

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.21,820 /bale Monday. ICE cotton futures closed red on Friday.

News: About 80 percent of the cotton has been sold in current cotton season. Cotton farmers in the country have taken advantage of higher global price for cotton in the current season 2020-2021, resulting in at least 80 percent of the production being sold. Cotton arrivals were higher in the various markets in the country since the prices have ruled higher than the minimum support price of Rs. 5825 per quintal by the government. Although, arrivals in government procurement center (CCI) has been decreased to about 75,000 bales.

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.

Weather Forecast:

Thunderstorm with lightening, hail and gusty winds very likely in isolated places over East Rajasthan and lightening, hail & gusty winds at isolated places over Uttrakhand, Punjab, Haryana, West Uttar Pradesh Chandigarh, Delhi, Madhya Pradesh, Vidarbha, Madhya Marashtra and Marathwada with lightening & hail at isolated places over Himachal Pradesh with lightening & gusty winds at isolated places over West Rajasthan, Kerala & Mahe and with lightening at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, East Uttar Pradesh, Chhattisgarh & Goa, Coastal & South Interior Karnataka.

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	-320	21550	21550	21160	21610	1667	4383
MXCTNJ1	-310	21900	21900	21530	21950	1877	6868

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Mar-21	20-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6650	6600	50
	Gondal	Shankar-6	6505	6455	50
	Rajkot	B.T. Cotton	6705	6690	15
	Patan	B.T. Cotton	NA	6495	-
	Kadi	B.T. Cotton	6300	6300	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	6310	-
Haryana	Bhiwani	B.T. Cotton	6150	6150	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6050	6050	Unch
	Fatehabad	B.T. Cotton	6140	6050	90
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5900	5825	75
Rajasthan	Hanumangarh	B.T. Cotton	6375	6375	Unch
	Rawatsar	B.T. Cotton	6325	6350	-25
Madhya Pradesh	Khandwa	Mech-1	6500	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6050	6000	50
	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	6719	6769	-50
	Hubli	D.C.H.	4309	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Mar-21	20-Mar-21	
Punjab	Bhatinda	J-34	4590	4600	-10
	Abohar	J-34	4590	4590	Unch
	Mansa	J-34	4590	4600	-10
Haryana	Sirsa	J-34	4525	4540	-15
Rajasthan	Sri-Ganganagar	J-34	4352	4381	-28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Mar-21	20-Mar-21	
Gujarat	Ahmedabad	Shankar-6	22100	25500	-3400
	Gondal	Shankar-6	1555	1535	20
	Rajkot	B.T. Cotton	4000	2400	1600
	Patan	B.T. Cotton	NA	798	-
	Kadi	B.T. Cotton	10000	10000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	83	-
Haryana	Bhiwani	B.T. Cotton	1500	600	900
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	1020	-340
	Fatehabad	B.T. Cotton	100	150	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	200	350	-150
Rajasthan	Hanumangarh	B.T. Cotton	150	150	Unch
	Rawatsar	B.T. Cotton	500	300	200
Madhya Pradesh	Khandwa	Mech-1	150	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	12000	15000	-3000
	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	968	815	153
	Hubli	D.C.H.	7	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	15	15	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Mar-21	20-Mar-21	
Punjab	Bhatinda	J-34	2550	3400	-850
	Abohar	J-34	170	340	-170
	Mansa	J-34	170	340	-170
Haryana	Sirsa	J-34	170	340	-170
Rajasthan	Sri-Ganganagar	J-34	1200	1000	200

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	22-Mar-21	20-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1260	1260	Unch
Delhi	New Delhi	Rs. /10 Kg.	1260	1240	20
Telangana	Hyderabad	Rs. /10 Kg.	1300	1300	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1300	1290	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Mar-21	20-Mar-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2500	2480	20
Maharashtra	Akola	Rs./Qtl	2466	2460	6

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

Index	Unit	22-Mar-21	19-Mar-21	Change
CCIndex(328)	RMB/Ton	15735	15921	-186
CCIndex(527)	RMB/Ton	14969	15159	-190
CCIndex(229)	RMB/Ton	16100	16300	-200
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	22-Mar-21	18-Mar-21	Change
FC Index (S)	Cents/lb	96.37	97.73	-1.36
FC Index (M)	Cents/lb	93.77	94.81	-1.04
FC Index (L)	Cents/lb	92.54	93.64	-1.10

Cotlook Index:

Cotlook Indices	Unit	19-Mar-21	19-Mar-21	Change
A-Index	Cents/Pound	91.25	91.25	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		19-Mar-21	17-Mar-21	Bales
Southeast	cents/lb.	83.43	87.51	820
North Delta	cents/lb.	82.43	86.51	0
South Delta	cents/lb.	82.43	86.51	0
East TX-OK	cents/lb.	79.18	83.76	1952
West Texas	cents/lb.	79.18	83.76	2059
Desert SW	cents/lb.	76.68	82.01	0
SJ Valley	cents/lb.	77.18	87.91	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 20-Mar-2021

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12380
Equivalent	40 Kgs	10074	193	13268

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)									
Mar-21	210319	85.74	85.78	83.65	84.68	-0.77	7,624	96,498	-86
May-21	210319	86.42	86.79	84.71	85.72	-0.70	4,586	52,254	-744
Jul-21	210319	82.55	83.31	82.55	83.03	-0.28	2	18	+1
Oct-21	210319	82.70	83.08	81.76	82.51	-0.08	2,891	67,131	+868
Dec-21	210319	82.00	82.47	81.26	81.88	+0.06	221	7,491	+129
Mar-22	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

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