

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, 880 /bale Wednesday. ICE cotton futures closed green on Tuesday.

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.

Weather Forecast:

Heavy rainfall/Snowfall very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit & Muzaffarabad. Thunderstorm with lightening & hail very likely accompanied with lightening & hail very likely in isolated places over Arunachal Pradesh and Assam & Meghalaya.

International Fundamentals:

The ICE cotton Futures was up by 46 points at 91.37 cents/lb. The Cotlook A index was up by 20 points at 95.60 cents/lb. The AWP for cotton is 73.13 cents/lb.

China cotton imports rise 16.8 percent in 2020. The total cotton imports by china has increased by 16.8 percent year-on-year to 2.16 million tonnes in 2020, Cotton imports have declined during the first half of the year due to the impact of covid-19 pandemic, but imports soared in the second half as production resumed and consumption recovered. In the six months of 2020, China's cotton imports decreased by 23.7 percent year-on-year to 900,000 tonnes. However, cotton imports surged 88.1 percent to 1.26 million tonnes during July-December 2020.

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	+70	21700	21720	21630	21560	2966	2017
MXCTNH1	+80	22030	22060	21970	21890	3945	9063

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Feb-21	23-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6500	6500	Unch
	Gondal	Shankar-6	6380	6405	-25
	Rajkot	B.T. Cotton	6310	6315	-5
	Patan	B.T. Cotton	NR	6505	-
	Kadi	B.T. Cotton	6500	6300	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6210	6045	165
Haryana	Bhiwani	B.T. Cotton	6100	6100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6040	-40
	Fatehabad	B.T. Cotton	6000	6000	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5950	6000	-50
Rajasthan	Hanumangarh	B.T. Cotton	6170	6200	-30
	Rawatsar	B.T. Cotton	6175	6175	Unch
Madhya Pradesh	Khandwa	Mech-1	6300	6300	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5900	6025	-125
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6723	6681	42
	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	24-Feb-21	23-Feb-21	

Punjab	Bhatinda	J-34	4640	4650	-10
	Abohar	J-34	4630	4660	-30
	Mansa	J-34	4640	4660	-20
Haryana	Sirsa	J-34	4550	4550	Unch
Rajasthan	Sri-Ganganagar	J-34	4305	4305	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Feb-21	23-Feb-21	
Gujarat	Ahmedabad	Shankar-6	44200	44200	Unch
	Gondal	Shankar-6	2131	2133	-2
	Rajkot	B.T. Cotton	4200	3600	600
	Patan	B.T. Cotton	NR	2425	-
	Kadi	B.T. Cotton	30000	40000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	211	256	-45
Haryana	Bhiwani	B.T. Cotton	800	800	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1530	1360	170
	Fatehabad	B.T. Cotton	250	400	-150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	250	300	-50
Rajasthan	Hanumangarh	B.T. Cotton	600	500	100
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	200	300	-100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	10000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2299	1402	897
	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	24-Feb-21	23-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	680	340	340
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	24-Feb-21	23-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1145	1140	5
Delhi	New Delhi	Rs. /10 Kg.	1155	1130	25
Telangana	Hyderabad	Rs. /10 Kg.	1150	1200	-50
Maharashtra	Mumbai	Rs. /10 Kg.	1200	1185	15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Feb-21	23-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2271	2291	-20
Maharashtra	Akola	Rs./Qtl	2348	2382	-34

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	24-Feb-21	23-Feb-21	Change
CCIndex(328)	RMB/Ton	16432	16273	159
CCIndex(527)	RMB/Ton	15466	15357	109
CCIndex(229)	RMB/Ton	16699	16517	182

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	24-Feb-21	23-Feb-21	Change
-------	------	-----------	-----------	--------



FC Index (S)	Cents/lb	102.46	102.02	0.44
FC Index (M)	Cents/lb	98.53	99.31	-0.78
FC Index (L)	Cents/lb	98.4	98.65	-0.25

Cotlook Index:

Cotlook Indices	Unit	22-Feb-21	19-Feb-21	Change
A-Index	Cents/Pound	95.6	95.4	0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Feb-21	19-Feb-21	Bales
Southeast	cents/lb.	90.66	90.98	12
North Delta	cents/lb.	89.66	89.98	0
South Delta	cents/lb.	89.66	89.98	0
East TX-OK	cents/lb.	86.66	87.48	1348
West Texas	cents/lb.	86.66	87.48	2987
Desert SW	cents/lb.	84.41	86.23	0
SJ Valley	cents/lb.	84.91	91.88	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 20-Feb-2021

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	11280
Equivalent	40 Kgs	10074	193	12089

Daily Futures Price Listing Tuesday February 23rd, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210223	91.38	91.48	90.50	91.37	+0.46	2,668	190	-1,806
May-21	210223	92.40	93.21	91.44	92.67	+0.26	13,731	121,377	+1,212
Jul-21	210223	93.09	93.88	92.12	93.33	+0.25	5,753	57,303	-842
Oct-21	210223	88.40	88.40	88.40	88.40	+0.03	1	19	+1
Dec-21	210223	86.50	87.05	85.85	85.85	+0.16	4,184	53,639	+814
Mar-22	210223	85.46	85.85	84.75	85.26	-0.17	270	6,504	+106
Total Volume and Open Interest							26,806	245,589	-479

Source: MRCI

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.