

COTTON WEEKLY RESEARCH REPORT
11th 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 81,22,048 cotton bales of cotton has been procured till 07th January 2021 valuing Rs. 23,765.40 crore. Gujarat Shankar-6 variety cotton spot prices stood firm around Rs.42,400 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 declined from 3 lakh to nearly 2,50,000 to 2,70,000 bales per day.
- Cotlook index stood higher(84.75cents/lbs) compared to the ICE cotton future that stood at 78.97 cents/lbs.
- Indian rupee remained stronger between 73.02 to 73.32 against USD compared to last week.

Market Highlights:

- Cotton procurement reaches at 75, 03,914 cotton bales. Procurement operations of seed cotton under Minimum support price are going smoothly in the states of Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha and Karnataka. Around 75, 03,914 cotton bales has been procured so far valuing Rs. 21,989.94 crore and benefiting about 14,69,704 farmers.
- Lack of procurement center hits cotton farmers in Andhra Pradesh. Cotton farmers of Anantpur, who suffered due to vagaries of nature earlier, are now suffering due to lack of procurement center's in the district. The district has two cotton procurement centers in Gooty and Tadipatri, while Rythu bharosa kendras are limited to registering the names of cotton growers, and only after registering the names and getting an alert on their mobile phones, farmers can go to procurement centre for sale of the cotton. As this process takes 2-3 days, farmers have started selling cotton to middlemen at lesser prices, while CCI is offering Rs.5,825/q for high quality, Rs. 5,725/q for medium quality and Rs. 5,615/q for low grade quality cotton.
- CCI has purchased around 26.5 lakh quintals in Punjab. The ongoing farmer's agitation has significantly altered the procurement dynamics of cotton this season. According to Cotton Corporation of India, a

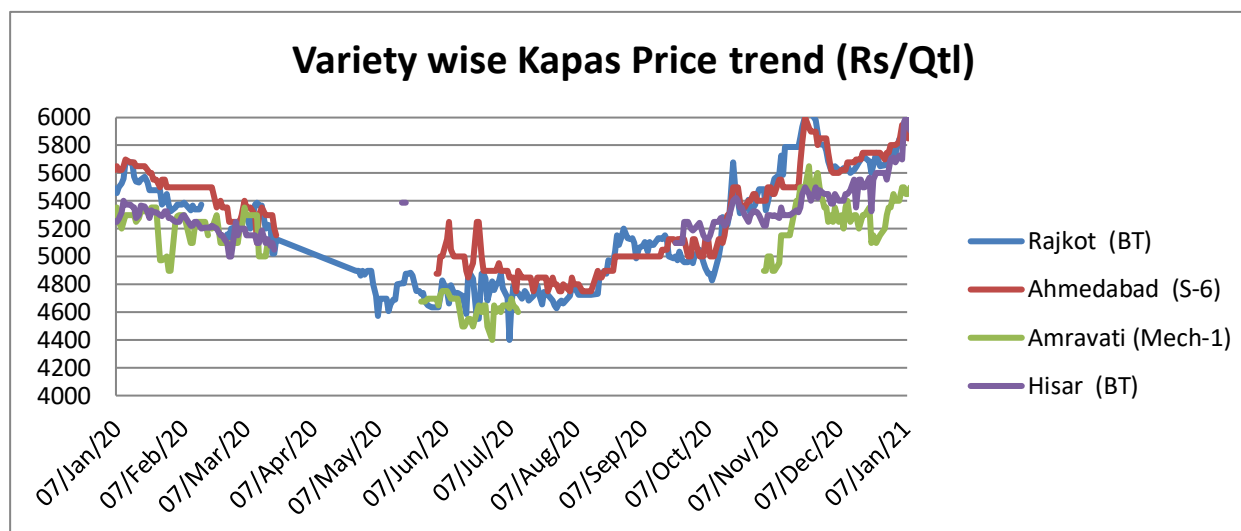
record purchase of around 26.5 lakh quintals of cotton (2020-21) has been made in Punjab till the first week of January 2020-21 as against the 7.5 lakh quintals procured during the previous season (2019-20) around the same time.

- India's cotton production seen at 29.3 million bales. According to the USDA post estimates, cotton production at 29.3 million bales in marketing year 2020/21 at an area of 13.3 million hectares is estimated. Cotton prices have improved due to strong export demand for raw cotton and cotton yarn. Farmers continue to deliver their crop to the government's procurement scheme under minimum support price (MSP) as prevailing seed cotton market price remained below MSP levels. Mills consumption has improved steadily but remains constrained at 23 million bales due to subdued demand in the domestic market.
- 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.

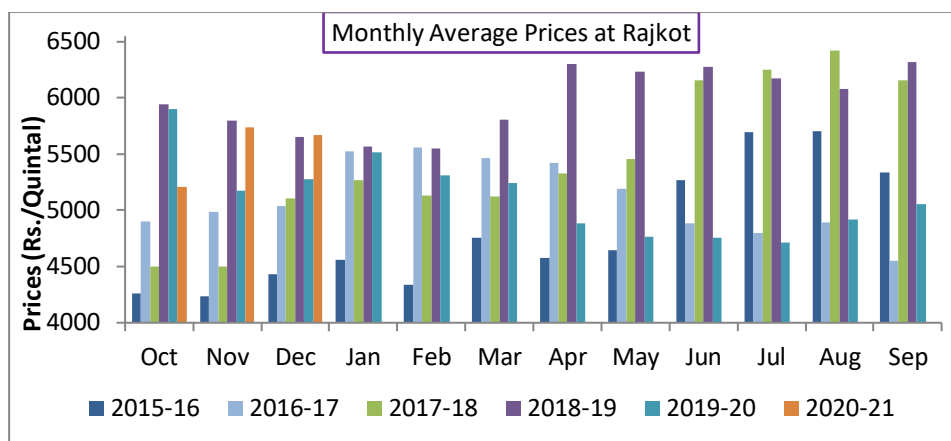
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot was higher at Rs. 5821.6/q from previous week Rs. 5676/q and Ahmedabad prices were also higher at 5879/q from previous week at Rs. 5750/q.



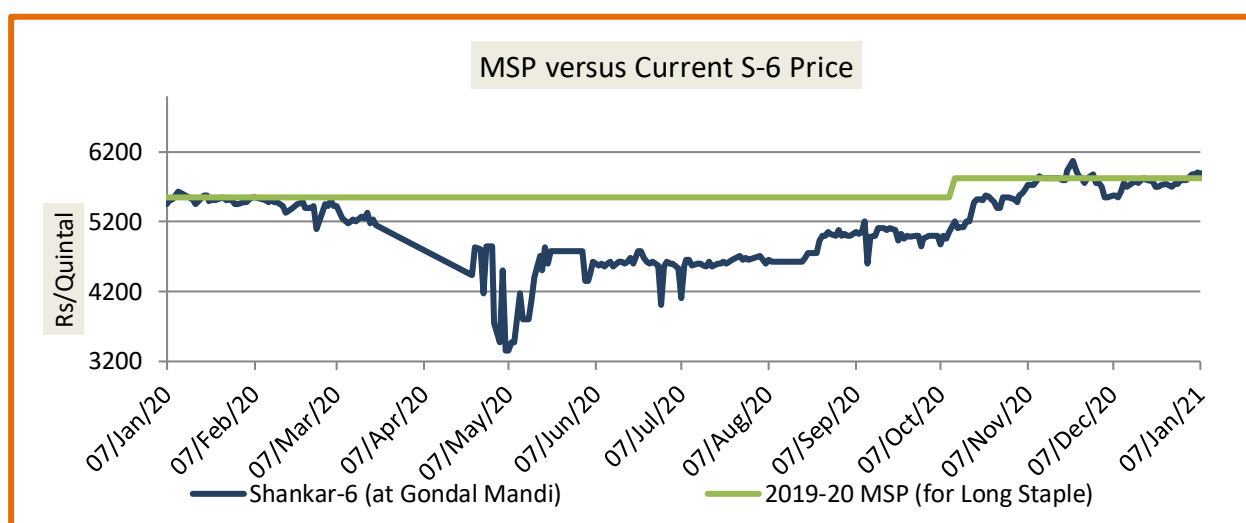
Kapas Monthly M-o-M Price Scenario



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

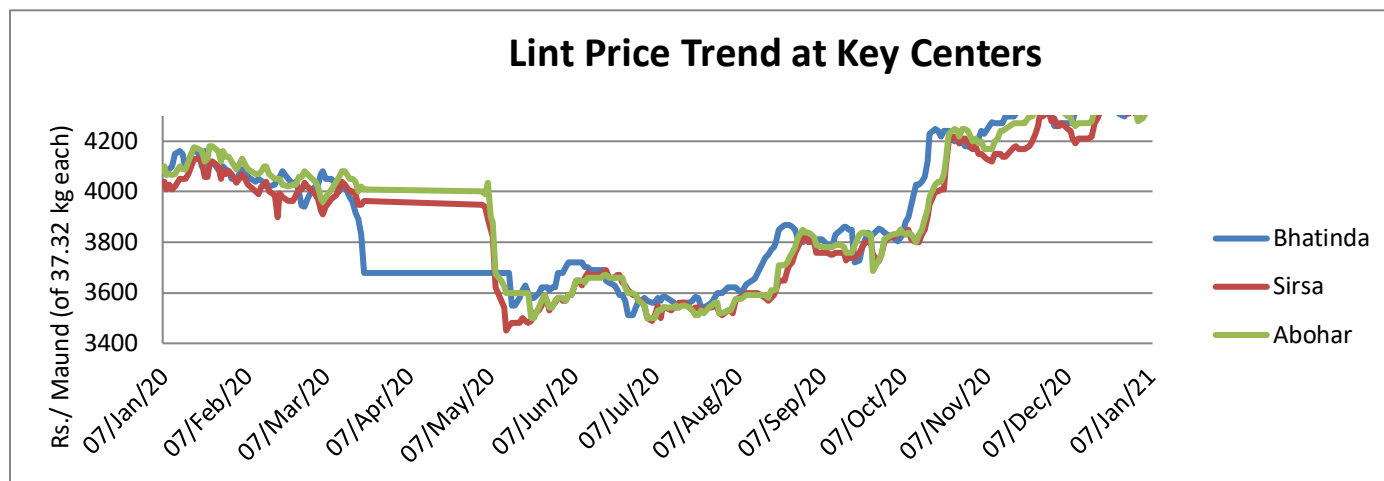
Average kapas price at Gondal market stood higher at Rs. 5857.5/q from Rs. 5748/q previous week.



Source: Agriwatch

Lint price Outlook

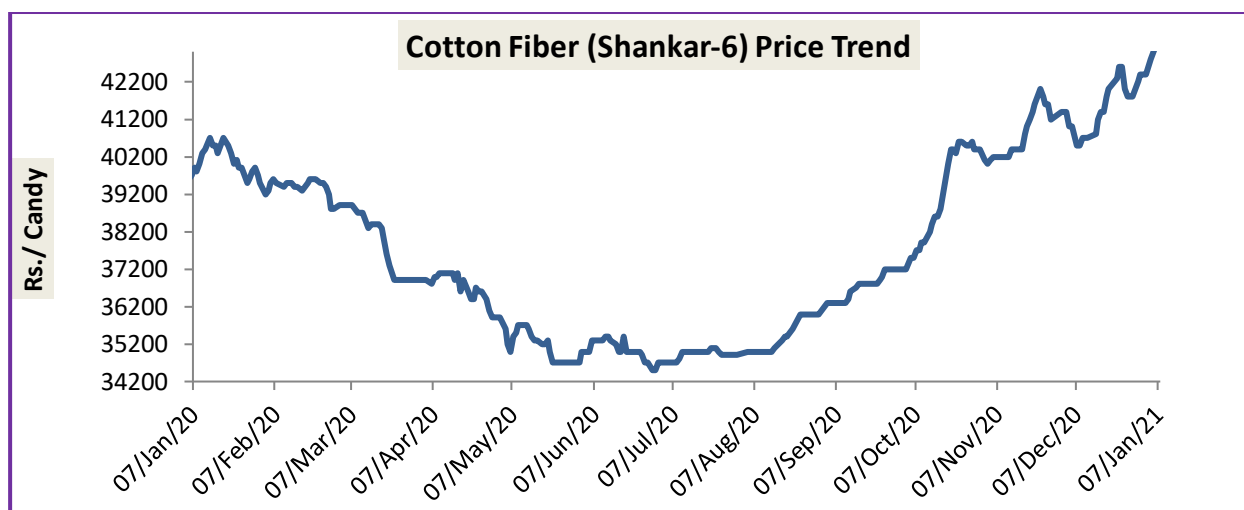
The average price stood higher at Rs.4436.66/maund of lint in Abohar, Rs.4436.66 in Bhatinda and Rs.4431.66/maund in Sirsa from previous week.



Source: Agriwatch

Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) of premium quality prices was higher at Rs.42900/candy from around Rs.41950/ candy last week.



Source: Cotton Association of India (CAI)

Cotton Seed Oil and Cotton Seed Oil Cake

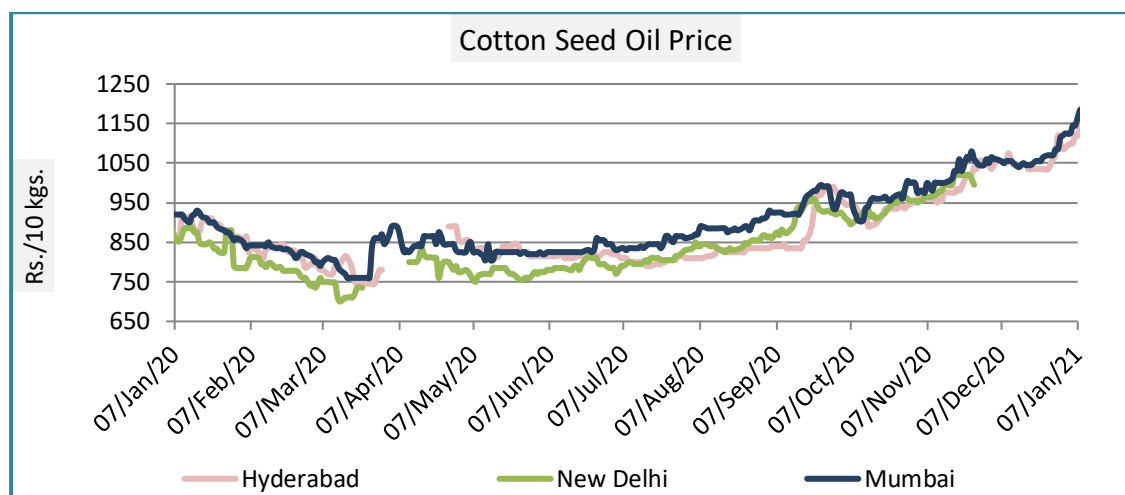
Cotton Seed Oil weekly

Price Scenario

Cotton seed oil price showed firm trend across all the centres during the week ending on 07th Jan'21. Weekly average price in Mumbai stood high at Rs.1168, in New Delhi the prices were around Rs. 1129per 10 Kg.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	07-Jan-21	31-Dec-20	
New Delhi	1129	1180	-4.31
Rajkot	1154	1120	3.05
Hyderabad	1173	1126	4.20
Mumbai	1168	1114	4.88

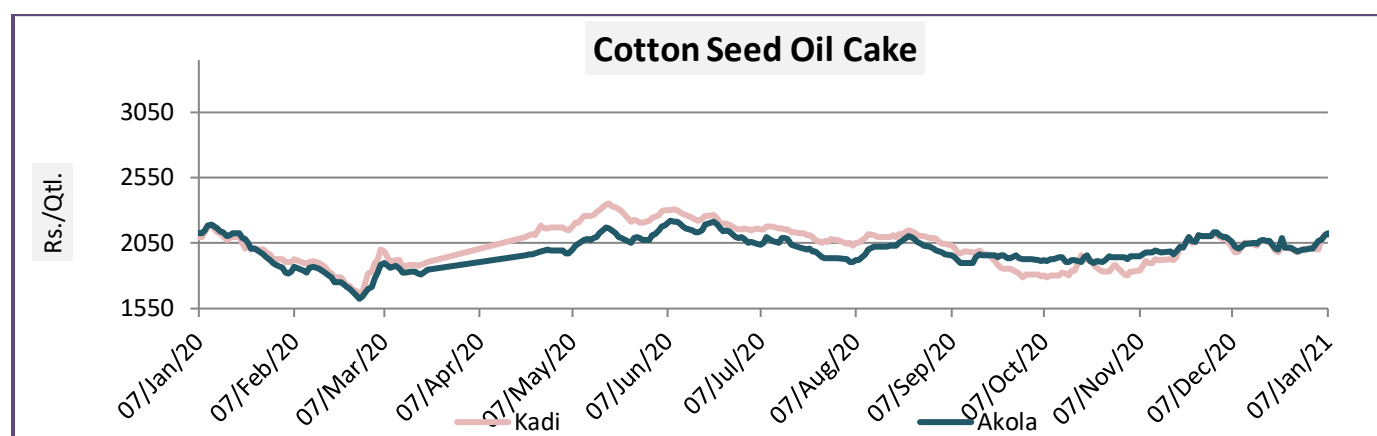
Source: Agriwatch



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. 2058/q and for Akola was Rs. 2066/q higher from the previous week.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	07-Jan-21	31-Dec-20	
Kadi	2058	1997	3.03
Akola	2066	2000	3.28



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 percent 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.

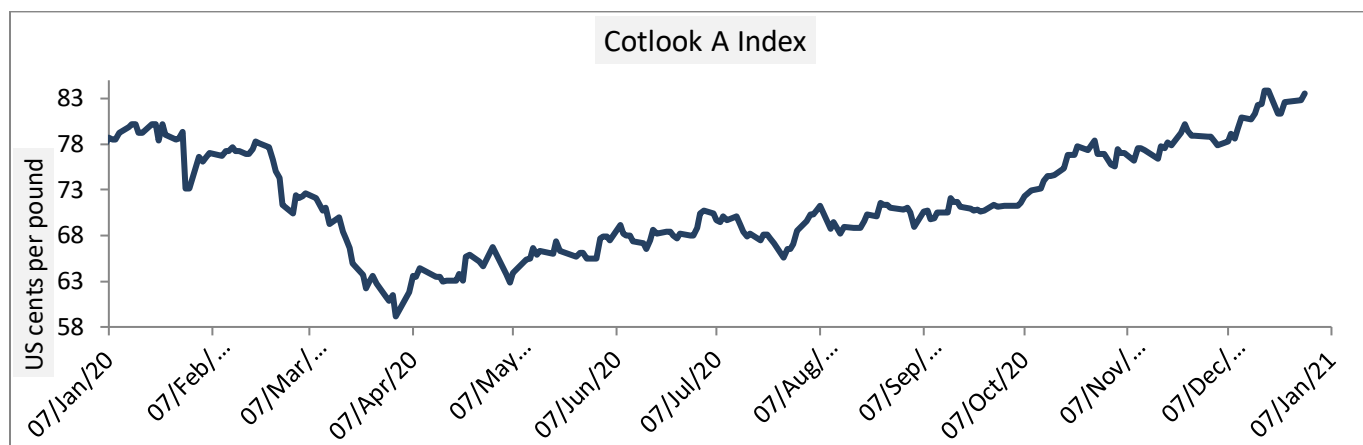
Cotlook A Index

Cotlook A index was higher in this week. The Cotlook A Index was at 82.61 cents/lb lower compared to the previous week (82.62 cents/lb).

Cotlook A Index	Weekly Average Price change as on		% Change
	07-Jan-21	31-Dec-20	
Prices	85.93	82.61	4.01

Prices in US cents per Pound

Source: Cotlook

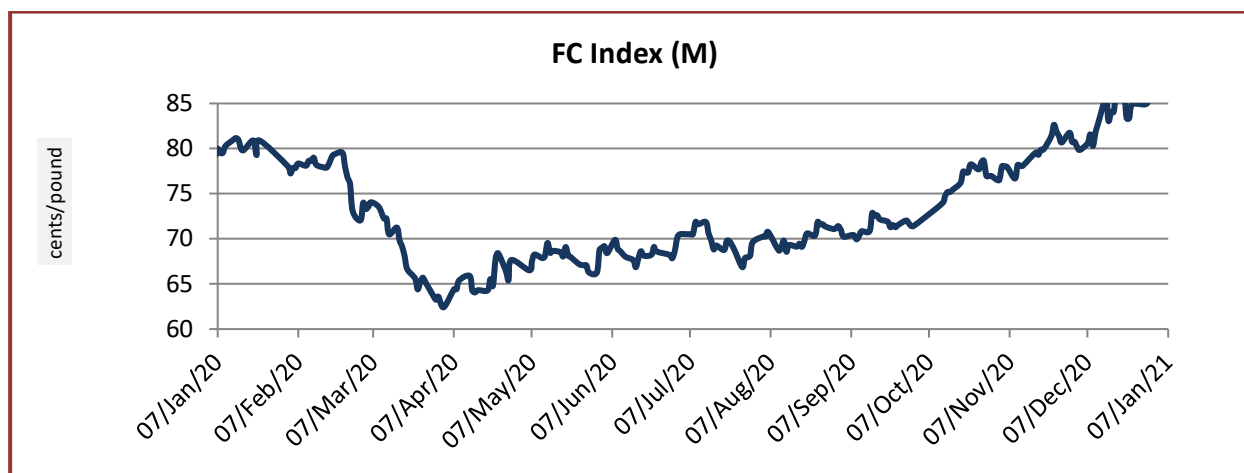


China Cotton Index and Foreign Cotton Index

Cotton Index	Weekly Average Price as on		% Change
	07-Jan-21	31-Dec-20	
FC (S)	89.80	87.66	2.44
FC (M)	87.35	85.22	2.50
FC (L)	86.16	83.93	2.65

Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	07-Jan-21	31-Dec-20	
CCIndex(328)	15250.20	14946.50	2.03
CCIndex(527)	14295.20	14005.25	2.07
CCIndex(229)	15476.60	15166.50	2.04

Prices in Yuan per ton

Source: China Cotton Association

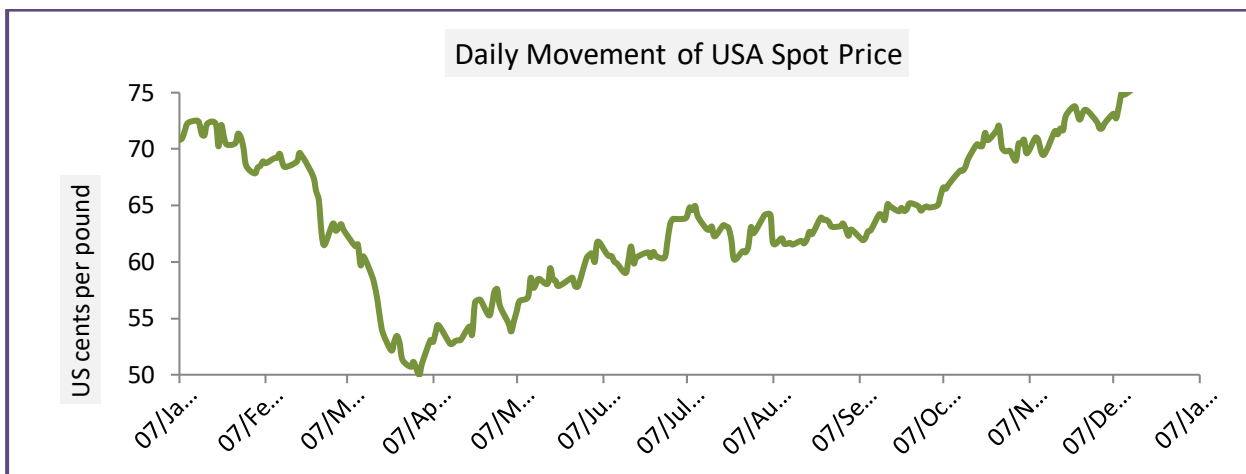


USA Spot Prices

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 Average Price as on		% Change
	07-Jan-21	31-Dec-20	
Prices	80.41	78.71	2.16
Prices in US cents per Pound			

Source: USDA

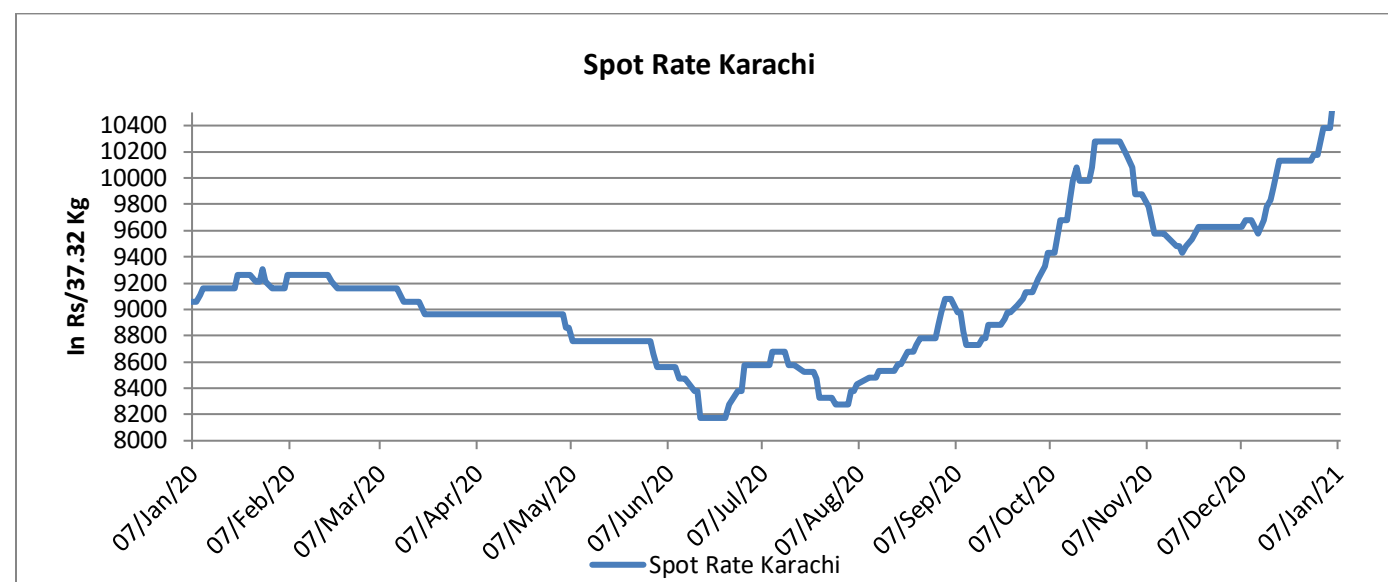


Pakistan Spot Prices

The Karachi spot pricestood around Rs. 10672/q higher than the previous week. (Rs. 10155/q)

Karachi Spot Prices	WeeklyAverage Price as on		% Change
	07-Jan-21	31-Dec-20	
Prices	10672	10155	5.09
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton

Exchange: MCX

Contract: Dec.

Expiry: Jan. 29, 2021

Cotton

COTTON 1st(MXCTNC1)2021/01/08 - Daily B:21030.00 A:21070.00
O 21110.00 H 21230.00 L 21040.00 C 21060.00 ↑ V 901 T 475,845 I 4,582 -30 -0.14%



Technical Commentary:

- The recent trend in cotton has been bullish, but the market has been quite indecisive over the last one month.
- A supporting trendline is passing through 19900, while mild resistance is seen around 21200.
- If the market tests the support at 21000, intraday long positions may be created.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Dec	20900	21000	21090	21200	21400
			Call	Entry	T1	T2	SL
Cotton	MCX	Dec	Buy	21060	21180	21140	21120

Commodity: Cotton Seed oil Cake
Contract: Dec

Exchange: NCDEX
Expiry: Feb 19th, 2021

Cottonseed Oilcake

COTTON SEED OIL 1st(NCCOUC1)2021/01/08 -- Daily B:2052.00 A:2058.00
O 2079.00 H 2105.00 L 2052.00 C 2065.00 ↑ V 22,570 I 27,310 -14 -0.67%



Technical Commentary:

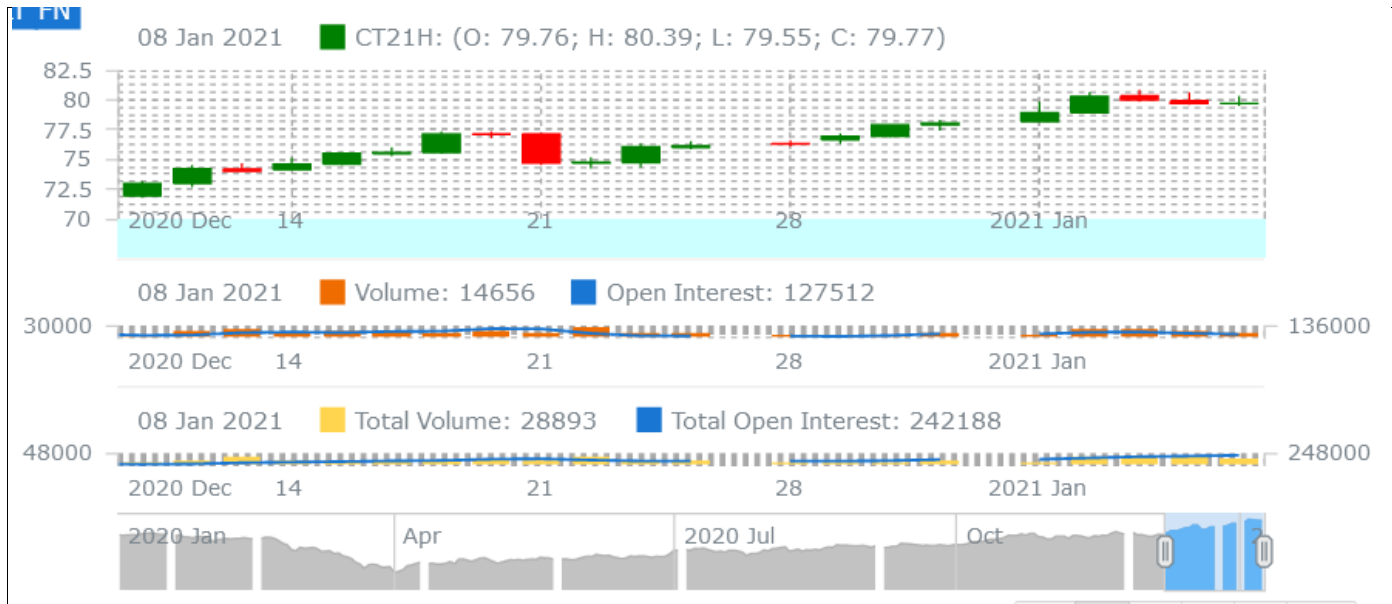
- Cottonseed oilcake on the daily chart looks uncertain even as the broader trend is bullish.
- On the intra-day chart, there exists a consolidation zone (support) at 1995 and then a trendline support at 2050. Strong resistance is seen at 2080.

Strategy: wait

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	2030	2050	2079	2080	2100
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	wait	2065	2100	2120	2090

* 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	75-80

Expected Support and Resistance

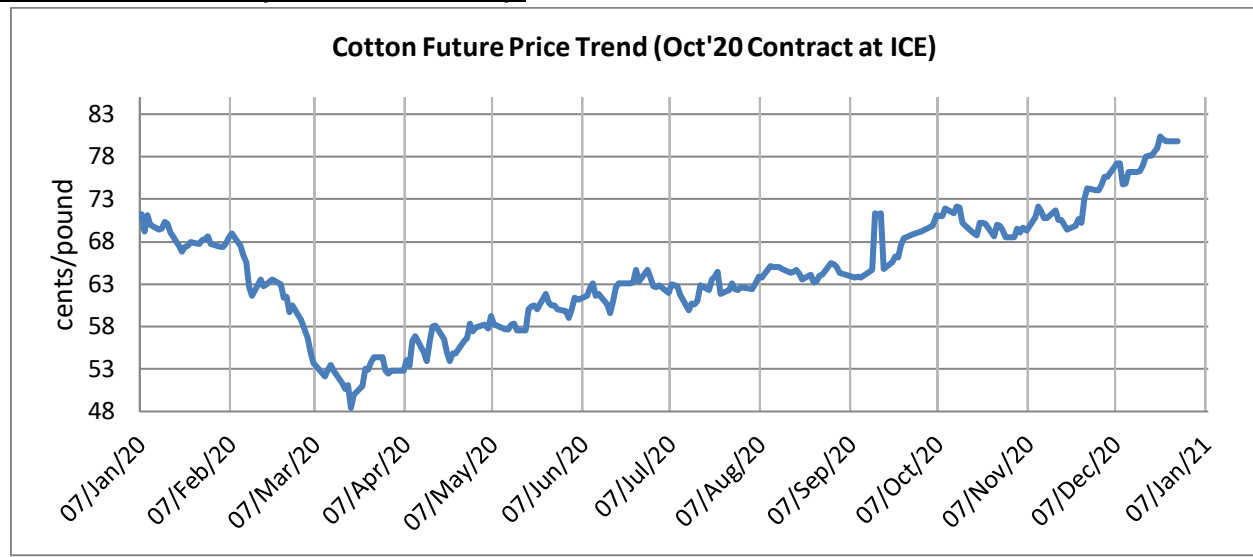
Support 1	Support 2	Resistance 1	Resistance 2
77	75	78	80

Figures in US cents/pound

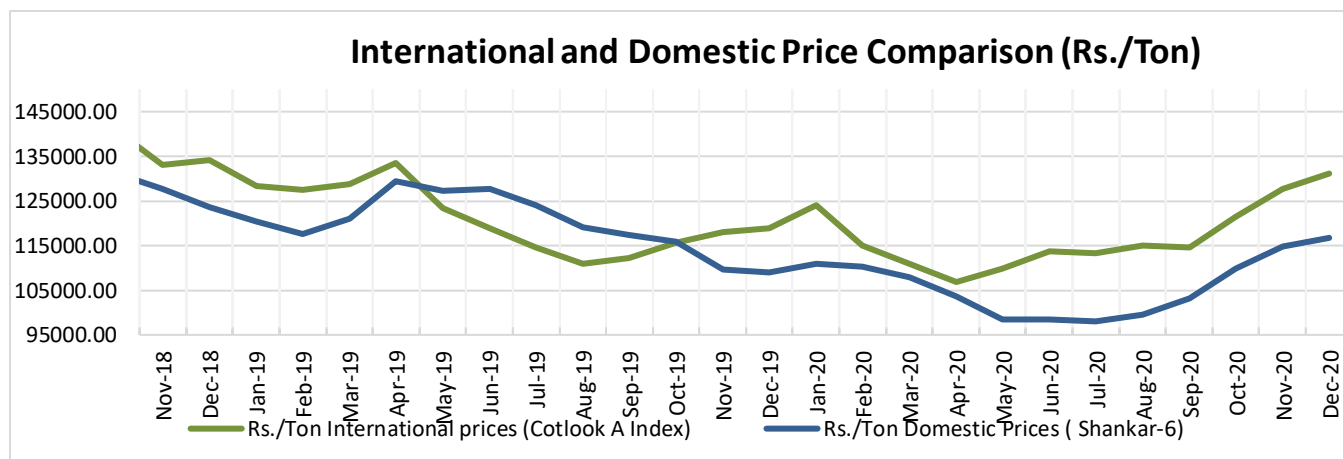
Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	07-Jan-21	07-Dec-20 (1 month ago)	09-Oct-20 (3 months ago)	11-Jul-20 (6 months ago)	07-Jan-20 (a year ago)	% Change over a month	% Change over previous year
Mar-21	79.76	79.76	69.12	64.83	72.12	10.20	10.59
May-21	80.59	80.59	69.61	65.34	71.57	10.01	12.60
Jul-21	81.25	81.25	69.61	65.77	72.29	9.77	12.39
Oct-21	78.05	78.05	67.76	64.87	69.96	7.85	11.56
Dec-21	76.19	76.35	67.53	64.87	71.10	6.60	7.16

Future Price Trend (Active Contract):



International and Domestic Price Comparison



Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
			1st Jan'21 to 07th Jan'21	25th Dec'20 to 31st Dec'20	
Gujarat	Ahmedabad	Shankar-6	5879	5750	129
	Gondal	Shankar-6	5864	5772	92
	Rajkot	B.T. Cotton	5823	5676	147
	Patan	B.T. Cotton	5008	4775	233
	Kadi	B.T. Cotton	5833	5640	193
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5847	5620	227
Haryana	Bhiwani	B.T. Cotton	5774	5590	184
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	836	1156	-320
	Fatehabad	B.T. Cotton	5775	5535	240
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5688	5662	26
Rajasthan	Hanumangarh	B.T. Cotton	5618	5450	168
	Rawatsar	B.T. Cotton	5558	5400	158
Madhya Pradesh	Khandwa	Mech-1	5620	5600	20
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5450	5270	180

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5725	5725	Unch
Karnataka	Bijapur	Bunny	5971	5887	84
	Hubli	D.C.H.	4109	5571	-1462
	Hubli	B.T. Cotton	5421	NA	-
	Raichur	H-44 Cotton	5658	5617	42
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	1st Jan'21 to 07th Jan'21	25th Dec'20 to 31th Dec'20	
Punjab	Bhatinda	J-34	4429	4332	97
	Abohar	J-34	4435	4338	97
	Mansa	J-34	4422	4323	99
Haryana	Sirsa	J-34	4428	4314	114
Rajasthan	Sri-Ganganagar	J-34	4316	4054	262

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	1st Jan'21 to 07th Jan'21	25th Dec'20 to 31th Dec'20	
Gujarat	Ahmedabad	Shankar-6	375700	302600	73100
	Gondal	Shankar-6	3554	21079	-17525
	Rajkot	B.T. Cotton	24400	22050	2350
	Patan	B.T. Cotton	88621	91353	-2732
	Kadi	B.T. Cotton	230000	220000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1463	1113	350
Haryana	Bhiwani	B.T. Cotton	12300	5300	7000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5780	5015	765
	Fatehabad	B.T. Cotton	2900	1950	950
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2400	10850	-8450
Rajasthan	Hanumangarh	B.T. Cotton	2800	5000	-2200

	Rawatsar	B.T. Cotton	2200	1900	300
Madhya Pradesh	Khandwa	Mech-1	2700	8900	-6200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	84000	66000	18000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4582447	6291818	-1709371
Karnataka	Bijapur	Bunny	26685	16696	9989
	Hubli	D.C.H.	2	NA	-
	Hubli	B.T. Cotton	172	42	130
	Raichur	H-44 Cotton	943	674	269
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	1st Jan'21 to 07th Jan'21	25th Dec'20 to 31th Dec'20	
Punjab	Bhatinda	J-34	44200	44200	Unch
	Abohar	J-34	4760	5100	-340
	Mansa	J-34	5440	4675	765
Haryana	Sirsa	J-34	1360	3230	-1870
Rajasthan	Sri-Ganganagar	J-34	10700	11000	-300

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	04-Jan-21	28-Dec-20	04-Jan-21	05-Jan-20
Gujarat	Ahmedabad	Shankar-6	5825	5700	5825	#N/A
	Gondal	Shankar-6	5880	5805	5880	5500
	Rajkot	B.T. Cotton	5845	5660	5845	5530
	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
	Rawatsar	B.T. Cotton	5525	5400	5525	Closed
Madhya Pradesh	Khandwa	Mech-1	5700	5600	5700	5491
	Khargaon	Mech-1	NA	0	NA	5427
Maharashtra	Amravati	Mech-1	5400	5200	5400	5300
	Jamner	Medium Staple	NA	0	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	NA
	Hathras	Desi	NA	0	NA	NA
Telangana	Adilabad	Un-Ginned	NA	0	NA	5400
Karnataka	Bijapur	Bunny	NA	5849	NA	5929
	Hubli	D.C.H.	5409	0	5409	NA
	Hubli	B.T. Cotton	NA	0	NA	NA
	Raichur	H-44 Cotton	5650	5600	5650	5470
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	04-Jan-21	28-Dec-20	04-Jan-21	05-Jan-20
Punjab	Bhatinda	J-34	4400	4310	4400	#N/A
	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	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	04-Jan-21	28-Dec-20	04-Jan-21	05-Jan-20
Gujarat	Ahmedabad	Shankar-6	59500	64600	59500	#N/A
	Gondal	Shankar-6	4209	4750	4209	#N/A
	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
Haryana	Bhiwani	B.T. Cotton	1000	2000	1000	1200
	Bhiwani	Desi	NA	0	NA	#N/A
	Adampur	B.T. Cotton	850	1020	850	#N/A
	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
	Hanumangarh	B.T. Cotton	1000	1000	1000	#N/A
	Rawatsar	B.T. Cotton	500	500	500	#N/A
Madhya Pradesh	Khandwa	Mech-1	700	3000	700	#N/A
	Khargaon	Mech-1	NA	0	NA	#N/A
Maharashtra	Amravati	Mech-1	22000	16000	22000	#N/A
	Jamner	Medium Staple	NA	0	NA	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	#N/A
	Hathras	Desi	NA	0	NA	#N/A
Telangana	Adilabad	Un-Ginned	NA	0	NA	#N/A
Karnataka	Bijapur	Bunny	NA	6193	NA	#N/A
	Hubli	D.C.H.	16	0	16	#N/A
	Hubli	B.T. Cotton	NA	0	NA	#N/A
	Raichur	H-44 Cotton	165	262	165	#N/A
Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	04-Jan-21	28-Dec-20	04-Jan-21	05-Jan-20
Punjab	Bhatinda	J-34	8500	10200	8500	#N/A
	Abohar	J-34	1020	1190	1020	#N/A
	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:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				1st Jan'21 to 07th Jan'21	25th Dec'20 to 31th Dec'20	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38400	38140	260
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38900	38640	260
J-34(202)	26mm	3.5 - 4.9	23	41800	40600	1200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41875	40740	1135
Shankar-6(105)	29mm	3.5 – 4.9	28	42900	42040	860
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44975	43840	1135
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45650	44760	890
DCH-32(107)	34mm	3.0 - 3.8	33	63275	61400	1875

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