pound



Cotton Future Prices at ICE

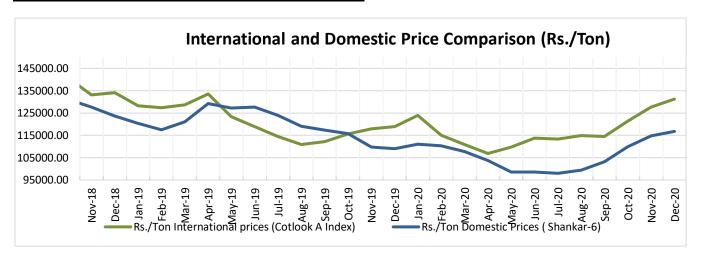
	Cotton Prices in Future Contract on ICE					Prices in	cents/Lb
	24 D 20	30-Nov-20	02-Oct-20	04-Jul-20	31-Dec-19	% Change over a	% Change over
Contracts	31-Dec-20	(1 month ago)	(3 months ago)	(6 months ago)	(a year ago)	month	previous year
Mar-21	78.12	72.15	66.63	63.67	70.80	8.27	10.34
May-21	78.70	73.05	67.27	64.24	70.18	7.73	12.14
Jul-21	79.17	73.75	67.84	64.63	70.94	7.35	11.60
Oct-21	76.57	71.58	67.12	63.07	70.90	6.97	8.00
Dec-21	74.87	70.75	67.12	63.55	70.36	5.82	6.41

Future Price Trend (Active Contract):





International and Domestic Price Comparision



Cotton Prices at Key Spot Markets:

Commodity	Кар	oas	Weekly Ave (Rs./Q		
State	Centre	Variety	25th Dec'20 to 31st Dec'20	18th Dec'20 to 24th Dec'20	Change
	Ahmedabad	Shankar-6	5750	5750	Unch
	Gondal	Shankar-6	5772	5759	13
	Rajkot	B.T. Cotton	5676	5692	-16
Gujarat	Patan	B.T. Cotton	5739	5763	-24
	Kadi	B.T. Cotton	5640	5633	7
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5620	5618	2
	Bhiwani	B.T. Cotton	5590	5617	-27
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5615	5508	107
Haryana	Fatehabad	B.T. Cotton	5535	5521	14
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5662	5680	-18
Daigathan	Hanumangarh	B.T. Cotton	5450	5472	-22
Rajasthan	Rawatsar	B.T. Cotton	5400	5408	-8
Madhua Duadash	Khandwa	Mech-1	5600	5600	Unch
Madhya Pradesh	Khargaon	Mech-1	NA	NA	-



 Maharashtra	Amravati	Mech-1	5270	5217	53
Wanarashtra	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	4300	-
Ollar Frauesii	Hathras	Desi	NA	5400	-
Telangana	Adilabad	Un-Ginned	5725	5725	Unch
	Bijapur	Bunny	5887	5860	27
Karnataka	Hubli	D.C.H.	NA	NA	-
Namataka	Hubli	B.T. Cotton	5571	5452	119
	Databass.	11.440.4	5047	5045	•
	Raichur	H-44 Cotton	5617	5615	2
Commodity	Raichur Lii		Prices (Rs	./Maund of g each)	
Commodity			Prices (Rs	./Maund of	Change
	Liı	nt	Prices (Rs 37.32kg 25th Dec'20 to 31st	./Maund of g each) 18th Dec'20 to 24th	
	Lii	nt Variety	Prices (Rs 37.32kg 25th Dec'20 to 31st Dec'20	./Maund of g each) 18th Dec'20 to 24th Dec'20	Change
State	Centre Bhatinda	Variety J-34	Prices (Rs 37.32kg 25th Dec'20 to 31st Dec'20 4332	./Maund of g each) 18th Dec'20 to 24th Dec'20 4376	Change
State	Centre Bhatinda Abohar	Variety J-34 J-34	Prices (Rs 37.32kg 25th Dec'20 to 31st Dec'20 4332 4338	./Maund of g each) 18th Dec'20 to 24th Dec'20 4376	Change -44 -34

Cotton Arrivals in Key Centers:

Commodity	Кар	oas	Weekly Sum Arrivals (Quintal)			
State	Centre	Variety	25th Dec'20 to 31st Dec'20	18th Dec'20 to 24th Dec'20	Change	
	Ahmedabad	Shankar-6	302600	401200	-98600	
	Gondal	Shankar-6	21079	22352	-1273	
	Rajkot	B.T. Cotton	22050	24175	-2125	
Gujarat	Patan	B.T. Cotton	91353	116932	-25579	
	Kadi	B.T. Cotton	220000	340000	-120000	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	1113	3689	-2576	
	Bhiwani	B.T. Cotton	12300	23000	-10700	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	5780	7820	-2040	
Haryana	Fatehabad	B.T. Cotton	2900	5600	-2700	
	Jind	B.T. Cotton	NA	NA	-	
	Uchana	B.T. Cotton	NA	NA	-	
	Dabwali	B.T. Cotton	10850	14950	-4100	



Daicathan	Hanumangarh	B.T. Cotton	5000	10600	-5600
Rajasthan	Rawatsar	B.T. Cotton	1900	2500	-600
Madhua Dradach	Khandwa	Mech-1	8900	13000	-4100
Madhya Pradesh	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	66000	107000	-41000
wanarasntra	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
Ottar Pradesh	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	6291818	10753605	- 4461787
	Bijapur	Bunny	16696	8845	7851
Karnataka	Hubli	D.C.H.	NA	NA	-
Namataka	Hubli	B.T. Cotton	42	207	-165
	Raichur	H-44 Cotton	674	1004	-330
Commodity	Liı	nt		m Arrivals ntal)	
State	Centre	Variety	25th Dec'20 to 31st Dec'20	18th Dec'20 to 24th Dec'20	Change
	Bhatinda	J-34	44200	51000	-6800
Punjab	Abohar	J-34	5100	5100	Unch
	Mansa	J-34	4675	5440	-765
Haryana	Sirsa	J-34	3230	992	2238
Rajasthan	Sri-Ganganagar	J-34	11000	18000	-7000

Week on Week Price: Scenario of Cotton:								
Commodity	Кар	Today	Week Ago	Month Ago	Year Ago			
State	Centre	Variety	04-Jan- 21	28-Dec- 20	04-Jan-21	05-Jan- 20		
	Ahmedabad	Shankar-6	5825	5700	5825	#N/A		
	Gondal	Shankar-6	5880	5805	5880	5500		
	Rajkot	B.T. Cotton	5845	5660	5845	5530		
Gujarat	Patan	B.T. Cotton	NR	5655	NR	5515		
	Kadi	B.T. Cotton	5800	5600	5800	5550		
	Deesa	B.T. Cotton	NA	0	NA	NA		
	Dhrol	B.T. Cotton	5810	5655	5810	NR		
Haryana	Bhiwani	B.T. Cotton	5770	5600	5770	5600		



	Bhiwani	Desi	NA	0	NA	NA
	Adampur	B.T. Cotton	5725	5600	5725	5350
	Fatehabad	B.T. Cotton	5780	5525	5780	5350
	Jind	B.T. Cotton	NA	0	NA	5700
	Uchana	B.T. Cotton	NA	0	NA	5385
	Dabwali	B.T. Cotton	5700	5665	5700	NR
Rajasthan	Hanumangarh	B.T. Cotton	5700	5450	5700	Closed
Kajasillali	Rawatsar	B.T. Cotton	5525	5400	5525	Closed
Madhya	Khandwa	Mech-1	5700	5600	5700	5491
Pradesh	Khargaon	Mech-1	NA	0	NA	5427
Maharashtra	Amravati	Mech-1	5400	5200	5400	5300
Manarasinia	Jamner	Medium Staple	NA	0	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	NA
Uttar Pradesn	Hathras	Desi	NA	0	NA	NA
Telangana	Adilabad	Un-Ginned	NA	0	NA	5400
	Bijapur	Bunny	NA	5849	NA	5929
Karnataka	Hubli	D.C.H.	5409	0	5409	NA
Karnataka	Hubli	B.T. Cotton	NA	0	NA	NA
	Raichur	H-44 Cotton	5650	5600	5650	5470
Commodity	Liı	nt	Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	04-Jan- 21	28-Dec- 20	04-Jan-21	05-Jan- 20
	Bhatinda	J-34	4400	4310	4400	#N/A
Punjab	Abohar	J-34	4425	4320	4425	#N/A
	Mansa	J-34	4415	4300	4415	#N/A
Haryana	Sirsa	J-34	4410	4280	4410	#N/A
Rajasthan	Sri-Ganganagar	J-34	4324	4042	4324	#N/A

Cotton Arrivals in Key Centers:									
Commodity	Кар	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)				
State	Centre	Variety	04-Jan- 21	28-Dec- 20	04-Jan-21	05-Jan- 20			
	Ahmedabad	Shankar-6	59500	64600	59500	#N/A			
	Gondal	Shankar-6	4209	4750	4209	#N/A			
Gujarat	Rajkot	B.T. Cotton	5000	5425	5000	#N/A			
	Patan	B.T. Cotton	NR	20111	NR	3450			



	Kadi	B.T. Cotton	30000	40000	30000	#N/A
	Deesa	B.T. Cotton	NA	0	NA	#N/A
	Dhrol	B.T. Cotton	228	168	228	#N/A
	Bhiwani	B.T. Cotton	1000	2000	1000	1200
	Bhiwani	Desi	NA	0	NA	#N/A
	Adampur	B.T. Cotton	850	1020	850	#N/A
Haryana	Fatehabad	B.T. Cotton	400	500	400	#N/A
	Jind	B.T. Cotton	NA	0	NA	#N/A
	Uchana	B.T. Cotton	NA	0	NA	#N/A
	Dabwali	B.T. Cotton	300	2300	300	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	1000	#N/A
Kajastilali	Rawatsar	B.T. Cotton	500	500	500	#N/A
Madhya	Khandwa	Mech-1	700	3000	700	#N/A
Pradesh	Khargaon	Mech-1	NA	0	NA	#N/A
Maharashtra	Amravati	Mech-1	22000	16000	22000	#N/A
wanarashtra	Jamner	Medium Staple	NA	0	NA	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	#N/A
Ottal Pradesii	Hathras	Desi	NA	0	NA	#N/A
Telangana	Adilabad	Un-Ginned	NA	0	NA	#N/A
	Bijapur	Bunny	NA	6193	NA	#N/A
Karnataka	Hubli	D.C.H.	16	0	16	#N/A
Namataka	Hubli	B.T. Cotton	NA	0	NA	#N/A
	Raichur	H-44 Cotton	165	262	165	#N/A
Commodity	Li	nt	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	04-Jan- 21	28-Dec- 20	04-Jan-21	05-Jan- 20
	Bhatinda	J-34	8500	10200	8500	#N/A
	Abohar	J-34	1020	1190	1020	#N/A
Punjab	Mansa	J-34	850	850	850	#N/A
	Sirsa	J-34	340	850	340	#N/A
	Sri-Ganganagar	J-34	3000	3000	3000	#N/A



Cotton Association of India Spot Rates:

			0, 11,	Weekly Ave	,	
Trade Name	Staple	Micronaire	Strength/ GPT	25th Dec'20 to 31st Dec'20	18th Dec'20 to 24th Dec'20	+/- Change
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38140	38800	-660
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38640	39300	-660
J-34(202)	26mm	3.5 - 4.9	23	40600	41317	-717
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40740	40967	-227
Shankar-6(105)	29mm	3.5 – 4.9	28	42040	42267	-227
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43840	44100	-260
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44760	45033	-273
DCH-32(107)	34mm	3.0 - 3.8	33	61400	60933	467

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