

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, 950 /bale Friday.ICE cotton futures closed green on Thursday.

News: Cotton Corporation of India has granted a subsidy of Rs. 300 per candy to cooperative spinning mills in Maharashtra. The Corporation has also waived off the security deposit of 2 lakh that the mills have to pay before participating in the e-auction process of the cotton. The mills however are demanding a subsidy of Rs. 2,500 per candy.

Procurement operations of seed cotton under minimum support price are going smooth in almost all the states across India. Around 91,68,064 cotton bales has been procured by CCI valuing about Rs. 26,705.19 crore by benefitting around 18,95,966 farmers.

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.

Weather Forecast:

Thunderstorm with lightening & hail very likely accompanied with lightening & hail very likely in isolated places over Jammu & Kashmir, Ladakh, Gilgit & Muzaffarabad, Himachal Pradesh and Uttarakhand and with lightening Arunachal Pradesh.

International Fundamentals:

The ICE cotton Futures was up by 409 points at 88.24 cents/lb. The Cotlook A index was up by 24 points at 97.6 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 | +390 | 21850 | 22120 | 21840 | 21700 | 181 | 336 |
| MXCTNH1 | +180 | 22150 | 22450 | 22120 | 22040 | 2477 | 9428 |

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|-------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 26-Feb-21 | 25-Feb-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 6500 | 6500 | Unch |
| | Gondal | Shankar-6 | 6230 | 6255 | -25 |
| | Rajkot | B.T. Cotton | 6340 | 6325 | 15 |
| | Patan | B.T. Cotton | NR | 6410 | - |
| | Kadi | B.T. Cotton | 6300 | 6500 | -200 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 6015 | 6030 | -15 |
| Haryana | Bhiwani | B.T. Cotton | 6100 | 6100 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 6000 | 6050 | -50 |
| | Fatehabad | B.T. Cotton | 5925 | 6000 | -75 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 6000 | 6000 | Unch |
| Rajasthan | Hanumangarh | B.T. Cotton | 6300 | 6275 | 25 |
| | Rawatsar | B.T. Cotton | 6225 | 6225 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | 6300 | 6300 | Unch |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 5850 | 6000 | -150 |
| | 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 | NA | 6781 | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 6000 | 6000 | Unch |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 26-Feb-21 | 25-Feb-21 | |

| | | | | | |
|-----------|----------------|------|--------|------|-----|
| Punjab | Bhatinda | J-34 | 4590 | 4670 | -80 |
| | Abohar | J-34 | 4590 | 4680 | -90 |
| | Mansa | J-34 | 4600 | 4690 | -90 |
| Haryana | Sirsa | J-34 | 4500 | 4550 | -50 |
| Rajasthan | Sri-Ganganagar | J-34 | Closed | 4334 | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 26-Feb-21 | 25-Feb-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 51000 | 47600 | 3400 |
| | Gondal | Shankar-6 | 2022 | 1645 | 377 |
| | Rajkot | B.T. Cotton | 3700 | 3400 | 300 |
| | Patan | B.T. Cotton | NR | 2280 | - |
| | Kadi | B.T. Cotton | 50000 | 30000 | 20000 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 230 | 178 | 52 |
| Haryana | Bhiwani | B.T. Cotton | 800 | 800 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 1360 | 1020 | 340 |
| | Fatehabad | B.T. Cotton | 250 | 300 | -50 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | 400 | 300 | 100 |
| Rajasthan | Hanumangarh | B.T. Cotton | 500 | 700 | -200 |
| | Rawatsar | B.T. Cotton | 200 | 200 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | 250 | 250 | Unch |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 10000 | 12000 | -2000 |
| | 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 | NA | 1842 | - |
| | Hubli | D.C.H. | NA | NA | - |

| | Hubli | B.T. Cotton | NA | NA | - |
|-----------|----------------|-------------|--------------------|-----------|--------|
| | Raichur | H-44 Cotton | 22 | 15 | 7 |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 26-Feb-21 | 25-Feb-21 | |
| Punjab | Bhatinda | J-34 | 5100 | 5100 | Unch |
| | Abohar | J-34 | 680 | 850 | -170 |
| | Mansa | J-34 | 680 | 680 | Unch |
| Haryana | Sirsa | J-34 | 510 | 510 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | Closed | 2000 | - |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 26-Feb-21 | 25-Feb-21 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1170 | 1165 | 5 |
| Delhi | New Delhi | Rs. /10 Kg. | 1170 | 1170 | Unch |
| Telangana | Hyderabad | Rs. /10 Kg. | 1230 | 1220 | 10 |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1215 | 1210 | 5 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 26-Feb-21 | 25-Feb-21 | |
| Gujarat | Mahešana (Kadi) | Rs./Qtl | 2266 | 2272 | -6 |
| Maharashtra | Akola | Rs./Qtl | 2354 | 2351 | 3 |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index | Unit | 26-Feb-21 | 25-Feb-21 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 16558 | 16558 | Unch |
| CCIndex(527) | RMB/Ton | 15568 | 15566 | 2 |
| CCIndex(229) | RMB/Ton | 16831 | 16699 | 132 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 26-Feb-21 | 25-Feb-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 99.81 | 103.46 | -3.65 |

| | | | | |
|--------------|----------|-------|-------|-------|
| FC Index (M) | Cents/lb | 96.03 | 99.64 | -3.61 |
| FC Index (L) | Cents/lb | 95.4 | 99.4 | -4.00 |

Cotlook Index:

| Cotlook Indices | Unit | 24-Feb-21 | 23-Feb-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 97.6 | 97.35 | 0.25 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 24-Feb-21 | 22-Feb-21 | Bales |
| Southeast | cents/lb. | 91.94 | 92.91 | 548 |
| North Delta | cents/lb. | 90.94 | 91.91 | 0 |
| South Delta | cents/lb. | 90.94 | 91.91 | 0 |
| East TX-OK | cents/lb. | 87.94 | 89.41 | 1050 |
| West Texas | cents/lb. | 87.94 | 89.41 | 2007 |
| Desert SW | cents/lb. | 85.69 | 88.16 | 0 |
| SJ Valley | cents/lb. | 86.19 | 93.81 | 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 25-Feb-2021

(in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|----------|--------------|------------------|-------------------|
| Cotton | 37.32Kgs | 9400 | 180 | 12180 |
| Equivalent | 40 Kgs | 10074 | 193 | 13053 |

Daily Futures Price Listing Thursday February 25th, 2021

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Mar-21 | 210225 | 91.89 | 92.95 | 88.24 | 88.24 | -4.09 | 21 | 25 | -27 |
| May-21 | 210225 | 93.91 | 95.60 | 89.69 | 89.69 | -4.00 | 13,322 | 121,856 | -524 |
| Jul-21 | 210225 | 94.59 | 96.22 | 90.33 | 90.37 | -3.96 | 8,960 | 58,701 | +1,080 |
| Oct-21 | 210225 | 89.29 | 90.25 | 86.18 | 86.18 | -3.11 | 0 | 19 | +0 |
| Dec-21 | 210225 | 87.82 | 89.28 | 84.25 | 84.78 | -2.88 | 6,784 | 55,639 | +686 |
| Mar-22 | 210225 | 86.40 | 87.45 | 83.47 | 83.83 | -2.11 | 504 | 6,609 | +124 |
| Total Volume and Open Interest | | | | | | | 30,074 | 249,805 | +1,596 |

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.