

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 at Rs.22,120 /bale Tuesday. ICE cotton futures closed red on Monday.

News: Nacto Pharma is planning to launch pheromone product to control Pink Bollworm in cotton crop. Nacto Pharma limited is planning to launch India's first green label pheromone product for effective management of Pink Bollworm in cotton crop during kharif 2021. The product will be launched under the brand Natmate PBW. This is the first pheromone based indigenously manufactured product for mating disruption that received approval from Central Insecticide Board.

Cotton exports are likely to be hitting 60 lakh bales on competitive rates. India's cotton exports are likely to hit 60 lakh bales for the current season on cost competitiveness. According to Cotton Association of India about 60 percent or 36 percent has been shipped since the start of the season.

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, Himachal Pradesh, Punjab, Madhya Pradesh, Vidarbha and Coastal Andhra Pradesh.

International Fundamentals:

The ICE cotton Futures was down by 84 points at 86.72 cents/lb. The Cotlook A index was rebounded at 94 cents/lb. The AWP for cotton was down by 315 points at 70.70 cents/lb.

The global 2020-21 cotton supply and demand estimates shows lower production and ending stocks, but higher mill use and trade. Estimated global production is reduced nearly 830,000 bales largely due to lower Brazilian and U.S. production. Cotton imports pace and indications of recovering global consumption has helped boost consumption estimates for Turkey, Bangladesh, Pakistan and Vietnam, more than offsetting lower projections for U.S. and Taiwan. The forecast for 2020-21 world trade is more than 600,000 bales. On export side, higher Indian exports accounts for most of the increase as auctions by Cotton Corporation of India have released much of the cotton purchased during last year under the MSP program.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+10	22050	22170	22040	22100	620	6163
MXCTNJ1	-20	22400	22500	22390	22650	424	4855

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Mar-21	15-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6500	6500	Unch
	Gondal	Shankar-6	6655	6530	125
	Rajkot	B.T. Cotton	6700	6725	-25
	Patan	B.T. Cotton	NR	6600	-
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6185	NA	-
Haryana	Bhiwani	B.T. Cotton	6200	6225	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6150	6150	Unch
	Fatehabad	B.T. Cotton	6125	6125	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5950	5950	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6400	6400	Unch
	Rawatsar	B.T. Cotton	6300	6300	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	6500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6100	5950	150
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	6669	-
	Hubli	D.C.H.	NA	5000	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Mar-21	15-Mar-21	
Punjab	Bhatinda	J-34	4725	4730	-5
	Abohar	J-34	4720	4720	Unch
	Mansa	J-34	4720	4725	-5
Haryana	Sirsa	J-34	4640	4620	20
Rajasthan	Sri-Ganganagar	J-34	4456	4456	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Mar-21	15-Mar-21	
Gujarat	Ahmedabad	Shankar-6	34000	37400	-3400
	Gondal	Shankar-6	1387	1336	51
	Rajkot	B.T. Cotton	2000	1800	200
	Patan	B.T. Cotton	NR	1208	-
	Kadi	B.T. Cotton	20000	12500	7500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	60	NA	-
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	150	125	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	70	100	-30
Rajasthan	Hanumangarh	B.T. Cotton	500	600	-100
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	80	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	12000	10000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	1055	-
	Hubli	D.C.H.	NA	7	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	15	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Mar-21	15-Mar-21	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	510	170	340
Haryana	Sirsa	J-34	340	510	-170
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	16-Mar-21	15-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1255	1255	Unch
Delhi	New Delhi	Rs. /10 Kg.	1250	1250	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1340	1340	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1320	1310	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Mar-21	15-Mar-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2505	2484	21
Maharashtra	Akola	Rs./Qtl	2491	2459	32

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

Index	Unit	16-Mar-21	15-Mar-21	Change
CCIndex(328)	RMB/Ton	15963	16063	-100
CCIndex(527)	RMB/Ton	15238	15309	-71
CCIndex(229)	RMB/Ton	16368	16457	-89

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

China Foreign Cotton (FCE) Index :

Index	Unit	16-Mar-21	15-Mar-21	Change
FC Index (S)	Cents/lb	NR	NR	-

FC Index (M)	Cents/lb	NR	NR	-
FC Index (L)	Cents/lb	NR	NR	-

Cotlook Index:

Cotlook Indices	Unit	12-Mar-21	11-Mar-21	Change
A-Index	Cents/Pound	94	91.15	2.85

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Mar-21	12-Mar-21	Bales
Southeast	cents/lb.	85.81	88.06	0
North Delta	cents/lb.	84.81	87.06	0
South Delta	cents/lb.	84.81	87.06	0
East TX-OK	cents/lb.	82.06	84.81	316
West Texas	cents/lb.	82.06	84.81	443
Desert SW	cents/lb.	79.56	83.06	0
SJ Valley	cents/lb.	80.06	88.96	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 15-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 Monday March 15th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210315	87.87	87.87	85.58	86.72	-0.84	17,086	99,581	-636
May-21	210315	88.69	88.78	86.61	87.76	-0.81	11,829	50,858	+301
Jul-21	210315	82.97	84.16	82.97	84.16	-0.64	0	17	+0
Oct-21	210315	84.20	84.35	82.45	83.55	-0.65	7,566	65,735	+592
Dec-21	210315	82.51	83.08	81.89	82.71	-0.42	819	7,028	+123
Mar-22	210315	81.81	82.35	81.27	82.05	-0.27	129	1,311	+9
Total Volume and Open Interest							37,498	232,083	+393

Source: MRCI

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