

# COTTON WEEKLY RESEARCH REPORT 15<sup>th</sup> Feb 2021

#### Domestic market summary

**Domestic MarketScenario**:CCIProcurement 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 1,20,000 to 1,40,000 bales per day.
- Cotlook index stood higher(89.50cents/lbs) compared to the ICE cotton future that stood at 84.28 cents/lbs.
- Indian rupee remained strongerbetween 72.75 to 72.96 against USD compared to last week.

#### Market Highlights:

- 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.

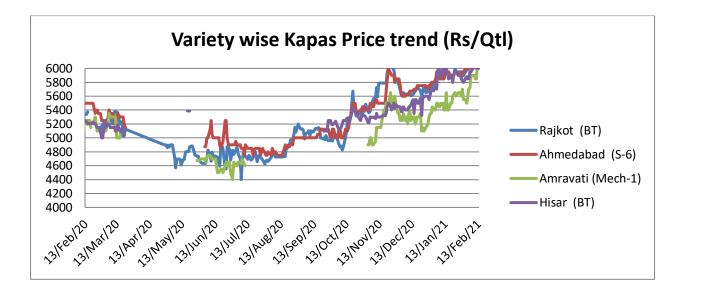
- AW AGRIWATCH
  - CAI retains 2020-21 cotton crop estimates at 360 lakh bales. According to Cotton Association of India, in its January 2021 estimate has retained its cotton crop estimate for the 2020-21 season, domestic consumption is expected to reach its normal level this year after the disruptions 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.
  - 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**

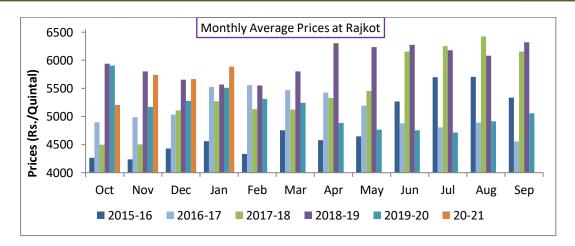
#### Kapas (Raw Cotton) Weekly Price Scenario

**Weekly Price Review:**Weeklykapas average price at Rajkotwas higheratRs. 6076/qfrom previous week Rs. 5962/q andAhmedabad prices werealso higher at Rs. 6075/q from previous week at Rs. 5983/q.

AGRIWATCH



#### 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 Janauary 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

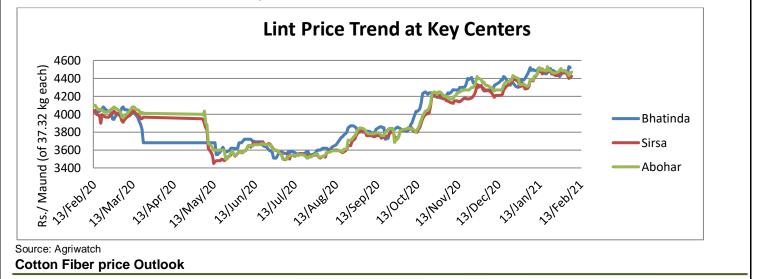
Average kapaspriceat Gondal marketstood lower at Rs. 6113/q from Rs. 5996/q previous week.





# Lint price Outlook

The average price stood higher atRs.4528/maund of lint in Abohar, prices were also higher in Bhatinda at Rs.4531/ maundand Rs.4457/maund in Sirsa from previous week.



The average cotton fiber (Shankar-6) of premium quality prices was higher atRs.43840/candy fromaround Rs.43260/ candy last week.

**AGRIWATCH** 



Source: Cotton Association of India (CAI)

# Cotton Seed Oil and Cotton Seed Oil Cake

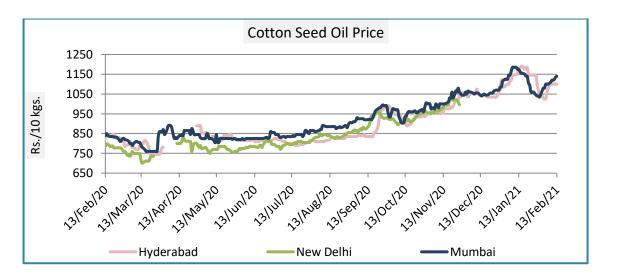
#### **Cotton Seed Oil weekly**

#### **Price Scenario**

Cotton seed oil price have increasedacross all the centresduring the weekending on11<sup>th</sup>Feb'21. Weekly average price in Mumbai stood high atRs.1130, in New Delhi the prices were aroundRs. 1076 per 10 Kg.

	Weekly Average Pri	ce as on (Rs/10 kg.)	
	11-Feb-21	04-Feb-21	% Change
New Delhi	1076	1052	2.27
Rajkot	1100	1066	3.19
Hyderabad	1138	1100	3.48
Mumbai	1130	1095	3.20

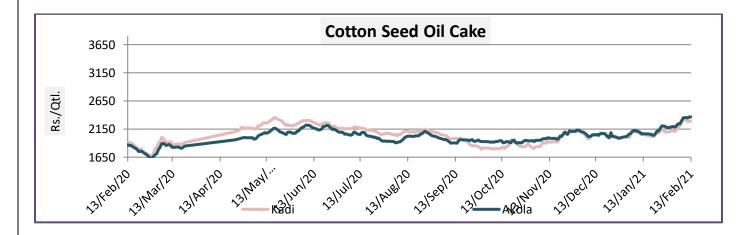
Source: Agriwatch



#### Cotton Seed Oil Cake weeklyPrice Scenario

The demand for Cottonseed Oil Cakes has increased due to which prices have been increasing. The average price in Kadi was Rs. 2273/q and forAkola was Rs. 2317/q higher from the previous week.

	Weekly Average Pric		
Centers	11-Feb-21	% Change	
	2273	2117	7.38
Kadi			
	2317	2192	5.71
Akola			



Source: NCDEX

### **International Market Scenario**

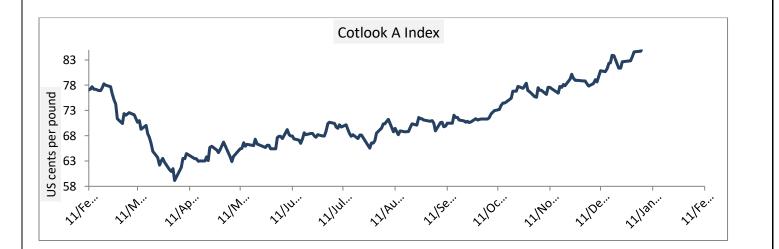
- According to the U.S. Cotton supply and demand forecast shows slightly higher exports and lower ending stocks relative to last month. The export forecast is raised 250,000 bales to 15.5 million bales based on strong pace of shipments to date. The world cotton forecast includes higher production, consumption and imports led by changes in china. World production is projected at 1.3 million bales higher this month, with china forecast raised by 1.5 million bales. India's production estimate is reduced 5000,00 bales on increasing evidence of pest infestation, while Pakistan is 200,000 bales higher and Australia 100,000 bales higher. World Consumption is projected 1.5 million bales higher this month, with china forecast 1.0 million bales higher reflecting growing textile demand and exports, while the outlook this month is lower consumption in Indonesia and Thailand. World trade is projected 350,000 bales higher than last month, with imports 500,000 bales higher for china.
- 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.

#### **Cotlook A Index**

Cotlook A indexwas higherin thisweek. The Cotlook A Index was at 90.32 cents/lb higher compared to the previous week (87.20 cents/lb).

Cotlook A Index	WeeklyAverage P	% Change					
	11-Feb-21						
Prices	90.32 87.20		3.58				
	Prices in US cents per Pound						
Source: Cotlook							

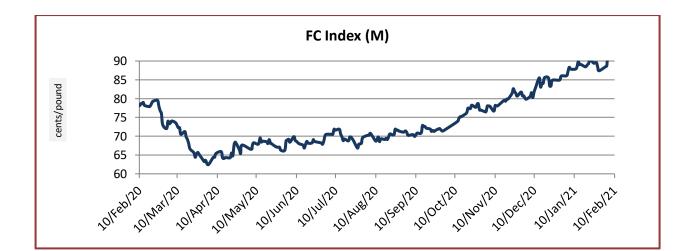




#### **China Cotton Index and Foreign Cotton Index**

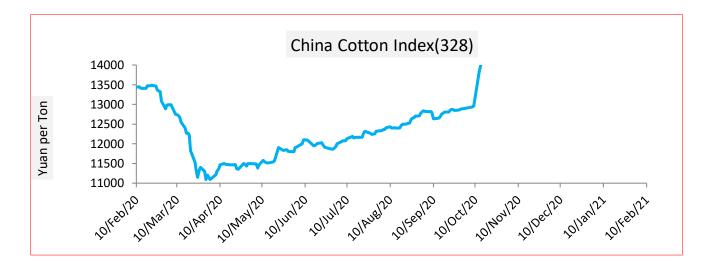
Cotton Index	Weekly Avera	ge Price as on	% Change			
	11-Feb-21	04-Feb-21				
FC (S)	95.00	87.45	8.63			
FC (M)	92.44	88.21	4.79			
FC (L)	91.88	87.26	5.30			
	Prices in US cents per Pound					

Source: China Cotton Association



Cotton Index	Weekly Avera	% Change				
	11-Feb-21					
CCIndex(328)	15567.25	15274.80	1.91			
CCIndex(527)	14680.00	14456.20	1.55			
CCIndex(229)	15829.00 15562.20		1.72			

Source: China Cotton Association



#### **USA Spot Prices**

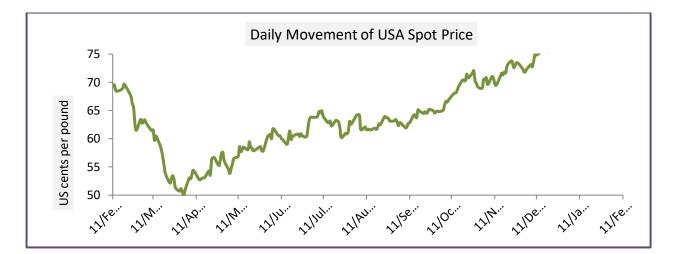
U.S.A spot prices have increased from prior week by 4.45 percent at 86.26 cents per pound.

USA Spot Prices	Monthly Avera	% Change					
	11-Feb-21						
Prices	86.26	82.58	4.45				
	Prices in US cents per Pound						

Source: USDA





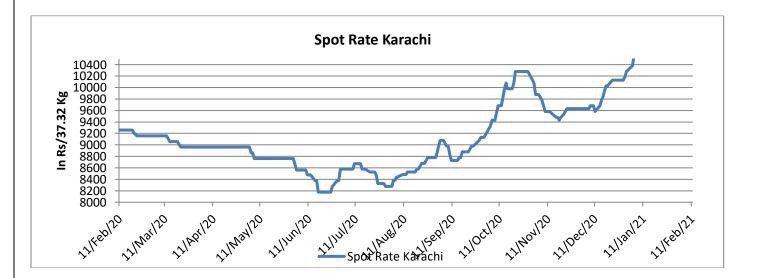


#### **Pakistan Spot Prices**

The Karachi spot pricestood around Rs. 10880/q lower than the previous week by 0.73 percent. (Rs. 10960/q)

Karachi Spot Prices	WeeklyAvera	ge Price as on	% Change			
	11-Feb-21					
Prices	10880 10960		-0.73			
	Prices in Rs per 37.32 Kg					

Source: Fibre2fashion.com



**AGRIWATCH** 

**Cotton Weekly Research Report** 



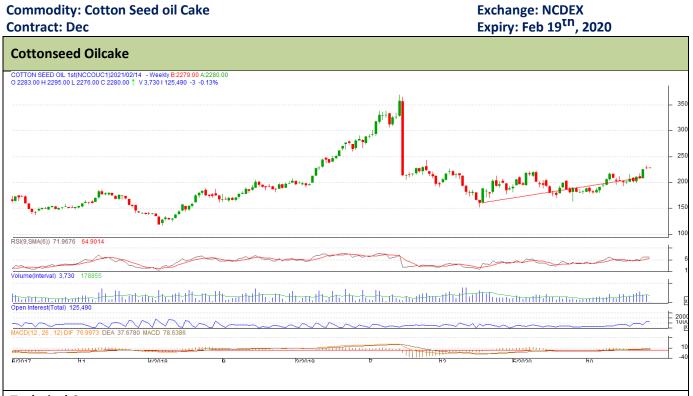
# TechnicalCommentary:

- The recenttrendincotton has been bullish, but the market has been quite indecisive over the last one month.
- Asupportingtrendlineispassingthrough17500, while mildresistance is seen around 21800.
- If the market tests the support at 21000, intraday long positions may becreated.

Strategy	Strategy: Buy								
Intraday Supports & Resistances		S2	S1	РСР	R1	R2			
Cotton	MC X	Dec	2050 0	2100 0	2140 0	2180 0	2200 0		
		Call	Entry	T1	T2	SL			
Cotton	MC X	Dec	Buy	2150 0	2160 0	2170 0	2158 0		

**Cotton Weekly Research Report** 

**AGRIWATCH** 

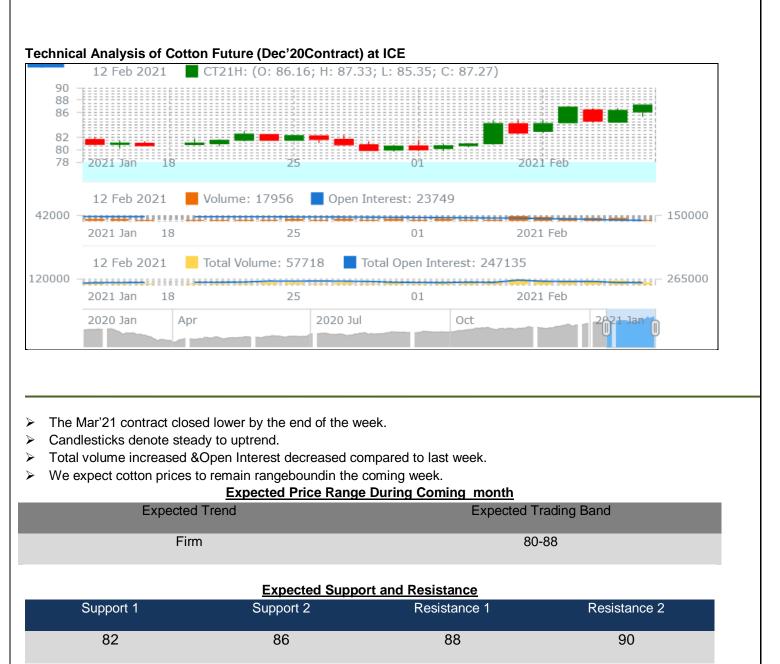


# **Technical Commentary:**

- Cottonseedoilcakeonthedailychartlooksuncertainevenasthebroadertrendisbullish.
- Ontheintra-daychart, there exists a consolidation zone (support) at 1995 and then a trendline support at 2050. Strong resistance is seen at 2100.

Strategy: Buy							
Intraday Supports & Resistances S2 S1 PCP R1 R2							
Cotton oil cake	NCDEX	Dec	2030	2050	2283	2100	2120
Intraday Trade Call			Call	Entry	T1	Т2	SL
Cotton oil cake	NCDEX	Dec	Buy	2083	2095	2110	2090

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



Figures in US cents/pound

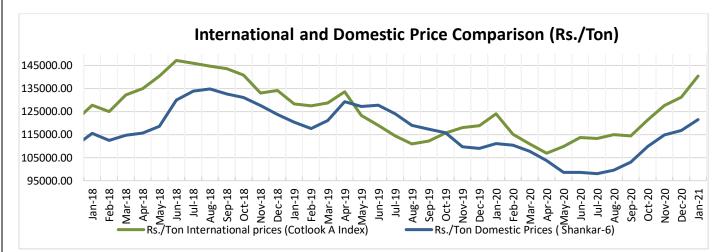


# Cotton Future Prices at ICE

	Cott	on Prices in F		Prices in cents/Lb				
		13-Jan-21	14-Nov-20	16-Aug-20	12-Feb-20	% Change over a	% Change over	
Contracts	12-Feb-21	(1 month ago)	(3 months ago)	(6 months ago)	(a year ago)	month	previous year	
Mar-21	87.27	80.92	70.40	63.76	70.51	7.85	23.77	
May-21	88.66	81.77	71.27	64.47	69.24	8.43	28.05	
Jul-21	89.41	82.53	71.96	64.99	70.07	8.34	27.60	
Oct-21	85.71	79.17	69.46	63.78	70.17	8.26	22.15	
Dec-21	83.89	76.80	68.85	62.85	69.82	9.23	20.15	

# Future Price Trend (Active Contract):

	Cotton Future Price Trend (Mar'21 Contract at ICE)						
83							
78							
cents/pound 89 23							
ଅ 58							
53							
48							



# International and Domestic Price Comparision

#### Cotton Prices at Key Spot Markets:

Commodity	K	apas		Weekly Average Prices (Rs./Quintal)		
State	Centre	Variety	05th Feb'21 to 11th Feb'21	29th Jan'21 to 04th Feb'21	Change	
	Ahmedabad	Shankar-6	6075	5983	92	
	Gondal	Shankar-6	6113	5997	116	
	Rajkot	B.T. Cotton	6077	5963	114	
Gujarat	Patan	B.T. Cotton	6273	6041	233	
	Kadi	B.T. Cotton	6117	5933	183	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	5981	5878	103	
	Bhiwani	B.T. Cotton	6024	4408	1617	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	5997	5846	151	
Haryana	Fatehabad	B.T. Cotton	5921	5788	133	
	Jind	B.T. Cotton	NA	NA	-	
	Uchana	B.T. Cotton	NA	NA	-	
	Dabwali	B.T. Cotton	5892	5814	78	
Rejecthen	Hanumangarh	B.T. Cotton	6025	5860	165	
Rajasthan	Rawatsar	B.T. Cotton	5833	5767	67	
Madhya Pradesh	Khandwa	Mech-1	6163	6000	163	



	Khargaon	Mech-1	NA	NA	-	
	Amravati	Mech-1	5855	5600	255	
Maharashtra	Jamner	Medium Staple	NA	NA	-	
	Hathras	B.T. Cotton	NA	NA	-	
Uttar Pradesh	Hathras	Desi	NA	NA	-	
Telangana	Adilabad	Un-Ginned	5615	5698	-83	
	Bijapur	Bunny	6578	6189	389	
Karnataka	Hubli	D.C.H.	NA	NA	-	
Karnataka	Hubli	B.T. Cotton	5240	5057	183	
	Raichur	H-44 Cotton	5940	5825	115	
Commodity		Lint	Prices (Rs./Ma ead	und of 37.32kg ch)	Change	
State	Centre	Variety	05th Feb'21 to 11th Feb'21	29th Jan'21 to 04th Feb'21	Change	
	Bhatinda	J-34	4543	4450	93	
Punjab	Abohar	J-34	4540	4453	88	
	Mansa	J-34	4537	4459	78	
Haryana	Sirsa	J-34	4469	4408	62	
Rajasthan	Sri-Ganganagar	J-34	4279	4163	116	

# **Cotton Arrivals in Key Centers:**

Commodity	Kap	bas	Weekly Sum Ar	rivals (Quintal)	
State	Centre	Variety	05th Feb'21 to 11th Feb'21	29th Jan'21 to 04th Feb'21	Change
	Ahmedabad	Shankar-6	370600	384200	-13600
	Gondal	Shankar-6	16843	18764	-1921
	Rajkot	B.T. Cotton	32200	31380	820
Gujarat	Patan	B.T. Cotton	39224	53375	-14151
	Kadi	B.T. Cotton	250000	190000	60000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5981	2144	3837
	Bhiwani	B.T. Cotton	5700	8700	-3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7820	6970	850
Haryana	Fatehabad	B.T. Cotton	2100	2650	-550
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	2000	2525	-525

Deiesthen	Hanumangarh	B.T. Cotton	5000	10000	-5000
Rajasthan	Rawatsar	B.T. Cotton	900	2100	-1200
Madhua Dradaah	Khandwa	Mech-1	1400	2100   2100   1500   NA   S2   3330278   12158   NA   20   359   um Artruals (Quintal)   21 to 29th Jan'21 to   0'21 30600   5100 5950	-100
Madhya Pradesh	Khargaon	Mech-1	NA	NA	-
•• • • •	Amravati	Mech-1	47000	57000	-10000
Maharashtra	Jamner	Medium Staple	NA NA	-	
Litter Dredeek	Hathras	B.T. Cotton	NA	NA	-
Uttar Pradesh	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1104052	3330278	-2226226
	Bijapur	Bunny	9199	12158	-2959
Karnataka	Hubli	D.C.H.	NA	NA	-
Naillalana	Hubli	B.T. Cotton	3	20	-17
	Raichur	H-44 Cotton	172	359	-187
Commodity	Li	nt	Weekly Sum Ar	rivals (Quintal)	
State	Centre	Variety	05th Feb'21 to 11th Feb'21		Change
	Bhatinda	J-34	30600	30600	Unch
Punjab	Abohar	J-34	3400	5100	-1700
-	Mansa	J-34	5610	5950	-340
Haryana	Sirsa	J-34	3230	3230	Unch
Rajasthan	Sri-Ganganagar	J-34	11500	17000	-5500

Week on Week Price: Scenario of Cotton:									
Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago			
State	Centre	Variety	12-Feb-21	05-Feb-21	12-Feb-21	13-Feb-20			
	Ahmedabad	Shankar-6	6100	6000	6100	5500			
	Gondal	Shankar-6	6005	6105	6005	5500			
	Rajkot	B.T. Cotton	6060	6100	6060	5530			
Gujarat	Patan	B.T. Cotton	6325	6180	6325	5515			
	Kadi	B.T. Cotton	6000	6100	6000	5550			
	Deesa	B.T. Cotton	NA	0	NA	NA			
	Dhrol	B.T. Cotton	NA	6045	NA	NR			
Honyono	Bhiwani	B.T. Cotton	6050	5950	6050	5600			
Haryana	Bhiwani	Desi	NA	0	NA	NA			

# Cotton Weekly Research Report

AW AGRIWATCH

	Adampur	B.T. Cotton	6050	5950	6050	5350
	Fatehabad	B.T. Cotton	5870	5850	5870	5350
	Jind	B.T. Cotton	NA	0	NA	5700
	Uchana	B.T. Cotton	NA	0	NA	5385
	Dabwali	B.T. Cotton	5960	5850	5960	NR
Rajasthan	Hanumangarh	B.T. Cotton	6150	6000	6150	Closed
Rajastilali	Rawatsar	B.T. Cotton	6000	5800	6000	Closed
Madhya Pradesh	Khandwa	Mech-1	6300	6000	6300	5491
Maunya Frauesh	Khargaon	Mech-1	NA	0	NA	5427
Maharashtra	Amravati	Mech-1	6050	5725	6050	5300
Wanarashtra	Jamner	Medium Staple	NA	0	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	NA
Uttar Pradesh	Hathras	Desi	NA	0	NA	NA
Telangana	Adilabad	Un-Ginned	NA	5615	NA	5400
	Bijapur	Bunny	6649	6440	6649	5929
Karnataka	Hubli	D.C.H.	NA	0	NA	NA
Nallalaka	Hubli	B.T. Cotton	NA	0	NA	NA
	Raichur	H-44 Cotton	6000	5900	6000	5470
Commodity	Li	int	Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	12-Feb-21	05-Feb-21	12-Feb-21	13-Feb-20
	Bhatinda	J-34	4540	4530	4540	4045
Punjab	Abohar	J-34	4550	4520	4550	4050
	Mansa	J-34	4535	4530	4535	4040
Haryana	Sirsa	J-34	4480	4460	4480	3995
Rajasthan	Sri-Ganganagar	J-34	Closed	4277	Closed	3690

Cotton Arrivals in Key Centers:									
Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)			
State	Centre	Variety	12-Feb-21	05-Feb-21	12-Feb-21	13-Feb-20			
	Ahmedabad	Shankar-6	59500	59500	59500	54400			
	Gondal	Shankar-6	2842	3324	2842	#N/A			
Outenat	Rajkot	B.T. Cotton	5300	5200	5300	#N/A			
Gujarat	Patan	B.T. Cotton	3972	7685	3972	3450			
	Kadi	B.T. Cotton	40000	40000	40000	#N/A			
	Deesa	B.T. Cotton	NA	0	NA	#N/A			

# Cotton Weekly Research Report



	Dhrol	B.T. Cotton	NA	145	NA	#N/A
	Bhiwani	B.T. Cotton	1000	700	1000	1200
	Bhiwani	Desi	NA	0	NA	#N/A
	Adampur	B.T. Cotton	1020	1020	1020	#N/A
Haryana	Fatehabad	B.T. Cotton	300	300	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	425	350	425	#N/A
Rejecther	Hanumangarh	B.T. Cotton	1500	2000	1500	#N/A
Rajasthan	Rawatsar	B.T. Cotton	200	200	200	1000
Madhua Dradaah	Khandwa	Mech-1	250	400	250	#N/A
Madhya Pradesh	Khargaon	Mech-1	NA	0	NA	#N/A
Maharaaktra	Amravati	Mech-1	7000	8000	7000	#N/A
Maharashtra	Jamner	Medium Staple	NA	0	NA	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	#N/A
Uttal Flauesh	Hathras	Desi	NA	0	NA	#N/A
Telangana	Adilabad	Un-Ginned	NA	542314	NA	2850
	Bijapur	Bunny	1596	1346	1596	2148
Karnataka	Hubli	D.C.H.	NA	0	NA	2
Namataka	Hubli	B.T. Cotton	NA	0	NA	0
	Raichur	H-44 Cotton	30	45	30	2355
Commodity	Li	nt	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	12-Feb-21	05-Feb-21	12-Feb-21	13-Feb-20
	Bhatinda	J-34	3400	5100	3400	6800
	Abohar	J-34	340	850	340	1020
Punjab	Mansa	J-34	680	850	680	1020
	Sirsa	J-34	340	680	340	850
	Sri-Ganganagar	J-34	Closed	3000	Closed	1500



#### **Cotton Association of India Spot Rates:**

			Ctron oth /	Weekly Ave	,		
Trade Name	Staple	Micronaire	Strength/ GPT	05th Feb'21 to 11th Feb'21	29th Jan'21 to 04th Feb'21	+/- Change	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38067	38083	-17	
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38567	38583	-17	
J-34(202)	26mm	3.5 - 4.9	23	42767	41650	1117	
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	42750	41833	917	
Shankar-6(105)	29mm	3.5 – 4.9	28	43883	43117	767	
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46550	45967	583	
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47150	46500	650	
DCH-32(107)	34mm	3.0 - 3.8	33	68150	67333	817	

#### 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.