

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.22,160 /bale Wednesday. ICE cotton futures closed red on Tuesday.

News: Indian Cotton export may get a boost with rising global consumption. According to the International Cotton Advisory Committee, global consumption is estimated at 24.5 million tonnes for 2020-21 against 22.8 million tonnes in previous year. The rise in global consumption may boost prospects for Indian cotton exports. CAI has projected India's cotton export at 54 lakh bales for the current season against 50 lakh bales in the previous season, exports are likely to increase by the end of the season in September 2021.

High quality cotton exported to Bangladesh. Cotton Corporation of India has exported high quality cotton to Bangladesh through a goods train from Junagarh Road Railway Station in the district. The goods train has started its journey from Junagarh Road station in Kalahandi district to Benapol station of Bangladesh. The current consignment is of 6,500 bales of cotton weighing around 2,471 tonnes. The bales were packed into 42 wagons and sent to the neighbouring country via Kolkata.

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 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.

Weather Forecast:

Thunderstorm with lightening very likely in isolated places over Arunachal Pradesh, Assam, Meghalaya, Nagaland, Manipur, Mizoram & Tripura.

International Fundamentals:

The ICE cotton Futures was up by 44 points at 90.26 cents/lb. The Cotlook A index was up by 75 points at 94.35 cents/lb. The AWP for cotton is 75.76 cents/lb.

Cotton prices in Pakistan are highest in 11 years. Cotton prices in Pakistan were pushed to an 11 years high because of a decline in production. Cotton traded at Rs. 12,000/ maund, while its spot rate moved up to Rs. 11, 700/ maund, increase of Rs. 400 was recorded in the spot rate. The shortfall in production has resulted in the price rise. Cotton production in Pakistan is 5.6 million bales only for the current season, which is the lowest in the past 30 years.

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	-140	22330	22400	22160	22310	1116	8750
MXCTNH1	-450	21890	21900	21500	22090	60	199

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	01-Mar-21	27-Feb-21	
Gujarat	Ahmedabad	Shankar-6	6400	6400	Unch
	Gondal	Shankar-6	6305	6305	Unch
	Rajkot	B.T. Cotton	6340	6325	15
	Patan	B.T. Cotton	6385	6475	-90
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	0	-
	Dhrol	B.T. Cotton	NA	5910	-
Haryana	Bhiwani	B.T. Cotton	NA	6100	-
	Bhiwani	Desi	NA	0	-
	Adampur	B.T. Cotton	6080	6050	30
	Fatehabad	B.T. Cotton	5925	5975	-50
	Jind	B.T. Cotton	NA	0	-
	Uchana	B.T. Cotton	NA	0	-
	Dabwali	B.T. Cotton	6000	6050	-50
Rajasthan	Hanumangarh	B.T. Cotton	6200	6150	50
	Rawatsar	B.T. Cotton	6180	6180	Unch
Madhya Pradesh	Khandwa	Mech-1	6500	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5850	5900	-50
	Jamner	Medium Staple	NA	0	-

Uttar Pradesh	Hathras	B.T. Cotton	NA	0	-
	Hathras	Desi	NA	0	-
Telangana	Adilabad	Un-Ginned	NA	0	-
Karnataka	Bijapur	Bunny	6690	NA	-
	Hubli	D.C.H.	NA	0	-
	Hubli	B.T. Cotton	NA	0	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	01-Mar-21	27-Feb-21	
Punjab	Bhatinda	J-34	4680	4600	80
	Abohar	J-34	4670	4610	60
	Mansa	J-34	4680	4610	70
Haryana	Sirsa	J-34	4610	4540	70
Rajasthan	Sri-Ganganagar	J-34	4390	4324	66

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	01-Mar-21	27-Feb-21	
Gujarat	Ahmedabad	Shankar-6	42500	47600	-5100
	Gondal	Shankar-6	1129	2271	-1142
	Rajkot	B.T. Cotton	3200	3600	-400
	Patan	B.T. Cotton	1304	1961	-657
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	0	-
	Dhrol	B.T. Cotton	NA	152	-
Haryana	Bhiwani	B.T. Cotton	NA	800	-
	Bhiwani	Desi	NA	0	-
	Adampur	B.T. Cotton	1700	1020	680
	Fatehabad	B.T. Cotton	250	200	50
	Jind	B.T. Cotton	NA	0	-
	Uchana	B.T. Cotton	NA	0	-
	Dabwali	B.T. Cotton	450	250	200
Rajasthan	Hanumangarh	B.T. Cotton	700	600	100
	Rawatsar	B.T. Cotton	1000	500	500

Madhya Pradesh	Khandwa	Mech-1	150	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	13000	7000	6000
	Jamner	Medium Staple	NA	0	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	-
	Hathras	Desi	NA	0	-
Telangana	Adilabad	Un-Ginned	NA	0	-
Karnataka	Bijapur	Bunny	2416	NA	-
	Hubli	D.C.H.	NA	0	-
	Hubli	B.T. Cotton	NA	0	-
	Raichur	H-44 Cotton	15	15	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	01-Mar-21	27-Feb-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	01-Mar-21	27-Feb-21	
Gujarat	Rajkot	Rs. /10 Kg.	1175	1170	5
Delhi	New Delhi	Rs. /10 Kg.	1180	1170	10
Telangana	Hyderabad	Rs. /10 Kg.	1230	1230	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1220	1220	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	01-Mar-21	27-Feb-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2248	2260	-12
Maharashtra	Akola	Rs./Qtl	2343	2358	-15

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	03-Mar-21	02-Mar-21	Change
CCIndex(328)	RMB/Ton	16696	16711	-15
CCIndex(527)	RMB/Ton	15670	15676	-6
CCIndex(229)	RMB/Ton	16951	16962	-11

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

China Foreign Cotton (FCE) Index :

Index	Unit	03-Mar-21	02-Mar-21	Change
FC Index (S)	Cents/lb	102.62	103.15	-0.53
FC Index (M)	Cents/lb	98.53	99.03	-0.50
FC Index (L)	Cents/lb	97.13	97.64	-0.51

Cotlook Index:

Cotlook Indices	Unit	01-Mar-21	26-Feb-21	Change
A-Index	Cents/Pound	94.35	95.1	-0.75

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		01-Mar-21	26-Feb-21	Bales
Southeast	cents/lb.	89.82	89.33	0
North Delta	cents/lb.	88.82	88.33	0
South Delta	cents/lb.	88.82	88.33	0
East TX-OK	cents/lb.	85.82	85.83	0
West Texas	cents/lb.	85.82	85.83	281
Desert SW	cents/lb.	83.57	84.33	424
SJ Valley	cents/lb.	84.07	90.23	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 02-Mar-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12080
Equivalent	40 Kgs	10074	193	12946

Daily Futures Price Listing Tuesday March 02nd, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210302	89.70	89.70	89.44	89.44	-0.82	11	15	-28
May-21	210302	91.00	91.45	90.13	90.99	-0.58	29,525	114,531	-3,073
Jul-21	210302	92.41	92.41	91.05	91.92	-0.54	12,693	57,111	-1,096
Oct-21	210302	87.04	87.04	87.04	87.04	-0.70	4	18	-2
Dec-21	210302	86.07	86.73	85.50	86.45	-0.34	6,115	55,931	-87
Mar-22	210302	84.50	85.00	84.10	84.93	-0.44	609	6,502	-2
Total Volume and Open Interest							49,920	242,363	-3,788

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.