

**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, 890 /bale Saturday.ICE cotton futures closed Red on Friday.*

**News: Private players buy cotton above MSP in Punjab.** Private players in Punjab are paying Rs. 6,240 per quintal to farmers which are Rs. 515 above the minimum support price; as a result CCI has steps aside in Punjab. According to the Punjab State Agriculture Marketing Board, 35.55 lakh quintal crops was sold in various places of the states till February 18, the CCI has purchased a record of 23.99 lakh quintal on MSP in 2020-21. Private players mean while have brought more than 12 lakh quintals and most of the purchase was at higher than MSP of Rs. 5,725 per quintal fixed for long staple.

**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 6<sup>th</sup> 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 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.

**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 very likely in isolated places over Arunachal Pradesh.

### International Fundamentals:

The ICE cotton Futures was down by 42 points at 87.81 cents/lb. The Cotlook A index was up by 25 points at 98.5 cents/lb. The AWP for cotton is 75.76 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	27-Feb-21	26-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6400	6500	-100
	Gondal	Shankar-6	6305	6230	75
	Rajkot	B.T. Cotton	6325	6340	-15
	Patan	B.T. Cotton	6475	6380	95
	Kadi	B.T. Cotton	6500	6300	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5910	6015	-105
Haryana	Bhiwani	B.T. Cotton	6100	6100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6050	6000	50
	Fatehabad	B.T. Cotton	5975	5925	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	6050	6000	50
Rajasthan	Hanumangarh	B.T. Cotton	6150	6300	-150
	Rawatsar	B.T. Cotton	6180	6225	-45
Madhya Pradesh	Khandwa	Mech-1	Closed	6300	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5900	5850	50
	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	6689	-
	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	27-Feb-21	26-Feb-21	

Punjab	Bhatinda	J-34	4600	4590	10
	Abohar	J-34	4610	4590	20
	Mansa	J-34	4610	4600	10
Haryana	Sirsa	J-34	4540	4500	40
Rajasthan	Sri-Ganganagar	J-34	4324	Closed	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Feb-21	26-Feb-21	
Gujarat	Ahmedabad	Shankar-6	47600	51000	-3400
	Gondal	Shankar-6	2271	2022	249
	Rajkot	B.T. Cotton	3600	3700	-100
	Patan	B.T. Cotton	1961	1730	231
	Kadi	B.T. Cotton	20000	50000	-30000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	152	230	-78
Haryana	Bhiwani	B.T. Cotton	800	800	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1360	-340
	Fatehabad	B.T. Cotton	200	250	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	250	400	-150
Rajasthan	Hanumangarh	B.T. Cotton	600	500	100
	Rawatsar	B.T. Cotton	500	200	300
Madhya Pradesh	Khandwa	Mech-1	Closed	250	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7000	10000	-3000
	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	1589	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	22	-7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Feb-21	26-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	680	-170
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	27-Feb-21	26-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1170	1170	Unch
Delhi	New Delhi	Rs. /10 Kg.	1170	1170	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1230	1230	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1220	1215	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Feb-21	26-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2260	2266	-6
Maharashtra	Akola	Rs./Qtl	2358	2354	4

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	25-Feb-21	24-Feb-21	Change
A-Index	Cents/Pound	98.5	97.6	0.90

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Feb-21	23-Feb-21	Bales
Southeast	cents/lb.	87.94	93.17	0
North Delta	cents/lb.	86.94	92.17	0
South Delta	cents/lb.	86.94	92.17	0
East TX-OK	cents/lb.	83.94	89.67	663
West Texas	cents/lb.	83.94	89.67	785
Desert SW	cents/lb.	81.69	88.42	0
SJ Valley	cents/lb.	82.19	94.07	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 Friday February 26th, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210226	87.88	87.88	87.81	87.82	-0.42	0	17	-8
<a href="#">May-21</a>	210226	89.44	89.63	87.28	88.83	-0.86	12,865	121,335	-521
<a href="#">Jul-21</a>	210226	90.20	90.43	88.17	89.71	-0.66	6,489	58,505	-196
<a href="#">Oct-21</a>	210226	85.77	85.77	84.76	85.18	-1.00	1	20	+1
<a href="#">Dec-21</a>	210226	84.11	85.00	83.11	84.33	-0.45	4,369	56,136	+497
<a href="#">Mar-22</a>	210226	83.66	84.01	82.80	83.61	-0.22	515	6,605	-4
Total Volume and Open Interest							24,513	249,794	-11

Source: MRCI

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