

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 down at Rs.22,160 /bale Thursday. ICE cotton futures closed red on Wednesday.

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, hail & gusty winds very likely in isolated places over Madhya Pradesh and Vidarbha with lightening with gusty winds at isolated places over East Marthwada and Telangana with lightening at isolated places over East Rajasthan, Odisha, Madhya Maharashtra, Chattisgarh, Coastal & South Interior Karnataka and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was down by 41 points at 86.51 cents/lb. The Cotlook A index was down by 75 to 92.50 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	-30	22010	22080	21820	22020	898	5555
MXCTNJ1	-30	22360	22410	22160	22360	675	5625

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Mar-21	17-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6625	6500	125
	Gondal	Shankar-6	6580	6630	-50
	Rajkot	B.T. Cotton	6650	6675	-25
	Patan	B.T. Cotton	6725	6690	35
	Kadi	B.T. Cotton	6500	6500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5905	6275	-370
Haryana	Bhiwani	B.T. Cotton	6300	6200	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6140	6150	-10
	Fatehabad	B.T. Cotton	6125	6125	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5850	5975	-125
Rajasthan	Hanumangarh	B.T. Cotton	6400	6400	Unch
	Rawatsar	B.T. Cotton	6350	6350	Unch
Madhya Pradesh	Khandwa	Mech-1	6400	6400	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6100	6100	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	NA	6750	-

	Hubli	D.C.H.	4809	4343	466
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Mar-21	17-Mar-21	
Punjab	Bhatinda	J-34	4700	4725	-25
	Abohar	J-34	4700	4730	-30
	Mansa	J-34	4700	4700	Unch
Haryana	Sirsa	J-34	4640	4650	-10
Rajasthan	Sri-Ganganagar	J-34	4371	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Mar-21	17-Mar-21	
Gujarat	Ahmedabad	Shankar-6	25500	34000	-8500
	Gondal	Shankar-6	570	1276	-706
	Rajkot	B.T. Cotton	2200	1800	400
	Patan	B.T. Cotton	1550	1767	-217
	Kadi	B.T. Cotton	10000	15000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	79	80	-1
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1020	170
	Fatehabad	B.T. Cotton	150	225	-75
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	325	150	175
Rajasthan	Hanumangarh	B.T. Cotton	400	500	-100
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	100	100	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	12000	-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	1149	-
	Hubli	D.C.H.	8	34	-26

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	15	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Mar-21	17-Mar-21	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	18-Mar-21	17-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1285	1255	30
Delhi	New Delhi	Rs. /10 Kg.	1240	1240	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1325	1340	-15
Maharashtra	Mumbai	Rs. /10 Kg.	1305	1325	-20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Mar-21	17-Mar-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2495	2494	1
Maharashtra	Akola	Rs./Qtl	2480	2487	-7

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	18-Mar-21	16-Mar-21	Change
CCIndex(328)	RMB/Ton	16013	15963	50
CCIndex(527)	RMB/Ton	15256	15238	18
CCIndex(229)	RMB/Ton	16399	16368	31

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

China Foreign Cotton (FCE) Index :

Index	Unit	18-Mar-21	12-Mar-21	Change
FC Index (S)	Cents/lb	97.73	100.17	-2.44
FC Index (M)	Cents/lb	94.81	96.25	-1.44
FC Index (L)	Cents/lb	93.64	94.87	-1.23

Cotlook Index:

Cotlook Indices	Unit	16-Mar-21	15-Mar-21	Change
A-Index	Cents/Pound	92.5	93.25	-0.75

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Mar-21	12-Mar-21	Bales
Southeast	cents/lb.	85.67	88.06	0
North Delta	cents/lb.	84.67	87.06	0
South Delta	cents/lb.	84.67	87.06	0
East TX-OK	cents/lb.	81.42	84.81	316
West Texas	cents/lb.	81.42	84.81	443
Desert SW	cents/lb.	78.92	83.06	0
SJ Valley	cents/lb.	79.42	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 17-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 Wednesday March 17th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210317	86.92	87.54	86.22	86.51	-0.41	11,766	97,801	-1,504
May-21	210317	87.89	88.51	87.23	87.51	-0.40	6,300	53,171	+881
Jul-21	210317	84.99	84.99	84.33	84.33	+0.07	1	17	-1
Oct-21	210317	83.56	84.21	83.33	83.72	+0.07	2,250	65,774	+217
Dec-21	210317	82.71	83.18	82.39	82.67	+0.09	114	7,243	-9
Mar-22	210317	82.04	82.11	82.00	82.00	+0.09	29	1,323	+2
Total Volume and Open Interest							20,512	232,873	-423

Source: MRCI

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