

**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 lower at Rs.21,990 /bale Saturday.ICE cotton futures closed green on Friday.*

**News: Cotton farmers in Khammam are getting the prices above MSP.** Farmers from Khammam are selling their cotton at Rs. 6,300 per quintal above minimum support price of Rs. 5,820 per quintal. Farmers are selling their cotton in local market instead of going at the CCI purchase centers.

**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 6<sup>th</sup> February'21.

#### Weather Forecast:

Thunderstorm with lightening & hail very likely in isolated places over Uttrakhand and with lightening at isolated places over Tamil Nadu, Puducherry & Karaikal.

#### International Fundamentals:

The ICE cotton Futures was up by 62 points at 86.21 cents/lb. The Cotlook A index was down by 250 points at 93.65 cents/lb. The AWP for cotton is 73.95 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.

#### MCX Cotton Futures\*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-40	22070	22160	21880	22180	1416	8049
MXCTNH1	-20	22340	22500	22470	22510	544	3045

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	06-Mar-21	05-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6500	6500	Unch
	Gondal	Shankar-6	6355	6330	25
	Rajkot	B.T. Cotton	6360	6360	Unch
	Patan	B.T. Cotton	NR	6385	-
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5950	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6040	6000	40
	Fatehabad	B.T. Cotton	5970	5900	70
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	6000	6010	-10
Rajasthan	Hanumangarh	B.T. Cotton	6250	6250	Unch
	Rawatsar	B.T. Cotton	6125	6150	-25
Madhya Pradesh	Khandwa	Mech-1	Closed	6300	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5900	5925	-25
	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	6579	-
	Hubli	D.C.H.	3939	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	06-Mar-21	05-Mar-21	
Punjab	Bhatinda	J-34	4675	4620	55
	Abohar	J-34	4670	4640	30
	Mansa	J-34	4670	4630	40
Haryana	Sirsa	J-34	4570	4530	40
Rajasthan	Sri-Ganganagar	J-34	4348	4348	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Mar-21	05-Mar-21	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	822	1644	-822
	Rajkot	B.T. Cotton	2835	2900	-65
	Patan	B.T. Cotton	NR	1130	-
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	160	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	200	200	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	200	125	75
Rajasthan	Hanumangarh	B.T. Cotton	500	700	-200
	Rawatsar	B.T. Cotton	800	800	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	200	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	10000	-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	1195	-
	Hubli	D.C.H.	8	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	22	-7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	06-Mar-21	05-Mar-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	850	680	170
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	06-Mar-21	05-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1173	1173	Unch
Delhi	New Delhi	Rs. /10 Kg.	1160	1140	20
Telangana	Hyderabad	Rs. /10 Kg.	1210	1210	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1200	1210	-10

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	05-Mar-21	04-Mar-21	Change
CCIndex(328)	RMB/Ton	16336	16633	-297
CCIndex(527)	RMB/Ton	15487	15663	-176
CCIndex(229)	RMB/Ton	16667	16933	-266

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

China Foreign Cotton (FCE) Index :

Index	Unit	05-Mar-21	04-Mar-21	Change
FC Index (S)	Cents/lb	99.22	100.45	-1.23
FC Index (M)	Cents/lb	95.22	96.34	-1.12
FC Index (L)	Cents/lb	93.9	94.95	-1.05

**Cotlook Index:**

Cotlook Indices	Unit	04-Mar-21	03-Mar-21	Change
A-Index	Cents/Pound	93.65	96.15	-2.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		04-Mar-21	03-Mar-21	Bales
Southeast	cents/lb.	85.39	88.95	0
North Delta	cents/lb.	84.39	87.95	0
South Delta	cents/lb.	84.39	87.95	0
East TX-OK	cents/lb.	81.39	85.45	893
West Texas	cents/lb.	81.39	85.45	1299
Desert SW	cents/lb.	79.14	83.95	0
SJ Valley	cents/lb.	79.64	89.85	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 04-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 Friday March 05th, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210305	86.21	86.21	86.21	86.21	+0.62			
<a href="#">May-21</a>	210305	87.14	87.89	85.67	87.76	+0.62	19,597	107,549	-4,467
<a href="#">Jul-21</a>	210305	88.05	88.75	86.64	88.67	+0.54	10,949	56,662	-401
<a href="#">Oct-21</a>	210305	83.52	85.07	83.52	85.07	+0.54	3	18	+0
<a href="#">Dec-21</a>	210305	83.80	84.65	82.56	84.54	+0.54	4,695	57,988	+1,810
<a href="#">Mar-22</a>	210305	82.35	83.91	81.85	83.74	+0.67	395	6,795	+142
Total Volume and Open Interest							35,985	237,483	-2,797

Source: MRCI

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