

**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.22,100 /bale Monday. ICE cotton futures closed green on Friday.

**News: Indian Cotton prices increase 5 percent in a month.** Prices of Indian cotton have increased 5% in the past month, following the bullish trend in the international market. Although, cotton exports are strong as Indian cotton is cheaper than the overseas varieties. Cotton prices have increased to Rs 46,000 per candy of 356 kg from Rs 44,000 over the past month as the domestic cotton production is expected to be much lower than expected earlier. As against the earlier estimate of 40 million bales, the industry now expects the 2020-21 cotton production to be about 33 million bales. Projection of lower output in the next cotton crop as the major cotton producing nations including US and Brazil, farmers are shifting to maize and soyabean, which have given better returns, have also supported domestic price. Cotton prices are 13 percent cheaper than the prevailing global cotton prices.

**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 meanwhile 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.

#### **Weather Forecast:**

Thunderstorm with lightening & gusty winds very likely in isolated places over Nagaland, Manipur, Mizoram & Tripura and Assam & Meghalaya and with lightening at isolated places over Kerala & Mahe , Arunachal Pradesh and Sub-Himalyan west Bengal and Kerala & Mahe.

#### **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 pi

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+100	22190	22290	22190	22150	964	7848
MXCTNJ1	+120	22580	22660	22520	22490	643	3435

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Mar-21	06-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6500	6500	Unch
	Gondal	Shankar-6	6355	6355	Unch
	Rajkot	B.T. Cotton	6425	6360	65
	Patan	B.T. Cotton	NR	6420	-
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6250	5950	300
Haryana	Bhiwani	B.T. Cotton	6200	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6100	6040	60
	Fatehabad	B.T. Cotton	5900	5970	-70
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	6015	6000	15
Rajasthan	Hanumangarh	B.T. Cotton	6300	6250	50
	Rawatsar	B.T. Cotton	6200	6125	75
Madhya Pradesh	Khandwa	Mech-1	6300	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5975	5900	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	6744	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6669	6666	3
	Hubli	D.C.H.	4209	3939	270
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	08-Mar-21	06-Mar-21	
Punjab	Bhatinda	J-34	4720	4675	45
	Abohar	J-34	4760	4670	90
	Mansa	J-34	4730	4670	60
Haryana	Sirsa	J-34	4630	4570	60

Rajasthan	Sri-Ganganagar	J-34	4465	4348	118
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**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Mar-21	06-Mar-21	
Gujarat	Ahmedabad	Shankar-6	37400	42500	-5100
	Gondal	Shankar-6	1614	822	792
	Rajkot	B.T. Cotton	2200	2835	-635
	Patan	B.T. Cotton	NR	1720	-
	Kadi	B.T. Cotton	10000	20000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	98	160	-62
Haryana	Bhiwani	B.T. Cotton	1000	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1020	340
	Fatehabad	B.T. Cotton	150	200	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	200	200	Unch
Rajasthan	Hanumangarh	B.T. Cotton	500	500	Unch
	Rawatsar	B.T. Cotton	600	800	-200
Madhya Pradesh	Khandwa	Mech-1	200	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	8000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	3661	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1259	970	289
	Hubli	D.C.H.	6	8	-2
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	15	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	08-Mar-21	06-Mar-21	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	425	340	85
Haryana	Sirsa	J-34	340	850	-510
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	08-Mar-21	06-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1220	1173	47
Delhi	New Delhi	Rs. /10 Kg.	1200	1160	40
Telangana	Hyderabad	Rs. /10 Kg.	1240	1210	30
Maharashtra	Mumbai	Rs. /10 Kg.	1230	1200	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Mar-21	06-Mar-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2308	2251	57
Maharashtra	Akola	Rs./Qtl	2390	2361	29

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	08-Mar-21	05-Mar-21	Change
CCIndex(328)	RMB/Ton	16339	16336	3
CCIndex(527)	RMB/Ton	15488	15487	1
CCIndex(229)	RMB/Ton	16672	16667	5

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

China Foreign Cotton (FCE) Index :

Index	Unit	08-Mar-21	05-Mar-21	Change
FC Index (S)	Cents/lb	99.92	99.22	0.70
FC Index (M)	Cents/lb	95.97	95.22	0.75
FC Index (L)	Cents/lb	94.58	93.9	0.68

Cotlook Index:

Cotlook Indices	Unit	05-Mar-21	04-Mar-21	Change
A-Index	Cents/Pound	92.6	93.65	-1.05

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		05-Mar-21	05-Mar-21	Bales
Southeast	cents/lb.	86.01	88.26	0
North Delta	cents/lb.	85.01	87.26	0
South Delta	cents/lb.	85.01	87.26	0



East TX-OK	cents/lb.	82.01	84.76	665
West Texas	cents/lb.	82.01	84.76	2802
Desert SW	cents/lb.	79.76	83.26	0
SJ Valley	cents/lb.	80.26	89.16	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 06-Mar-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 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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