

**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.22,040 /bale Saturday. ICE cotton futures closed red on Friday.

**News: Punjab Agriculture Department is likely to add 50,000 hectares area under cotton cultivation.** As there is good production in 2020 and no major pest outbreak in the crop for last 5 years, the Punjab Agriculture Department has decided to add 50,000 hectares under cotton cultivation in the malwa region this year. This will increase about 10 percent over the current area of 5 lakh hectares.

**Raw cotton prices have increased about 15 percent more than MSP.** The current cotton prices in the market are prevailing at 6,500-6,600 per quintal, which is about 15 percent higher than the minimum support price of 5825 per quintal. Also, the CCI arrivals have slowed down to 90,000 bales a day.

**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.*

#### **Weather Forecast:**

*Thunderstorm with lightening, hail and gusty winds very likely in isolated places over Uttrakhand, Punjab, Haryana, Chandigarh, Delhi and Rajasthan with lightening & hail at isolated places over Himachal Pradesh with lightening & gusty winds at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, West Uttar Pradesh and West Madhya Pradesh and with lightening at isolated places over East Madhya Pradesh, Vidarbha, Madhya Maharashtra, Marathwada, Konkan & Goa, Telangana Tamil nadu, Puducherry & Karaikal and Kerala & Mahe.*

#### **International Fundamentals:**

*The ICE cotton Futures was down by 77 points at 84.68 cents/lb. The Cotlook A index was down by 50 to 92.25 cents/lb. The AWP for cotton was up by 75 points at 71.45 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	20-Mar-21	19-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6600	6625	-25
	Gondal	Shankar-6	6455	6555	-100
	Rajkot	B.T. Cotton	6690	6725	-35
	Patan	B.T. Cotton	6495	6665	-170
	Kadi	B.T. Cotton	6300	6300	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6150	6250	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6050	6050	Unch
	Fatehabad	B.T. Cotton	6050	6025	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5825	5825	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6375	6550	-175
	Rawatsar	B.T. Cotton	6350	6400	-50
Madhya Pradesh	Khandwa	Mech-1	Closed	6400	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6000	6000	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	NA	-
	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	20-Mar-21	19-Mar-21	
Punjab	Bhatinda	J-34	4600	4650	-50
	Abohar	J-34	4590	4650	-60
	Mansa	J-34	4600	4640	-40
Haryana	Sirsa	J-34	4540	4600	-60
Rajasthan	Sri-Ganganagar	J-34	4381	4362	19

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Mar-21	19-Mar-21	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1535	1766	-231
	Rajkot	B.T. Cotton	2400	2300	100
	Patan	B.T. Cotton	798	1377	-579
	Kadi	B.T. Cotton	10000	10000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	600	1000	-400
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	850	170
	Fatehabad	B.T. Cotton	150	100	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	350	350	Unch
Rajasthan	Hanumangarh	B.T. Cotton	150	150	Unch
	Rawatsar	B.T. Cotton	300	300	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	50	-

	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	15000	15000	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	NA	-
	Hubli	D.C.H.	NA	4	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	15	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Mar-21	19-Mar-21	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	1000	1500	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	20-Mar-21	19-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1260	1275	-15
Delhi	New Delhi	Rs. /10 Kg.	1240	1230	10
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	20-Mar-21	19-Mar-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2480	2485	-5
Maharashtra	Akola	Rs./Qtl	2460	2465	-5

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

Index	Unit	19-Mar-21	18-Mar-21	Change
CCIndex(328)	RMB/Ton	15921	16013	-92
CCIndex(527)	RMB/Ton	15159	15256	-97
CCIndex(229)	RMB/Ton	16300	16399	-99

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	18-Mar-21	17-Mar-21	Change
A-Index	Cents/Pound	92.25	92.75	-0.50

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Mar-21	16-Mar-21	Bales
Southeast	cents/lb.	84.2	87.92	0
North Delta	cents/lb.	83.2	86.92	0
South Delta	cents/lb.	83.2	86.92	0
East TX-OK	cents/lb.	79.95	84.17	183
West Texas	cents/lb.	79.95	84.17	174
Desert SW	cents/lb.	77.45	82.42	0
SJ Valley	cents/lb.	77.95	88.32	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 18-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 19th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-21</a>	210319	85.74	85.78	83.65	84.68	-0.77	7,624	96,498	-86
<a href="#">May-21</a>	210319	86.42	86.79	84.71	85.72	-0.70	4,586	52,254	-744
<a href="#">Jul-21</a>	210319	82.55	83.31	82.55	83.03	-0.28	2	18	+1
<a href="#">Oct-21</a>	210319	82.70	83.08	81.76	82.51	-0.08	2,891	67,131	+868
<a href="#">Dec-21</a>	210319	82.00	82.47	81.26	81.88	+0.06	221	7,491	+129
<a href="#">Mar-22</a>	210319	81.37	82.08	80.99	81.46	+0.09	8	1,343	+1
Total Volume and Open Interest							15,348	232,282	+166

Source: MRCI

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.