

**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.22,090 /bale Saturday. ICE cotton futures closed red on Friday.

**News: Cotton Association of India has reduced the cotton crop estimate for the current season by 1.50 lakh bales to 358.50 lakh bales from its previous estimate of 360 lakh bales.** The total cotton supply for the five month period from October 2020 to February 2021 is estimated around 430.89 lakh bales, with arrivals of 298.89 lakh bales, imports are at 7 lakh bales and the opening stock at 125 lakh bales. Cotton Consumption was estimated at 137.50 lakh bales of 170 kg each, while the exports are estimated at 36 lakh bales. Stock at the end of February 2021 is estimated at 257.39 lakh of 170 kg each, including 92.50 lakh bales with textile mills, and the remaining 164.89 lakh bales with the CCI, Maharashtra Federation and others. The CAI Crop Committee has estimated the total cotton supply till end of the cotton season 2020-21 i.e. up to September 30, 2021 at 495.50 lakh bales of 170 kg each. The total cotton supply consists of the opening stock of 125 lakh bales of 170 kg each at the beginning of the cotton season on October 1, 2020, crop for the season estimated at 358.50 lakh bales, and the imports now estimated at 12 lakh bales as against 15.50 lakh bales estimated for the previous cotton season 2019-20. CAI has retained the domestic consumption estimate at the pre-lockdown level of 330 lakh bales. The exports for the season have now been revised to 60 lakh bales from the previous month's estimate of 54 lakh bales. The exports estimate for the previous cotton season 2019-20 was of 50 lakh bales. The carry-over stock at the end of the cotton season 2020-21 on September 30, 2021, is estimated by the CAI at 105.50 lakh bales, as against 107.50 lakh bales estimated earlier.

**CCI procurement reached 91, 86,678 cotton bales.** Procurement operations of seed cotton under MSP are going on smoothly in the states of Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha and Karnataka, CCI has procured around 91,86,678 cotton bales valuing Rs. 26,719.51 crore has been procured benefitting 18,97,002 farmers.

**Cotton stock at MCX warehouse reached highest on export demand.** Cotton stock in MCX accredited warehouse has touched a new high of 2, 16,600 bales as on March 5 against previous high of 2,14,700 bales logged on March 30, 2019. The rising stock at warehouse was on the back of increasing hedging activities as the export demand, especially from China, has hit a new high. Also, Cotton prices have gained over 10 per cent so far and showed the firm trend in the global cotton trade. Cotton production globally is projected to touch a four-year low and imports by China are estimated higher. The Centre's decision to impose a ten per cent duty on imported cotton is seen as supporting domestic price.

**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.

### Weather Forecast:

Thunderstorm with lightening very likely in isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan & Muzaffarabad, Assam & Meghalaya and Arunachal Pradesh.

### International Fundamentals:

The ICE cotton Futures was down by 79 points at 87.56 cents/lb. The Cotlook A index was rebounded at 91.15 cents/lb. The AWP for cotton was down by 315 points at 70.70 cents/lb.

**According to US Department of Agriculture, global cotton consumption is expected to grow by 4.1 percent in 2021-22 seasons, substantially above the long term average rate of 1.7 percent.** World cotton stocks are expected to reduce by 3.2 million bales. Also, World cotton production is expected to rise 4.7 percent with the most significant year-over-year growth in Pakistan, Australia, Brazil, the United States and West Africa. Overall, strong cotton consumption growth in 2021-22 and tightening stocks are expected to support prices with the A-Index forecast up 7 cents to 90 cents/pound for the marketing year. The USDA had published initial 2021-22 cotton balance sheets for two countries—the United States and China. For the US, production is up 17 per cent to 17.5 million bales as planted area remains stable and abandonment declines on the assumption of normal weather. However, weather conditions, especially in Texas, provide significant downside risk. Consumption is expected to rise to 2.5 million bales, but still nearly 500,000 bales lower than 3 years prior; exports are expected to remain at 15.5 million bales. As a result, ending stocks are forecast at 3.8 million bales, a 5-year low.

China's 2021-22 imports are forecasted at 11.0 million bales, same as previous year, further growth in yarn and fabric production, coupled with lower domestic production, is expected to maintain strong imports in addition to the State Reserve maintaining an optimal level of government-held stocks comprised of both imports and domestic supplies. China's consumption is projected to increase at a rate below the world average due to above average growth in 2020-21. It is because China realised an earlier recovery from the impacts of COVID-19 relative to other major consumers, with the resultant 2020-21 consumption growth rate above the world average.

**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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-90	22100	22160	21950	22110	1388	6542
MXCTNJ1	-110	22450	22530	22310	22460	989	4605

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Mar-21	12-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6500	6500	Unch
	Gondal	Shankar-6	6005	6480	-475
	Rajkot	B.T. Cotton	6440	6450	-10
	Patan	B.T. Cotton	6500	6520	-20
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	6040	-
Haryana	Bhiwani	B.T. Cotton	6225	6225	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6120	6150	-30
	Fatehabad	B.T. Cotton	6060	6050	10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	6000	6000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6350	6400	-50
	Rawatsar	B.T. Cotton	Closed	6250	-
Madhya Pradesh	Khandwa	Mech-1	Closed	6500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	5975	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	0	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	0	6000	-6000
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Mar-21	12-Mar-21	
Punjab	Bhatinda	J-34	4740	4765	-25
	Abohar	J-34	4740	4760	-20
	Mansa	J-34	4750	4750	Unch

Haryana	Sirsa	J-34	4640	4660	-20
Rajasthan	Sri-Ganganagar	J-34	4465	4465	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Mar-21	12-Mar-21	
Gujarat	Ahmedabad	Shankar-6	34000	34000	Unch
	Gondal	Shankar-6	1353	1372	-19
	Rajkot	B.T. Cotton	2000	2450	-450
	Patan	B.T. Cotton	880	1195	-315
	Kadi	B.T. Cotton	12500	15000	-2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	100	-
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1360	-340
	Fatehabad	B.T. Cotton	200	125	75
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	50	50	Unch
Rajasthan	Hanumangarh	B.T. Cotton	500	500	Unch
	Rawatsar	B.T. Cotton	Closed	700	-
Madhya Pradesh	Khandwa	Mech-1	Closed	150	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	10000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	0	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	0	15	-15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Mar-21	12-Mar-21	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	425	425	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	510	170	340

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	13-Mar-21	12-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1250	1250	Unch
Delhi	New Delhi	Rs. /10 Kg.	1240	1210	30
Telangana	Hyderabad	Rs. /10 Kg.	1300	1300	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1290	1290	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Mar-21	12-Mar-21	
Gujarat	Mahehana (Kadi)	Rs./Qtl	2338	2332	6
Maharashtra	Akola	Rs./Qtl	2401	2400	1

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

Index	Unit	12-Mar-21	11-Mar-21	Change
CCIndex(328)	RMB/Ton	15986	15835	151
CCIndex(527)	RMB/Ton	15213	15021	192
CCIndex(229)	RMB/Ton	16358	16167	191

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	12-Mar-21	11-Mar-21	Change
FC Index (S)	Cents/lb	100.17	97.17	3.00
FC Index (M)	Cents/lb	96.25	93.25	3.00
FC Index (L)	Cents/lb	94.87	91.87	3.00

**Cotlook Index:**

Cotlook Indices	Unit	11-Mar-21	10-Mar-21	Change
A-Index	Cents/Pound	91.15	90.15	1.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Mar-21	11-Mar-21	Bales
Southeast	cents/lb.	86.6	88.85	88.85
North Delta	cents/lb.	85.6	87.85	87.85

South Delta	cents/lb.	85.6	87.85	<b>87.85</b>
East TX-OK	cents/lb.	82.85	85.6	<b>85.6</b>
West Texas	cents/lb.	82.85	85.6	<b>85.6</b>
Desert SW	cents/lb.	80.35	83.85	<b>83.85</b>
SJ Valley	cents/lb.	80.85	89.75	<b>89.75</b>

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 11-Mar-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12480
Equivalent	40 Kgs	10074	193	13375

Daily Futures Price Listing Friday March 12th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210312	88.35	88.49	85.95	87.56	-0.79	23,348	100,217	-1,422
<a href="#">May-21</a>	210312	89.21	89.39	86.97	88.57	-0.63	11,670	50,557	-1,512
<a href="#">Jul-21</a>	210312	86.02	86.02	83.55	84.80	-0.99	1	17	+0
<a href="#">Oct-21</a>	210312	84.75	84.90	82.97	84.20	-0.69	6,027	65,143	+1,337
<a href="#">Dec-21</a>	210312	83.65	83.65	82.10	83.13	-0.76	600	6,905	+200
<a href="#">Mar-22</a>	210312	81.78	82.63	81.59	82.32	-0.74	200	1,302	-2
Total Volume and Open Interest							42,001	231,690	-1,396

Source: MRCI

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