

**COTTON WEEKLY RESEARCH REPORT**  
**08<sup>th</sup> Feb 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 90 lakh bales of cotton till 01<sup>st</sup> February '21. Gujarat Shankar-6 variety cotton spot prices stood weak around Rs.43,116 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 1,25,000 to 1,75,000 bales per day.
- Cotlook index stood higher(87.35cents/lbs) compared to the ICE cotton future that stood at 80.03 cents/lbs.
- Indian rupee remained stronger between 72.92 to 73.04 against USD compared to last week.

**Market Highlights:**

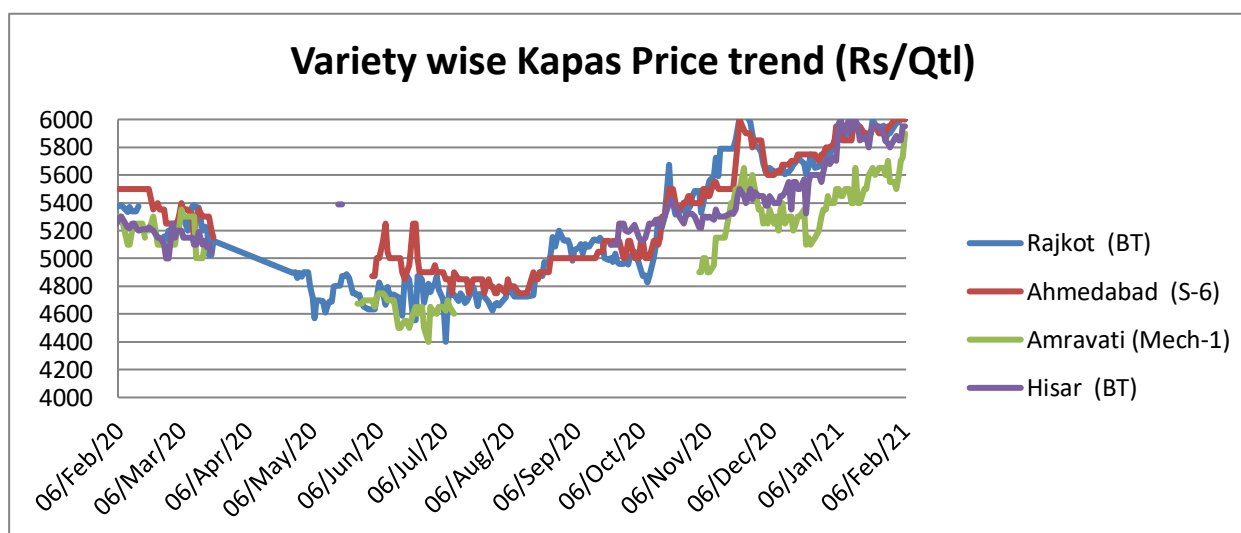
- **Around 2 crore farmers have been benefitted under MSP procurement in 2019-20.** About 2, 01, 16,575 farmers have been benefitted from the government's procurement of seven commodities at the minimum support during 2019-20, the farmers have been benefitted under various schemes by the government. 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.
- **Cotton prices increases in Guntur market.** In the open market the cotton is being sold at prices ranging between Rs. 5,600- Rs. 6,000 per quintal due to increasing demand caused by the reduced production, as a result prices are expected to increase in the market in the coming weeks. The cotton Corporation of India has fixed Rs. 5,825 per quintal for quality cotton earlier. As the demand is increasing the traders are offering better price than the CCI and are purchasing cotton from farmers.

- Cotton Corporation of India has introduced lock - in period for prices** to ensure price security for textile mills. Textile mills can buy cotton in multiples of 100 bales through e-auctions and lock-in the cotton price for 30 days without any charge, or for 60 days from the date of contract by an additional payment of Rs.250 per bale, or for 90 days by an additional payment of Rs.500 per bale.

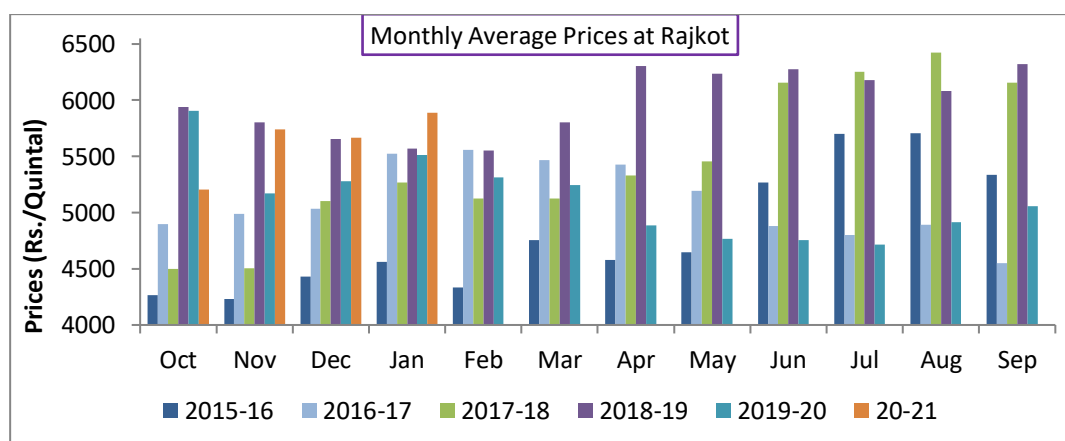
## Domestic Cotton Prices Scenario

### Kapas (Raw Cotton) Weekly Price Scenario

**Weekly Price Review:** Weekly kapas average price at Rajkot was higher at Rs. 5962/q from previous week Rs. 5939/q and Ahmedabad prices were also higher at 5983/q from previous week at Rs. 5920/q.



### Kapas Monthly M-o-M Price Scenario

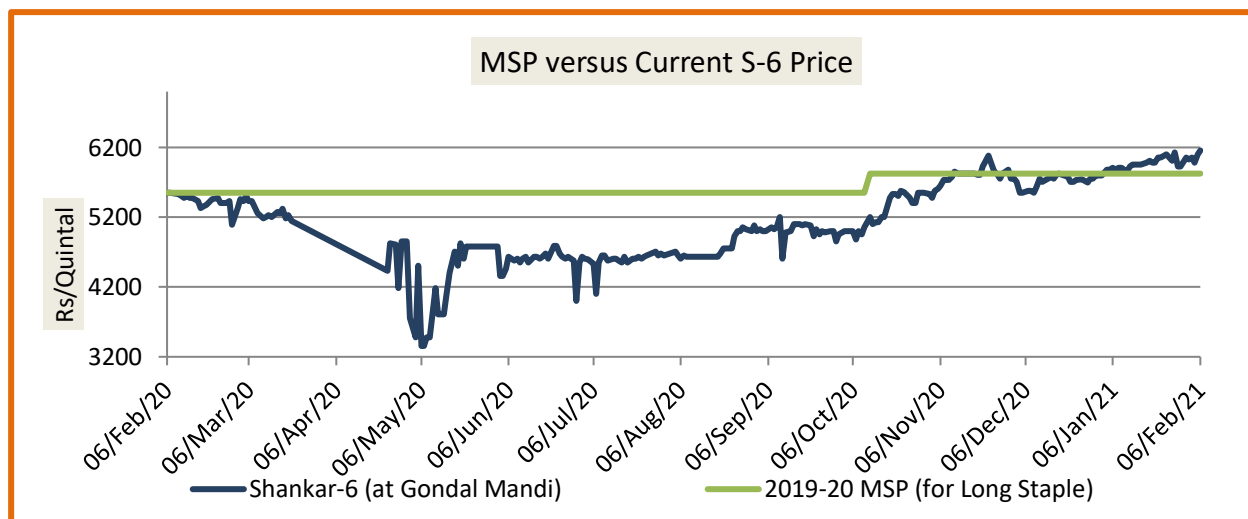


The arrivals in the month of January were lower in the market but the monthly average price were higher in January at Rs. 5887.29/q compared to the prices during the corresponding month of the previous season.

(Rs. 5514.76/q)

### Spot Price versus MSP

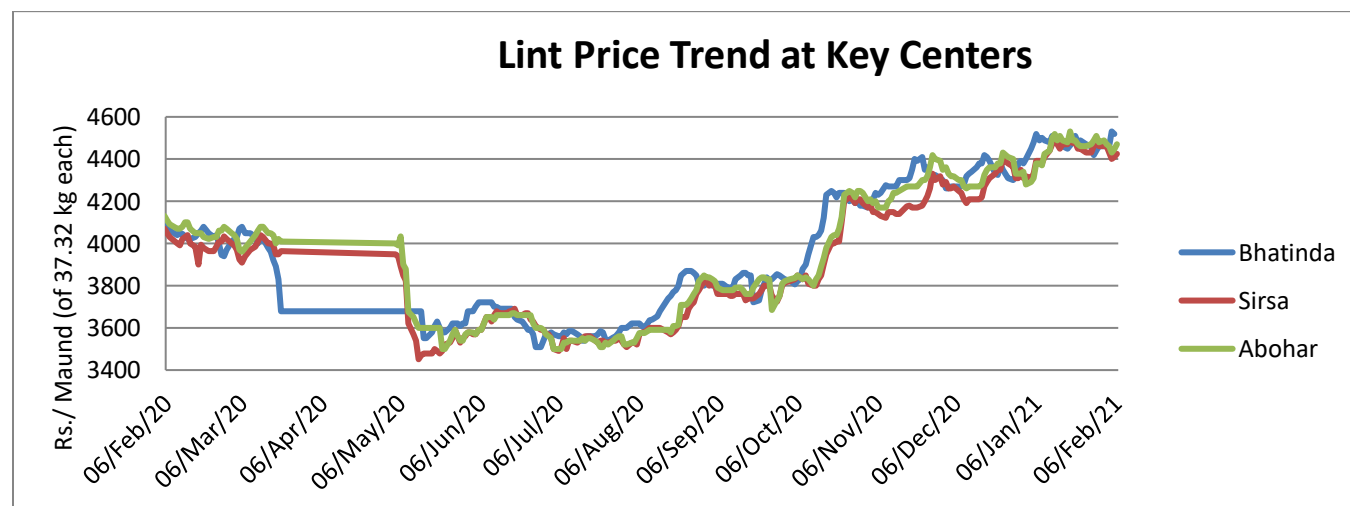
Average kapaspriceat Gondal marketstood lower atRs. 5996/q from Rs. 6070/q previous week.



Source: Agriwatch

### Lint price Outlook

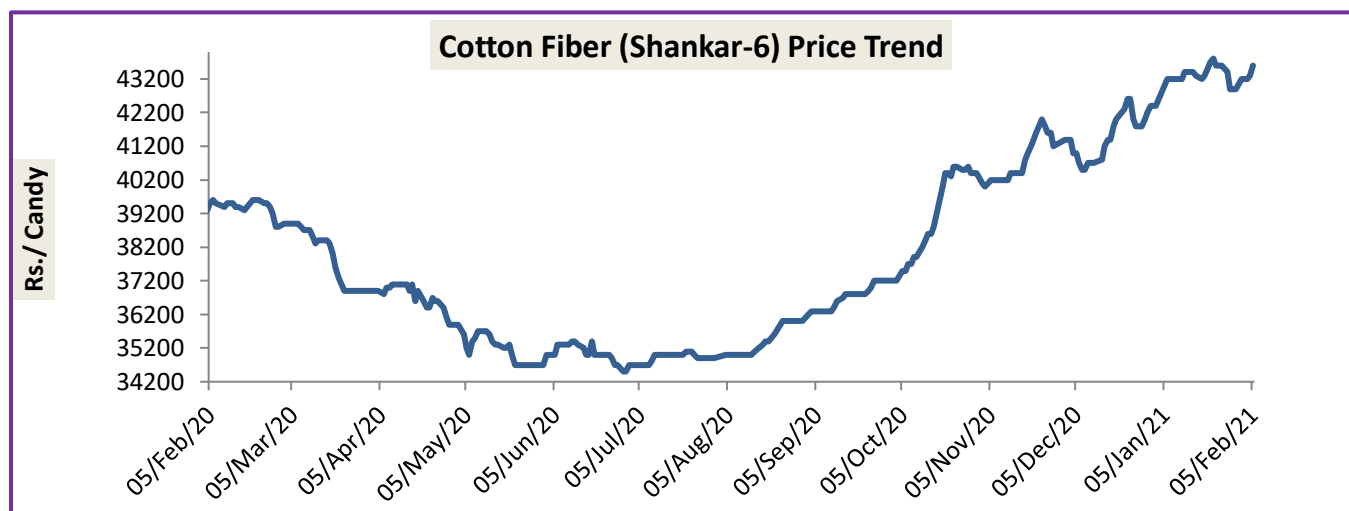
The average price stood lower atRs.4452/maund of lint in Abohar, prices were also lower in Bhatinda at Rs.4450/maundand Rs.4407/maund in Sirsa from previous week.



Source: Agriwatch

## Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) of premium quality prices was lower at Rs.43116/candy from around Rs.43460/candy last week.



Source: Cotton Association of India (CAI)

## Cotton Seed Oil and Cotton Seed Oil Cake

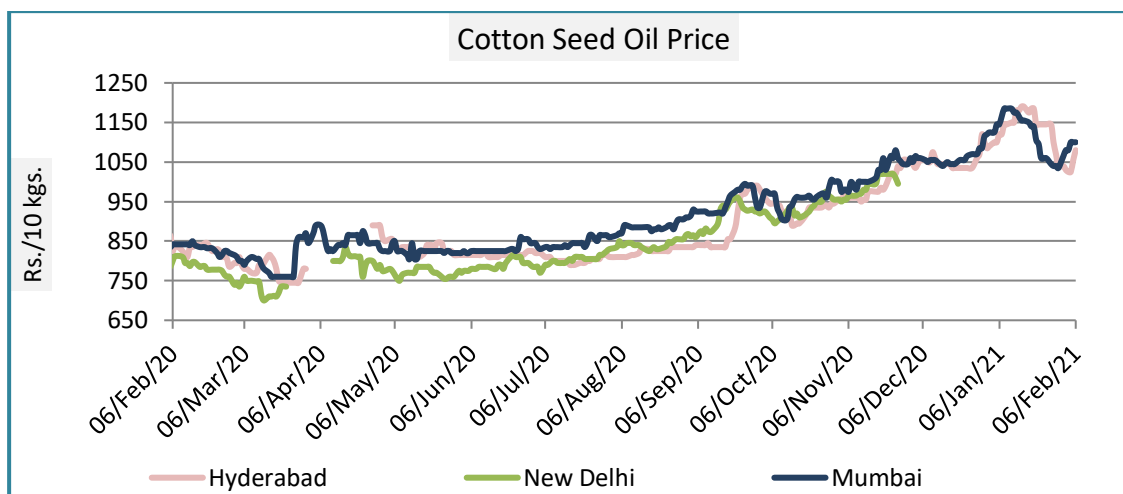
### Cotton Seed Oil weekly

#### Price Scenario

Cotton seed oil price have increased across all the centres during the week ending on 04<sup>th</sup> Feb'21. Weekly average price in Mumbai stood high at Rs.1095, in New Delhi the prices were around Rs. 1052 per 10 Kg.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	04-Feb-21	28-Jan-21	
<b>New Delhi</b>	1052	1008	4.33
<b>Rajkot</b>	1066	1014	5.11
<b>Hyderabad</b>	1100	1043	5.47
<b>Mumbai</b>	1095	1045	4.78

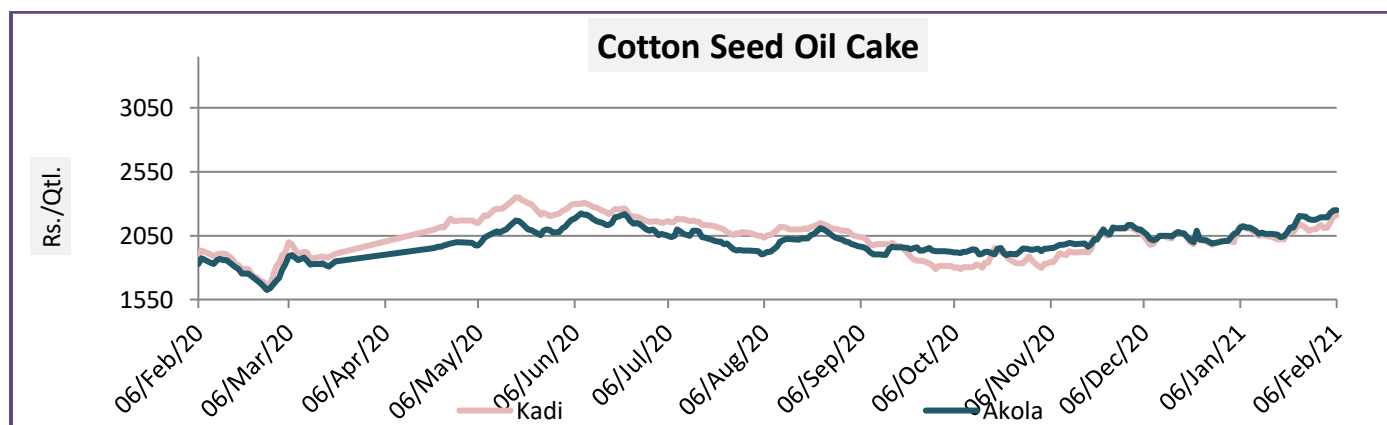
Source: Agriwatch



### Cotton Seed Oil Cake weekly Price Scenario

The demand for Cottonseed Oil Cakes has increased in the market due to which prices have been increasing. The average price in Kadi was Rs. 2117/q and for Akola was Rs. 2192/q higher from the previous week.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	04-Feb-21	28-Jan-21	
Kadi	2117	2099	0.87
Akola	2192	2161	1.44



Source: NCDEX

## International Market Scenario

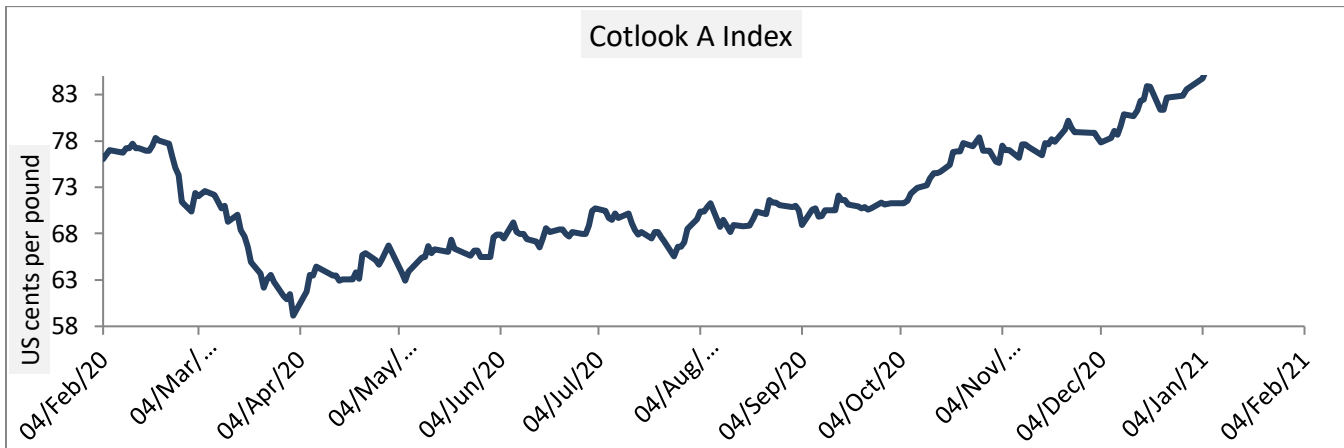
- **According to the Pakistan Cotton Association (PCGA),** Cotton production has fallen by 34.35 percent to 5.571 million bales in the current fiscal year 2020-21, lower than previous season around 8.487 million bales. Also the shortfall of 2.9 million bales had made a tough situation for textile industry, which is one of the leading export oriented sector and makes 60 percent of the total annual export earnings.
- **According to the USDA estimates, India's cotton production for MY 2020-21 is estimated at 29.3 million bales** from acreage of 13.3 million hectares. 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.
- **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.

## Cotlook A Index

Cotlook A index was lower in this week. The Cotlook A Index was at 87.20 cents/lb lower compared to the previous week (88.28 cents/lb).

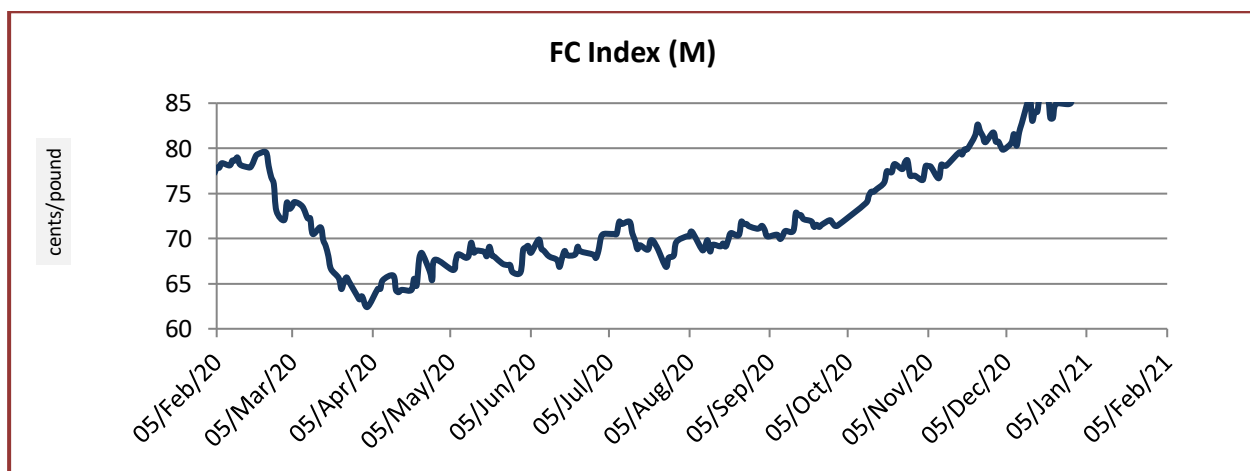
Cotlook A Index	Weekly Average Price change as on		% Change
	04-Feb-21	28-Jan-21	
Prices	87.20	88.28	-1.22
Prices in US cents per Pound			

Source: Cotlook


**China Cotton Index and Foreign Cotton Index**

Cotton Index	Weekly Average Price as on		% Change
	04-Feb-21	28-Jan-21	
FC (S)	87.45	91.91	-4.85
FC (M)	88.21	89.43	-1.36
FC (L)	87.26	88.26	-1.13
Prices in US cents per Pound			

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	04-Feb-21	28-Jan-21	
CCIndex(328)	15274.80	15305.75	-0.20
CCIndex(527)	14456.20	14471.00	-0.10
CCIndex(229)	15562.20	15575.75	-0.09

Prices in Yuan per ton

Source: China Cotton Association



## USA Spot Prices

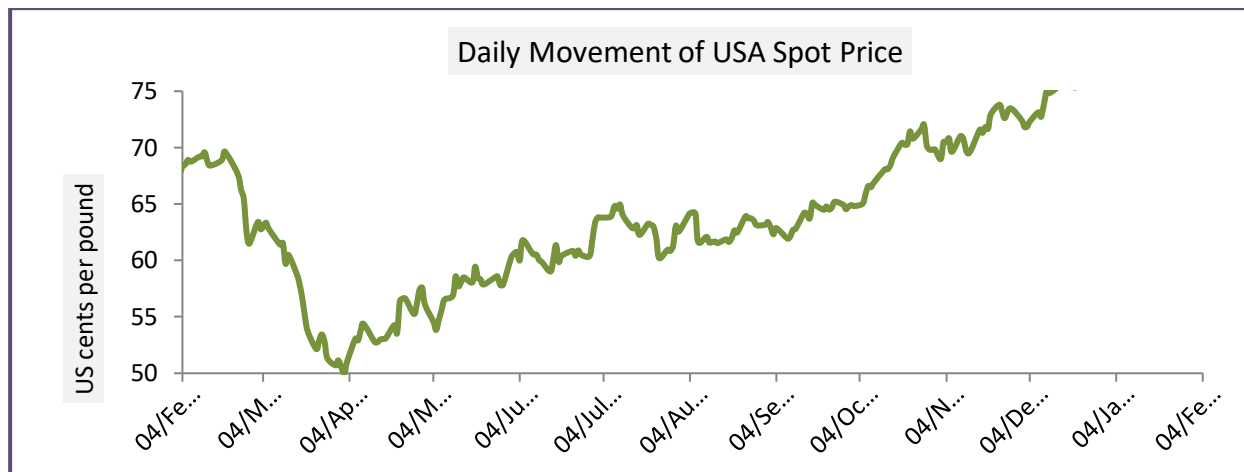
U.S.A spot prices have increased from prior week by 0.38 percent at 82.58 cents per pound.

USA Spot Prices	Monthly Average Price as on		% Change
	04-Feb-21	28-Jan-21	
Prices	82.58	82.26	0.38

Prices in US cents per Pound

Source: USDA



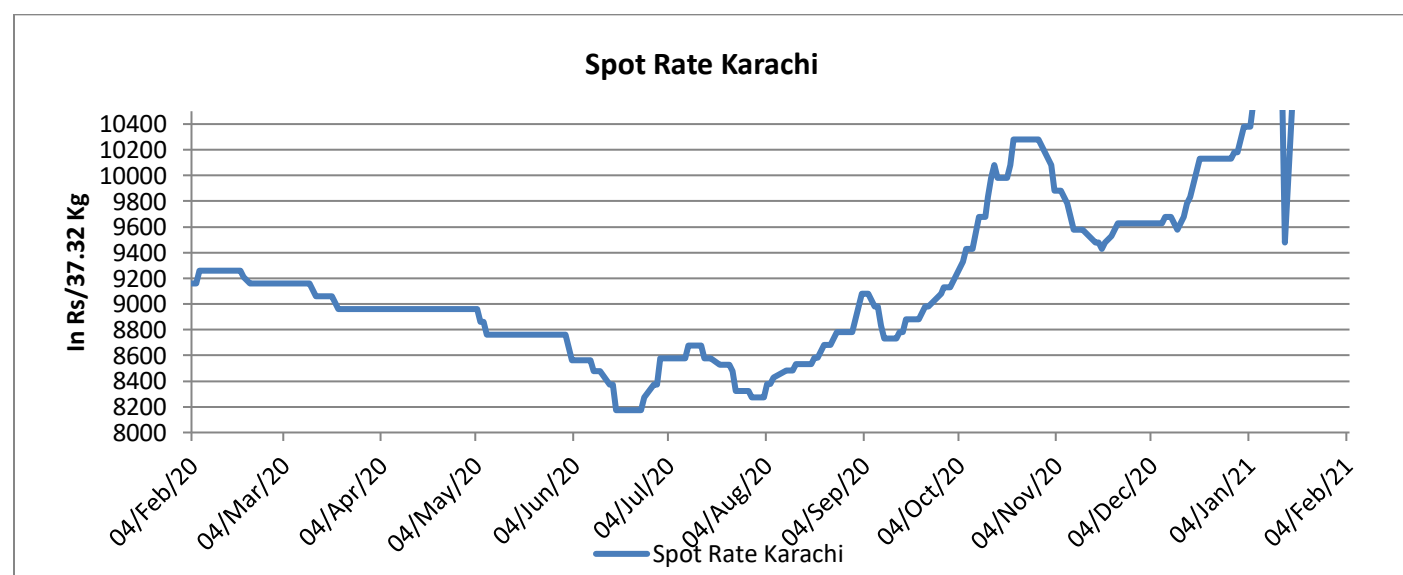


### Pakistan Spot Prices

The Karachi spot pricestood around Rs. 11116/q higher than the previous week by 1.24 percent. (Rs. 10980/q)

Karachi Spot Prices	WeeklyAverage Price as on		% Change
	04-Feb-21	28-Jan-21	
Prices	11116	10980	1.24
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton

Exchange: MCX

Contract: Dec.

Expiry: Feb. 26, 2021



### Technical Commentary:

- Therecenttrendincottonhasbeenbullish,butthemarkethasbeenquiteindecisiveoverthelastonemonth.
- Asupportingtrendlineispassingthrough20000,whilemildresistanceisseenaround21500.
- 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	MC	Dec	19500	21000	21390	21500	22000
	X						
			Call	Entry	T1	T2	SL
Cotton	MC	Dec	Buy	21500	21450	21650	21400
	X						

**Commodity: Cotton Seed oil Cake**  
**Contract: Dec**

**Exchange: NCDEX**  
**Expiry: Feb 19<sup>th</sup>, 2020**

### Cottonseed Oilcake

COTTON SEED OIL 1st(NCCOUC1)2021/02/07 - Weekly B:2283.00 A:2286.00  
 O:2285.00 H:2297.00 L:2277.00 C:2281.00 ↑ V:12,810 I:53,900 +28 +1.24%



### Technical Commentary:

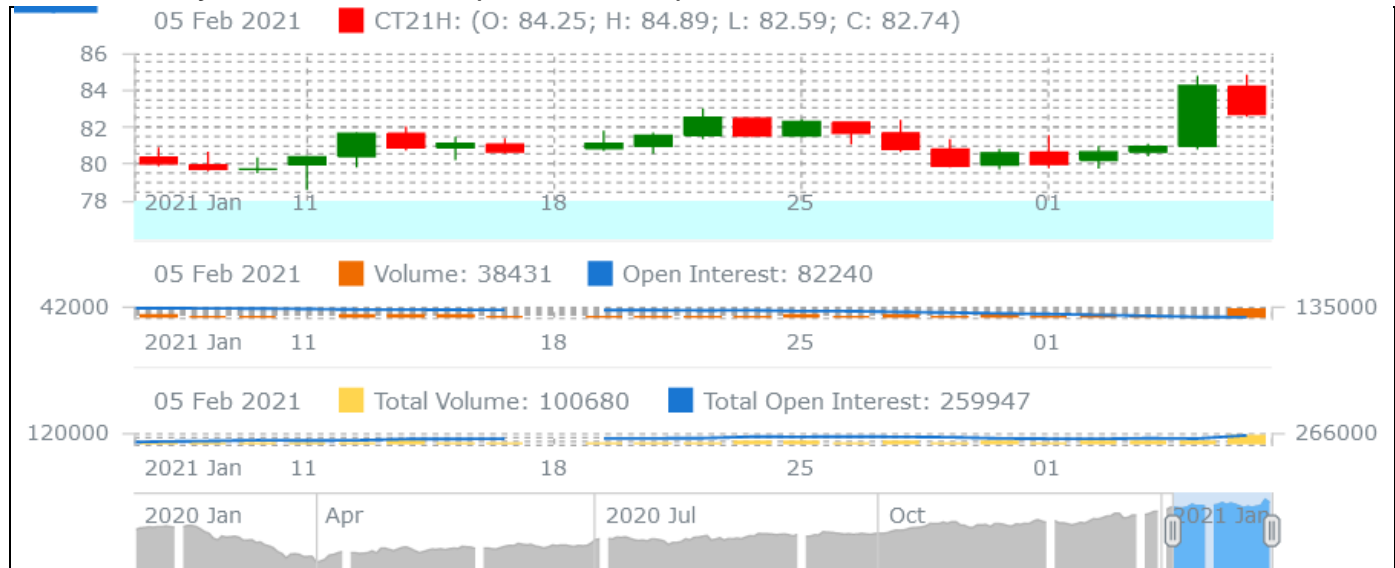
- Cottonseedoilcakeonthedailychartlooksuncertainevenasthebroadertrendisbullish.
- Ontheintra-daychart,thereexistsaconsolidationzone(support)at2000andthena trendlinesupportat 2050. Strong resistance is seen at 2090.

### Strategy: **Buy**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	1700	2000	2031	2090	2200
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	<b>Buy</b>	2085	2100	2120	2090

\* Do not carry-forward the position next day.

### Technical Analysis of Cotton Future (Mar'21Contract) at ICE



- The Mar'21 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 rangebound in the coming week.

#### Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Firm	80-84

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
80	82	84	86

Figures in US cents/pound

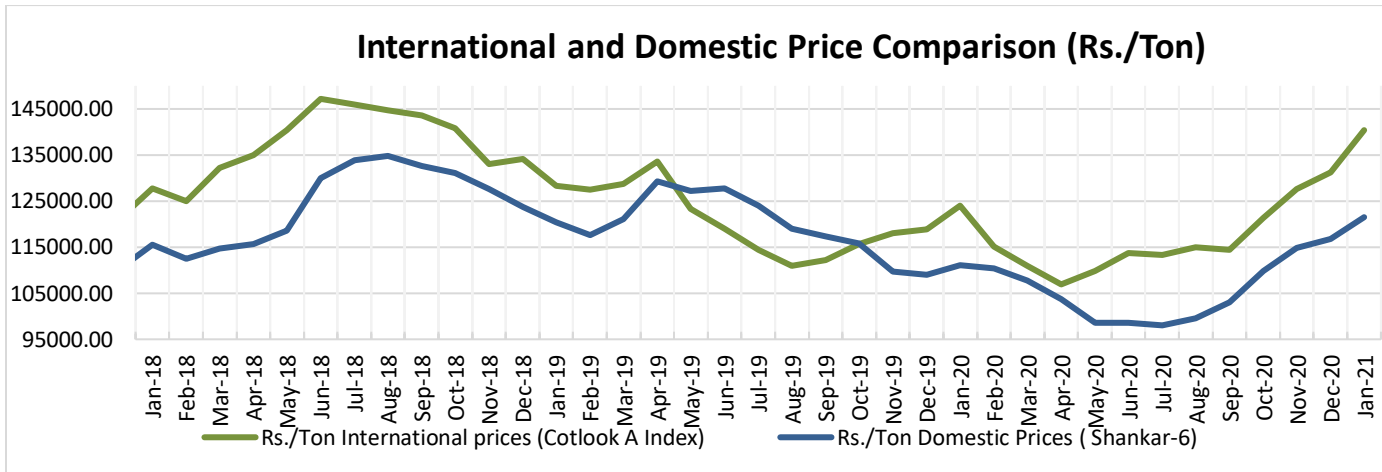
### Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contra cts	5-Feb- 21	06-Jan-21 (1 month ago)	07-Nov-20 (3 months ago)	09-A-20 (6 months ago)	5-Feb-20 (a year ago)	% Change over a month	% Change over previous year
Mar-21	82.74	80.06	70.15	63.19	69.66	3.35	18.78
May- 21	84.02	80.85	71.02	64.21	68.11	3.92	23.36
Jul-21	84.84	81.51	71.75	64.66	68.95	4.09	23.05
Oct-21	81.29	78.21	69.32	63.37	68.07	3.94	19.42
Dec-21	81.01	76.21	68.67	62.80	68.77	6.30	17.80

### Future Price Trend (Active Contract):



### International and Domestic Price Comparison



### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
			29th Jan'21 to 04th Feb'21	22nd Jan'21 to 28th Jan'21	
Gujarat	Ahmedabad	Shankar-6	5983	5920	63
	Gondal	Shankar-6	5997	6070	-73
	Rajkot	B.T. Cotton	5963	5939	24
	Patan	B.T. Cotton	6041	6023	18
	Kadi	B.T. Cotton	5933	6000	-67
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5878	5976	-98
Haryana	Bhiwani	B.T. Cotton	4408	5874	-1467
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5846	5913	-67
	Fatehabad	B.T. Cotton	5788	5744	44
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5814	5846	-32
Rajasthan	Hanumangarh	B.T. Cotton	5860	5915	-55
	Rawatsar	B.T. Cotton	5767	5800	-33
Madhya Pradesh	Khandwa	Mech-1	6000	5975	25

	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	5600	5630	<b>-30</b>
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	5698	5725	<b>-28</b>
<b>Karnataka</b>	Bijapur	Bunny	6189	6295	<b>-106</b>
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	5057	5613	<b>-556</b>
	Raichur	H-44 Cotton	5825	5713	<b>113</b>
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund of 37.32kg each)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>29th Jan'21 to 04th Feb'21</b>	<b>22nd Jan'21 to 28th Jan'21</b>	
<b>Punjab</b>	Bhatinda	J-34	4450	4482	<b>-32</b>
	Abohar	J-34	4453	4482	<b>-30</b>
	Mansa	J-34	4459	4487	<b>-28</b>
<b>Haryana</b>	Sirsa	J-34	4408	4462	<b>-55</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	4163	4245	<b>-82</b>

**Cotton Arrivals in Key Centers:**

<b>Commodity</b>	<b>Kapas</b>		<b>Weekly Sum Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>29th Jan'21 to 04th Feb'21</b>	<b>22nd Jan'21 to 28th Jan'21</b>	
<b>Gujarat</b>	Ahmedabad	Shankar-6	384200	328100	<b>56100</b>
	Gondal	Shankar-6	18764	19646	<b>-882</b>
	Rajkot	B.T. Cotton	31380	30150	<b>1230</b>
	Patan	B.T. Cotton	53375	54497	<b>-1122</b>
	Kadi	B.T. Cotton	190000	210000	<b>-20000</b>
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	2144	1811	<b>333</b>
<b>Haryana</b>	Bhiwani	B.T. Cotton	8700	6500	<b>2200</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6970	4590	<b>2380</b>
	Fatehabad	B.T. Cotton	2650	950	<b>1700</b>
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2525	2375	<b>150</b>

Rajasthan	Hanumangarh	B.T. Cotton	10000	6000	4000
	Rawatsar	B.T. Cotton	2100	2300	-200
Madhya Pradesh	Khandwa	Mech-1	1500	1150	350
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	57000	42000	15000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	3330278	4692198	-1361920
Karnataka	Bijapur	Bunny	12158	12159	-1
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	20	70	-50
	Raichur	H-44 Cotton	359	337	22
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	29th Jan'21 to 04th Feb'21	22nd Jan'21 to 28th Jan'21	
Punjab	Bhatinda	J-34	30600	22100	8500
	Abohar	J-34	5100	1870	3230
	Mansa	J-34	5950	2550	3400
Haryana	Sirsa	J-34	3230	1700	1530
Rajasthan	Sri-Ganganagar	J-34	17000	12200	4800

**Week on Week Price: Scenario of Cotton:**

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	06-Feb-21	30-Jan-21	06-Feb-21	07-Feb-20
Gujarat	Ahmedabad	Shankar-6	6000	5950	6000	5500
	Gondal	Shankar-6	6155	5930	6155	5500
	Rajkot	B.T. Cotton	6000	5900	6000	5530
	Patan	B.T. Cotton	6175	6005	6175	5515
	Kadi	B.T. Cotton	6000	5900	6000	5550
	Deesa	B.T. Cotton	NA	0	NA	NA
	Dhrol	B.T. Cotton	6005	5830	6005	NR
Haryana	Bhiwani	B.T. Cotton	Closed	5825	Closed	5600
	Bhiwani	Desi	NA	0	NA	NA



	Adampur	B.T. Cotton	5950	5800	5950	5350
	Fatehabad	B.T. Cotton	5850	5700	5850	5350
	Jind	B.T. Cotton	NA	0	NA	5700
	Uchana	B.T. Cotton	NA	0	NA	5385
	Dabwali	B.T. Cotton	5850	5800	5850	NR
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	Closed	Closed	Closed	Closed
	Rawatsar	B.T. Cotton	Closed	5725	Closed	Closed
<b>Madhya Pradesh</b>	Khandwa	Mech-1	Closed	Closed	Closed	5491
	Khargaon	Mech-1	NA	0	NA	5427
<b>Maharashtra</b>	Amravati	Mech-1	5900	5550	5900	5300
	Jamner	Medium Staple	NA	0	NA	NA
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	0	NA	NA
	Hathras	Desi	NA	0	NA	NA
<b>Telangana</b>	Adilabad	Un-Ginned	5615	5725	5615	5400
<b>Karnataka</b>	Bijapur	Bunny	NA	6161	NA	5929
	Hubli	D.C.H.	5170	5409	5170	NA
	Hubli	B.T. Cotton	NA	0	NA	NA
	Raichur	H-44 Cotton	NA	5750	NA	5470
<b>Commodity</b>	<b>Lint</b>		<b>Today</b>	<b>Week Ago</b>	<b>Month Ago</b>	<b>Year Ago</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>06-Feb-21</b>	<b>30-Jan-21</b>	<b>06-Feb-21</b>	<b>07-Feb-20</b>
<b>Punjab</b>	Bhatinda	J-34	4520	4440	4520	4080
	Abohar	J-34	4520	4445	4520	4100
	Mansa	J-34	4500	4450	4500	4080
<b>Haryana</b>	Sirsa	J-34	4450	4410	4450	4040
<b>Rajasthan</b>	Sri-Ganganagar	J-34	Closed	4174	Closed	3690

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	06-Feb-21	30-Jan-21	06-Feb-21	07-Feb-20
<b>Gujarat</b>	Ahmedabad	Shankar-6	64600	68000	64600	56100
	Gondal	Shankar-6	3286	3333	3286	#N/A
	Rajkot	B.T. Cotton	6000	4600	6000	#N/A
	Patan	B.T. Cotton	6140	10050	6140	3450
	Kadi	B.T. Cotton	50000	30000	50000	#N/A

	Deesa	B.T. Cotton	NA	0	NA	#N/A
	Dhrol	B.T. Cotton	372	442	372	#N/A
<b>Haryana</b>	Bhiwani	B.T. Cotton	Closed	1200	Closed	1200
	Bhiwani	Desi	NA	0	NA	#N/A
	Adampur	B.T. Cotton	1020	850	1020	#N/A
	Fatehabad	B.T. Cotton	300	500	300	#N/A
	Jind	B.T. Cotton	NA	0	NA	#N/A
	Uchana	B.T. Cotton	NA	0	NA	#N/A
	Dabwali	B.T. Cotton	350	500	350	#N/A
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	Closed	Closed	Closed	#N/A
	Rawatsar	B.T. Cotton	Closed	600	Closed	2000
<b>Madhya Pradesh</b>	Khandwa	Mech-1	Closed	Closed	Closed	#N/A
	Khargaon	Mech-1	NA	0	NA	#N/A
<b>Maharashtra</b>	Amravati	Mech-1	10000	10000	10000	#N/A
	Jamner	Medium Staple	NA	0	NA	#N/A
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	0	NA	#N/A
	Hathras	Desi	NA	0	NA	#N/A
<b>Telangana</b>	Adilabad	Un-Ginned	561738	821682	561738	1750
<b>Karnataka</b>	Bijapur	Bunny	NA	1552	NA	2553
	Hubli	D.C.H.	1	4	1	0
	Hubli	B.T. Cotton	NA	0	NA	0
	Raichur	H-44 Cotton	NA	60	NA	2677
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>	<b>Arrivals (Quintal)</b>	<b>Arrivals (Quintal)</b>	<b>Arrivals (Quintal)</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>06-Feb-21</b>	<b>30-Jan-21</b>	<b>06-Feb-21</b>	<b>07-Feb-20</b>
<b>Punjab</b>	Bhatinda	J-34	5100	5100	5100	6800
	Abohar	J-34	340	680	340	1020
	Mansa	J-34	680	1020	680	680
	Sirsa	J-34	340	340	340	1020
	Sri-Ganganagar	J-34	Closed	2000	Closed	1000

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				29th Jan'21 to 04th Feb'21	22nd Jan'21 to 28th Jan'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38083	38440	-357
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38583	38440	143
J-34(202)	26mm	3.5 - 4.9	23	41650	41700	-50
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41833	42160	-327
Shankar-6(105)	29mm	3.5 - 4.9	28	43117	43460	-343
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45967	46060	-93
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46500	46660	-160
DCH-32(107)	34mm	3.0 - 3.8	33	67333	67120	213

### 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.