

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.22,040 /bale Thursday. ICE cotton futures closed red on Wednesday.

News: Cotton exports from India are likely to rise 50 percent this year to 75 lakh bales in the 2020-21 crop year beginning October with revival in global demand from china and Bangladesh in last one month, amid the decline in cotton production in Pakistan, the textile exporters are urging the government to allow import of cotton from neighboring India.

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.*

Weather Forecast:

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

International Fundamentals:

The ICE cotton Futures was down by 254 points at 88.45 cents/lb. The Cotlook A index was up by 3 points at 96.75 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	-70	22100	22160	22000	22190	1406	8563
MXCTNH1	-90	22430	22490	22350	22540	487	2933

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Mar-21	03-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6500	6500	Unch
	Gondal	Shankar-6	6380	6355	25
	Rajkot	B.T. Cotton	6360	6350	10
	Patan	B.T. Cotton	6490	6450	40
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6130	6175	-45
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6040	-40
	Fatehabad	B.T. Cotton	5950	5970	-20
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5950	5970	-20
Rajasthan	Hanumangarh	B.T. Cotton	6250	6250	Unch
	Rawatsar	B.T. Cotton	6150	6200	-50
Madhya Pradesh	Khandwa	Mech-1	6300	6300	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5800	5875	-75
	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	6689	6737	-48
	Hubli	D.C.H.	3809	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Mar-21	03-Mar-21	
Punjab	Bhatinda	J-34	4670	4700	-30
	Abohar	J-34	4670	4700	-30

	Mansa	J-34	4660	4700	-40
Haryana	Sirsa	J-34	4570	4610	-40
Rajasthan	Sri-Ganganagar	J-34	4418	4418	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Mar-21	03-Mar-21	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	1603	1476	127
	Rajkot	B.T. Cotton	3120	2915	205
	Patan	B.T. Cotton	1585	780	805
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	120	152	-32
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1360	-170
	Fatehabad	B.T. Cotton	300	200	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	500	525	-25
Rajasthan	Hanumangarh	B.T. Cotton	600	500	100
	Rawatsar	B.T. Cotton	1000	500	500
Madhya Pradesh	Khandwa	Mech-1	150	150	Unch
	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	1576	1753	-177
	Hubli	D.C.H.	1	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	15	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Mar-21	03-Mar-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	680	-170
	Mansa	J-34	340	425	-85
Haryana	Sirsa	J-34	680	680	Unch

Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch
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Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Mar-21	03-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1173	1170	3
Delhi	New Delhi	Rs. /10 Kg.	1145	1160	-15
Telangana	Hyderabad	Rs. /10 Kg.	1230	1230	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1200	1210	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Mar-21	03-Mar-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2250	2261	-11
Maharashtra	Akola	Rs./Qtl	2371	2374	-3

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	04-Mar-21	03-Mar-21	Change
CCIndex(328)	RMB/Ton	16633	16696	-63
CCIndex(527)	RMB/Ton	15663	15670	-7
CCIndex(229)	RMB/Ton	16933	16951	-18

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

China Foreign Cotton (FCE) Index :

Index	Unit	04-Mar-21	03-Mar-21	Change
FC Index (S)	Cents/lb	100.45	102.62	-2.17
FC Index (M)	Cents/lb	96.34	98.53	-2.19
FC Index (L)	Cents/lb	94.95	97.13	-2.18

Cotlook Index:

Cotlook Indices	Unit	02-Mar-21	01-Mar-21	Change
A-Index	Cents/Pound	96.75	94.35	2.40

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		02-Mar-21	01-Mar-21	Bales
Southeast	cents/lb.	89.24	92.07	0

North Delta	cents/lb.	88.24	91.07	0
South Delta	cents/lb.	88.24	91.07	0
East TX-OK	cents/lb.	85.24	88.57	1605
West Texas	cents/lb.	85.24	88.57	816
Desert SW	cents/lb.	82.99	87.07	0
SJ Valley	cents/lb.	83.49	92.97	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 03-Mar-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12380
Equivalent	40 Kgs	10074	193	13268

Daily Futures Price Listing Wednesday March 03rd, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210303	86.90	86.90	86.90	86.90	-2.54	10	13	-2
May-21	210303	91.00	91.13	88.16	88.45	-2.54	25,248	113,475	-1,056
Jul-21	210303	91.97	92.02	89.14	89.41	-2.51	12,909	56,859	-252
Oct-21	210303	85.30	85.30	85.26	85.26	-1.78	2	18	+0
Dec-21	210303	86.28	86.46	84.60	85.01	-1.44	6,218	56,313	+382
Mar-22	210303	84.45	84.45	83.30	83.67	-1.26	516	6,599	+97
Total Volume and Open Interest							45,091	241,547	-816

Source: MRCI

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