

Domestic market summary

Domestic Market Scenario: Cotton Corporation of India procurement operations had reached around 91 lakh bales till 02nd March '21. Cotton arrivals in the mandi are now at 1 lakh bales a day. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood firm around Rs. 44,370/ candy in Feb '21.

Monthly Price Outlook : The Kapas prices likely to remain firm between Rs. 5800-6400/q in the Rajkot market and the prices of medium staple length in Adoni market are likely to hover around Rs. 5300-5700/q in the coming month.

Major Market Highlights:

Around 2 crore farmers have been benefitted under MSP procurement in 2019-20. About 2, 01, 16,575 farmers have been benefitted from the government's procurement of seven commodities at the minimum support during 2019-20, the farmers have been benefitted under various schemes by the government. About 90, 08,018 cotton bales have been procured by CCI till 01st February '21, valuing around Rs. 26,343.72 crore and by benefitting around 18, 57,566 farmers.

Import duty imposed on Cotton to support farmers. The government has imposed 10 percent import duty on cotton in India to support the farmers, earlier there was no import duty on cotton. The tax comprises a basic customs duty of 5 percent and an additional 5 percent levy to finance the development of agricultural infrastructure in the country, the levy on overseas purchases will potentially support the local prices amid higher domestic production and prevent distress sales by the growers.

Cotton prices increase in Guntur market. In the open market the cotton is being sold at prices ranging between Rs. 5,600- Rs. 6,000 per quintal due to increasing demand caused by the reduced production, as a result prices are expected to increase in the market in the coming weeks. The cotton Corporation of India has fixed Rs. 5,825 per quintal for quality cotton earlier. As the demand is increasing the traders are offering better price than the CCI and are purchasing cotton from farmers.

Cotton Corporation of India has introduced lock - in period for prices to ensure price security for textile mills. Textile mills can buy cotton in multiples of 100 bales through e-auctions and lock-in the cotton price for 30 days without any charge, or for 60 days from the date of contract by an additional payment of Rs. 250 per bale, or for 90 days by an additional payment of Rs. 500 per bale.

Cotton Corporation of India has sold around 1.28 crore bales to millers and traders. CCI has sold 30,000 bales to Bangladesh last week, almost all the stock of the previous season around 108 lakh bales and 20 lakh bales from the current season, in total of 128 lakh bales has been sold. Last year, CCI had stock of 115 lakh bales and only 7 lakh bales remained unsold.

According to Cotton Association of India, About 29 lakh bales of cotton has been exported by the end of January 2021, which is highest in past three years during the same period in 2018-19, cotton exports were 24 lakh bales and in 2019-20 it was 20 lakh bales. Nearly 60 percent of the country's total projected cotton shipments were executed during the first four months of the 2020-21 season. India's cotton export are estimated around 54 lakh bales for the 2020-21 season which is 4 lakh bales higher from previous 2019-20 season.

India's Minimum Support Program continues to purchase significant volume of cotton amid expectation for record sales in 2020/21. As on February 1st Cotton Corporation of India had purchased the equivalent of 6.9 million bales (480 lbs.) of lint cotton from the 2020-21 crop, representing about 40 percent of the cotton sold to date by farmers and 25 percent of the USDA production forecast.

CAI retains 2020-21 cotton crop estimates at 360 lakh bales. According to Cotton Association of India, in its January 2021 estimate has retained its cotton crop estimate for the 2020-21 season, domestic consumption is expected to reach its normal level this year after the disruptions and labor shortage on account of the lockdown due to COVID-19 pandemic. The total cotton supply during the months of October 2020 to January 2021 is estimated by the CAI at 386.25 lakh bales of 170 kg each, which comprises the arrivals of 255.25 lakh bales of 170 kg each, import of cotton is at 6.00 lakh bales upto January 31, 2020. CAI has estimated cotton consumption at 110.00 lakh bales, while the export shipment of cotton is estimated at 29 lakh bales and ending stocks at 247.25 lakh bales.

Cotton Balance Sheet:

(Quantity in Lakh Bales)

Year	2017-18	2018-19	2019-20	2020-21*
State	Production			
Punjab	9.00	8.50	9.50	12.19
Haryana	23.60	23.00	25.50	27.61
Rajasthan	23.40	28.00	28.00	30.47
Gujarat	105.00	88.00	95.50	77.50
Maharashtra	83.00	74.09	87.80	87.93
Madhya Pradesh	21.50	23.05	20.00	21.00
Telangana	51.50	36.00	51.00	70.86
Andhra Pradesh	18.50	14.91	14.75	14.55
Karnataka	18.75	15.50	21.00	24.86
Tamil Nadu	5.75	5.00	5.00	3.51
Orissa	4.00	4.00	3.75	3.85
Others	1.00	1.00	1.00	0.84
TOTAL	365	321.05	362.80	375.17

As per the latest estimates by Agriwatch, cotton output in the country during the season 2019-20 would be around 362.8 lakh bales (of 170 kg each). The cotton output in the coming 2020-21 season is estimated to increase to around 375.17 lakh bales, as the area sown under cotton has increased.

Due to the good export parity in the 2019-20, exports are likely have increased to 50.7 lakh bales. Whereas, the imports in 2020-21 are likely to decline to around 10 lakh bales from 15 lakh bales in 2019-20.

The total cotton availability by the end of the season in 2019-20 is estimated at 402.4 lakh bales and even an even higher availability is expected in 2020-21 season of around 485.75 lakh bales.

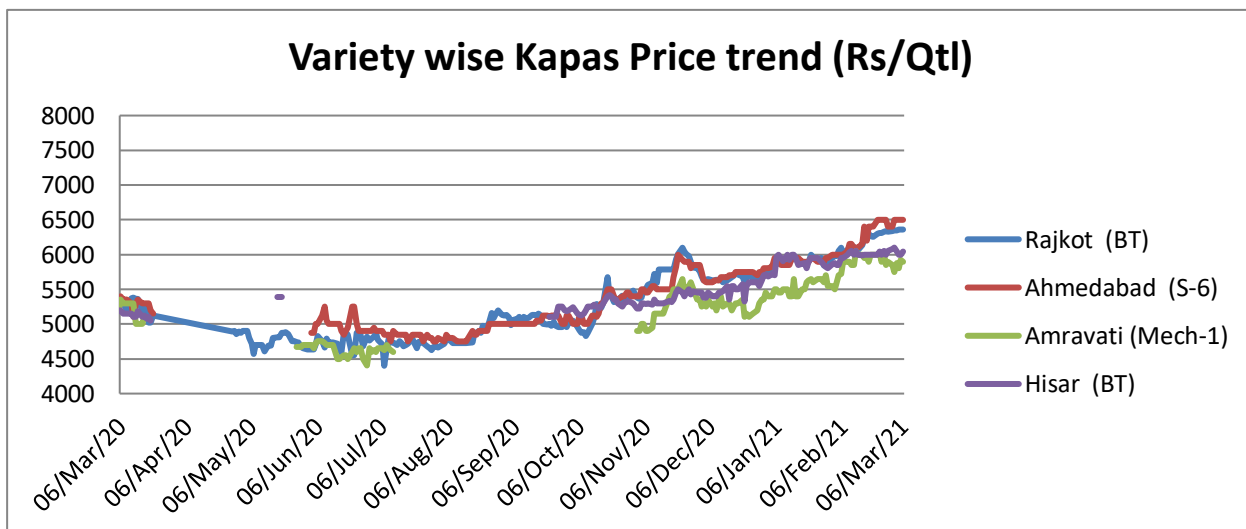
Total domestic mill consumption (excluding non- mill consumption) in 2020-21 is expected to increase by 25% to 286.46 lakh bales in 2020-21, which had significantly declined to 230 lakh bales in 2019-20 amid the spread of coronavirus.

So, the decline in consumption has result in higher ending stocks of around 102.63 lakh bales in 2019-20. The ending stocks by the end of 2020-21 season would depend on the final demand and consumption which is estimated to be 121.57 lakh bales owing to the higher crop this year.

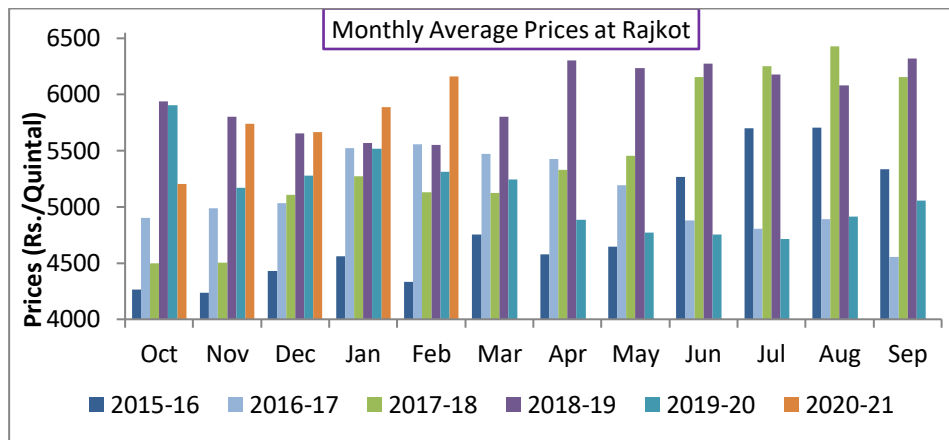
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot and other markets were significantly higher and stood at Rs.6161/quintal from previous month at Rs.5887/ quintal.



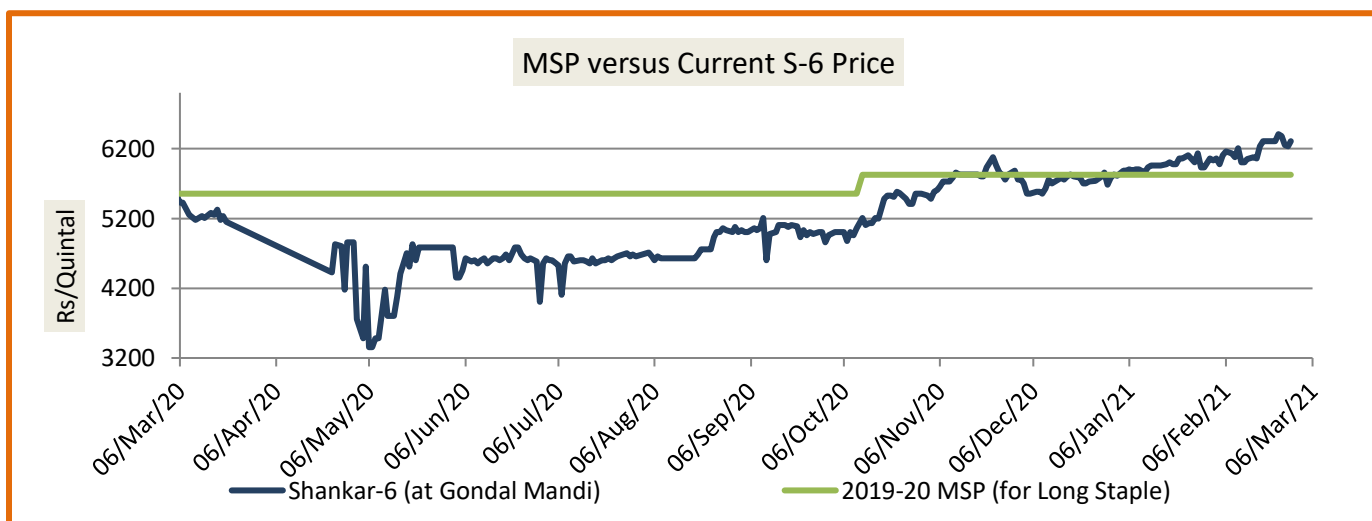
Kapas Monthly M-o-M Price Scenario



The arrivals in the month of February were higher in the market and the monthly average price were also higher at Rs. 6161.88/q compared to the prices during the corresponding month of the previous season. (Rs. 5315/q)

Spot Price versus MSP

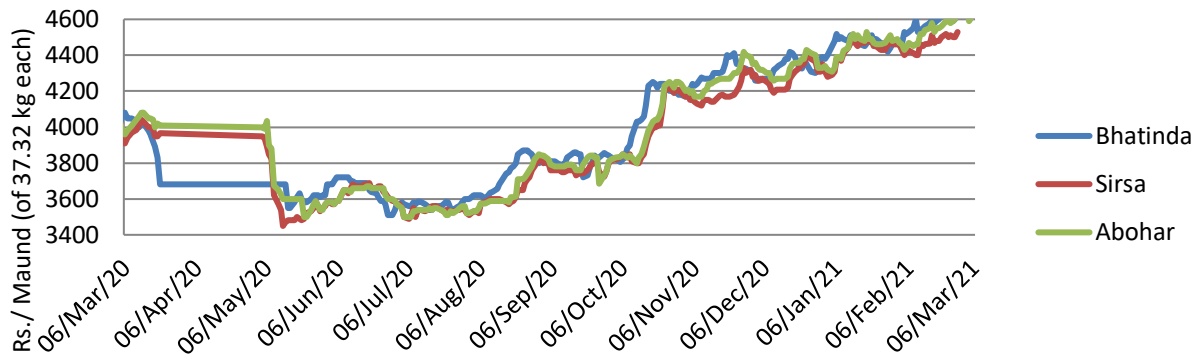
The average price in the Gondal market was higher in February month at Rs. 6167/q compared to Rs. 5,950/q in December. While the arrivals during the month were around 55,289 quintals.



Lint price Outlook

The prices in the northern states were firm during February. Monthly average price of Lint at Sirsastood higher at Rs. 4485 per maund of 37.32 kg each in February, compared to the average monthly price of Rs. 4449 per maund in January. The prices were hovering higher around Rs. 4561 per maund in Bhatinda in the month of February.

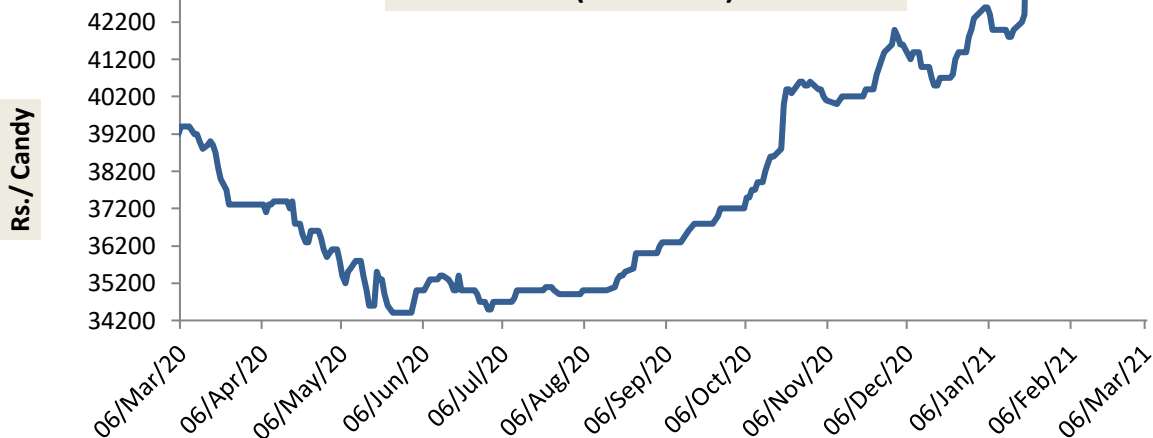
Lint Price Trend at Key Centers



Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.46965 per candy (of 355.6 kg each) during February, up by Rs.3387 per candy from previous month. While the prices during the same month last year were firm around Rs. 43578 per candy. Agriwatch expects cotton fiber to remain range-bound around of Rs.42,500-47,000 per candy in the coming month amid increase in kapas MSP.

Cotton Fiber (Shankar-6) Price Trend

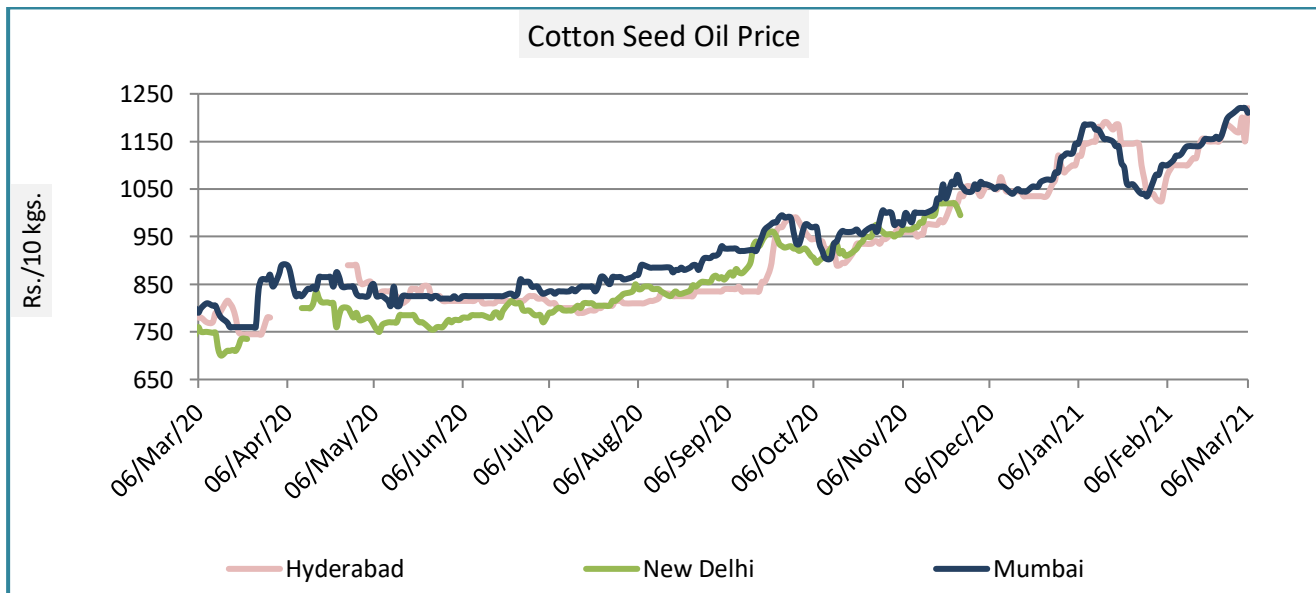


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1157 per 10 Kg, and followed by Rs. 1114 kg in Rajkot and Rs.1112 per 10 kg in New Delhi.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Feb	Jan	
New Delhi	1112	1073	3.66
Rajkot	1114	1092	1.94
Hyderabad	1157	1115	3.37
Mumbai	1150	1119	2.73

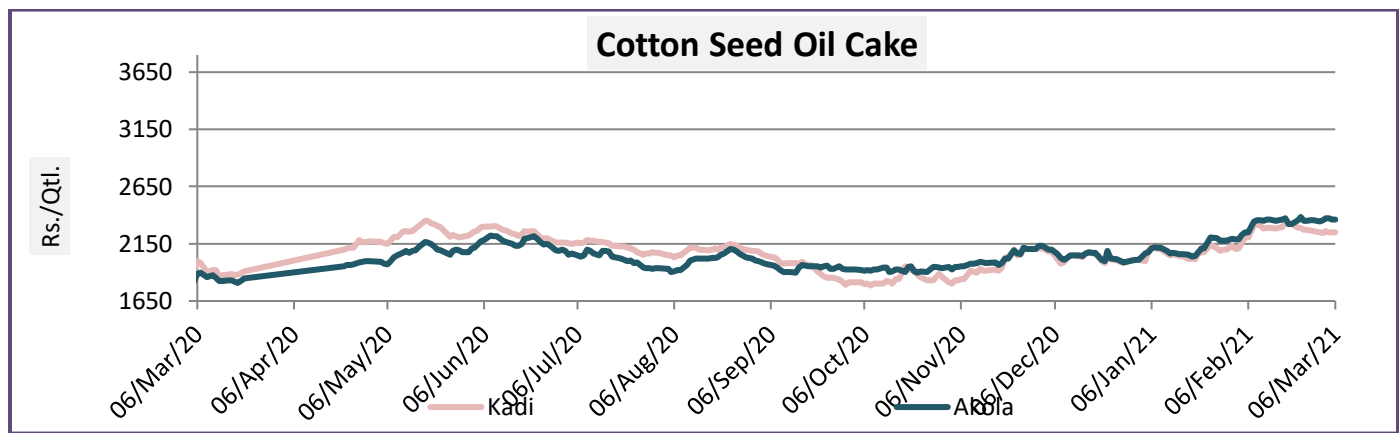


Cotton Seed Oil Cake monthly Price Scenario

The spot market traded high during February month, with the average price in Kadi up by 9.36% at Rs.2259 per quintal and 10% up around Rs.2320 per quintal in Akola. The prices have increased compared with the previous month resulting into decreases in demand of cottonseed oilcake and cotton seed oil.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Feb	Jan	
Kadi	2259	2067	9.36
Akola	2320	2096	10.67

*Source: NCDEX



International Market Scenario

ICE front month futures rose by around 6.84 % in February'21 month compared in January'21. The average of ICE March contract stood high around 86.42cents/lbs in February, up by 6.84 points compared to the average price that stood in January around 80.00 cents/lbs.

Major Market Highlights:

- According to the U.S. Cotton supply and demand forecast shows slightly higher exports and lower ending stocks relative to last month. The export forecast is raised 250,000 bales to 15.5 million bales based on strong pace of shipments to date. The world cotton forecast includes higher production, consumption and imports led by changes in china. World production is projected at 1.3 million bales higher this month, with china forecast raised by 1.5 million bales. India's production estimate is reduced 5000,00 bales on increasing evidence of pest infestation, while Pakistan is 200,000 bales higher and Australia 100,000 bales higher. World Consumption is projected 1.5 million bales higher this month, with china forecast 1.0 million bales higher reflecting growing textile demand and exports, while the outlook this month is lower consumption in Indonesia and Thailand. World trade is projected 350,000 bales higher than last month, with imports 500,000 bales higher for china.
- According to the USDA February forecast shows higher production in China and Australia. Production in China is raised sharply on the higher than normal last season ginning; Consumption has also risen in China and India on



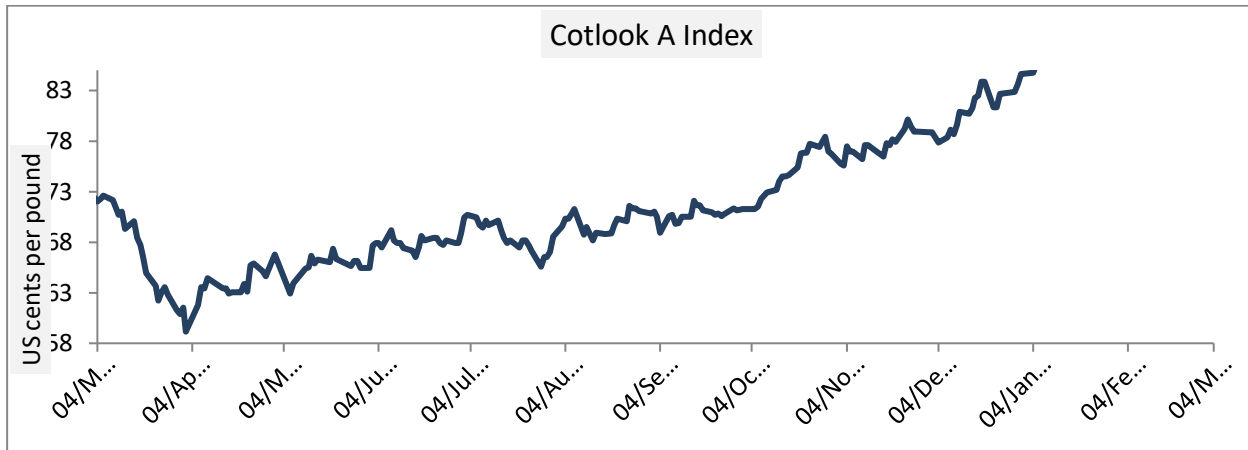
stronger expected recovery in mill demand. Global trade has reflected these changes and is raised slightly on higher imports for china.

- Cotton Production in Pakistan witnessed a massive decline of about 35 percent to 5.57 million bales by the end of January 2021, which is the lowest in 30 years. The decline in cotton production is mainly due to pest's infestation and drought, seed degradation, reduction of planting area. There are multiple reasons this year for the decreasing production as white fly has also caused serious impact on cotton, even higher than those pink bollworm earlier.
- Bangladesh domestic cotton production may rise in 2020-21. Local cotton production is likely to increase in Bangladesh with the increase in acreages and expansion of hybrid varieties. During the current season farmers have sown cotton on nearly 44,450 hectares of land; overall production is expected to be around 200,000 bales (each 480 pounds) in 2020-21.
- 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.

Cotlook A Index

The average CotlookA Index stood higher at 92.48US cents per lb in February month and increased by 6.17%. The Cotlook index increased during the last week of Feb'21.

Cotlook A Index	Monthly Average Price as on		% Change
	Feb	Jan	
Prices	92.48	87.10	6.17
Prices in US cents per Pound			



Source: Cotlook

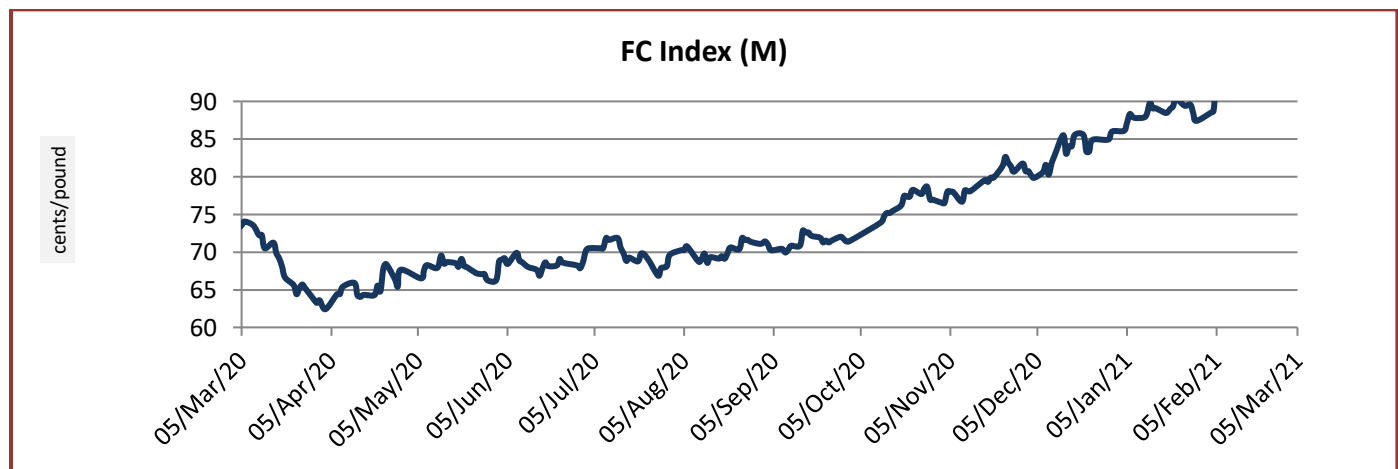
China Cotton Index and Foreign Cotton Index

The China cotton Index prices has improved from previous month around 7-8 percent.

Cotton Index	Monthly Average Price as on		% Change
	Feb	Jan	
FC (S)	97.95	90.45	8.29
FC (M)	95.02	88.52	7.34
FC (L)	94.47	87.37	8.13

Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Monthly Average Price as on		% Change
	Feb	Jan	
CCIndex(328)	15824.53	15275.05	3.60
CCIndex(527)	14921.33	14398.63	3.63
CCIndex(229)	16076.40	15533.11	3.50
Prices in Yuan per ton			

Source: China Cotton Association



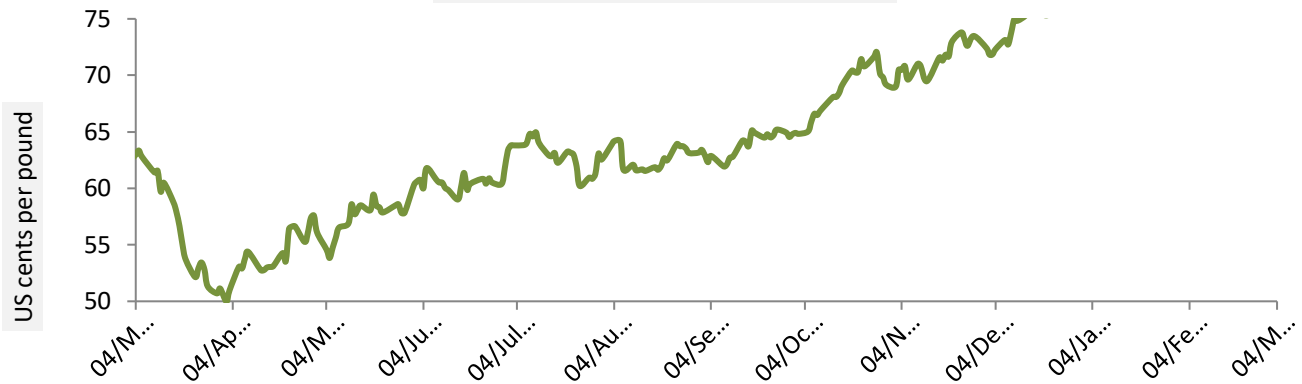
USA Spot Prices

U.S.A Spot price for this month was at 88.08 cents/ pound higher from previous month price by 7.69 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	Feb	Jan	
Prices	88.08	81.79	7.69
Prices in US cents per Pound			

Source: USDA

Daily Movement of USA Spot Price



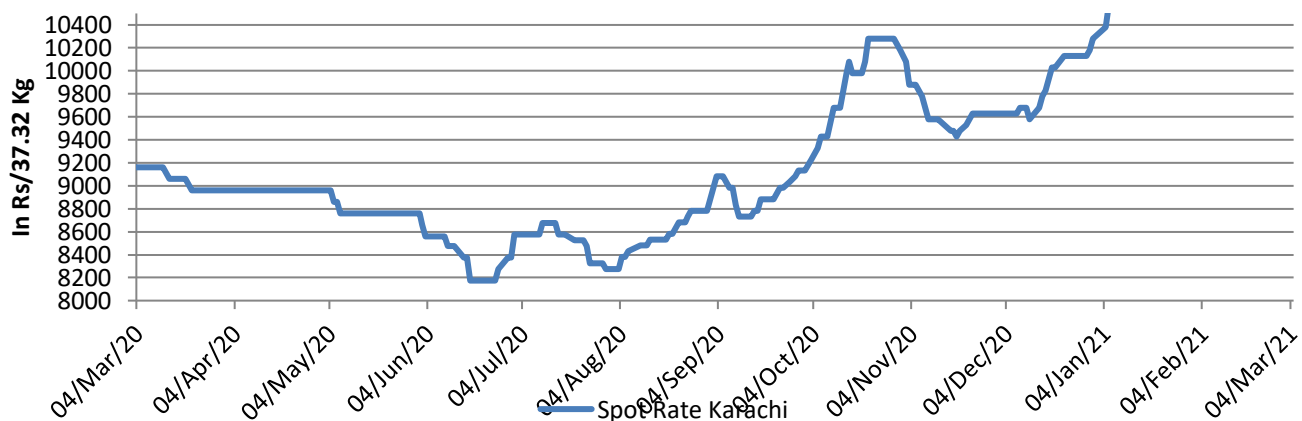
Pakistan Spot Prices

Cotton prices have increased in Pakistan due to low cotton production this year. The Pakistan cotton market remained weak owing to the increasing trends in the import of cotton observed and threat of Covid-19 is increasing.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Feb	Jan	
Prices	11142	10819	2.98
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com

Spot Rate Karachi



Commodity: Cotton

Exchange: MCX

Contract: Mar.

Expiry: Mar. 31, 2021

Cotton



Technical Commentary:

- Therecenttrendincottonhasbeenbullish,butthemarkethasbeenquiteindecisiveoverthelastonemonth.
- Asupportingtrendlineispassingthrough20000,whilemildresistanceisseenaround22260.
- If the market tests the support at 21500, intraday long positions may be created.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MC	Dec	20500	21500	22240	22260	22280
	X						
			Call	Entry	T1	T2	SL
Cotton	MC	Dec	Buy	22190	22220	22240	22200
	X						

* Do not carry-forward the position next day.

Commodity: Cotton Seed oil Cake
Contract: Mar

Exchange: NCDEX
Expiry: Mar 19th, 2020

Cottonseed Oilcake

COTTON SEED OIL 2103(NCCOUH1)2021/03/07 - Weekly B:2291.00 A:2292.00
O 2285.00 H 2306.00 L 2275.00 C 2292.00 ↓ V 35,460 I 60,710 +41 +1.82%



Technical Commentary:

- Cottonseedoilcakeonthedailychartlooksuncertainevenasthebroadertrendisbullish.
- Ontheintra-daychart,thereexistsaconsolidationzone(support)at2000andthena trendlinesupportat 2260. Strong resistance is seen at 2340.

Strategy: Buy

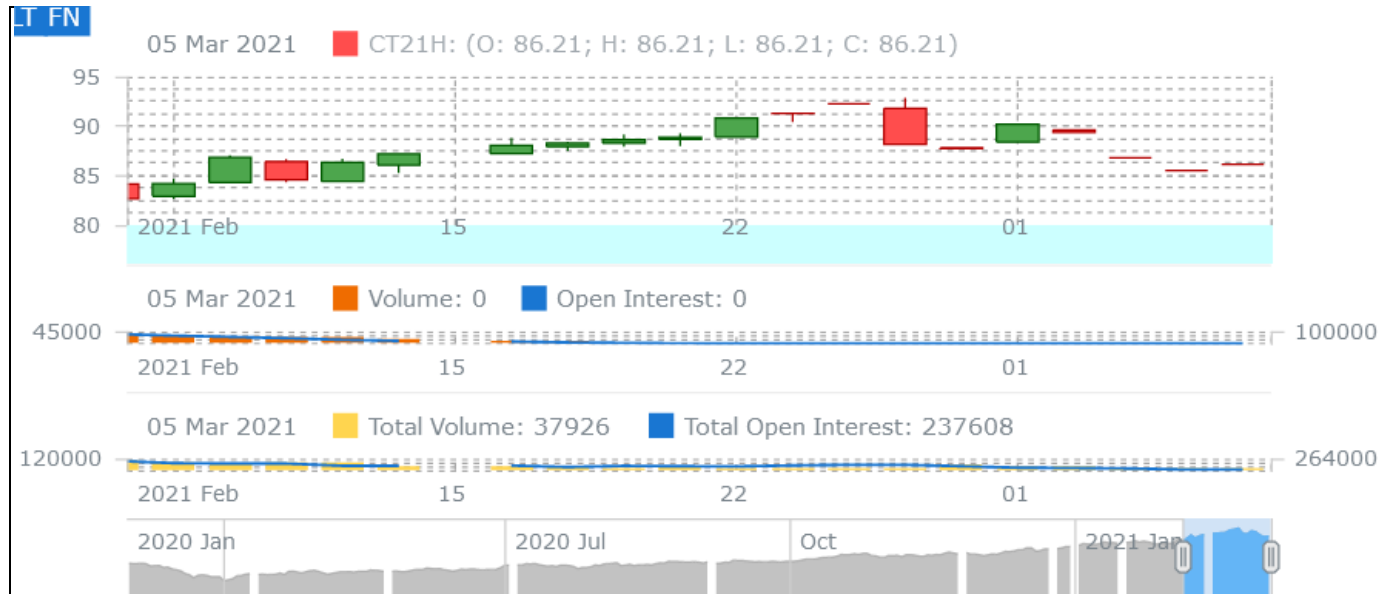
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	1700	2000	2290	2340	2360
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Buy	2285	2300	2320	2290

* Do not carry-forward the position next day.



Monthly Technical Outlook:

Technical Analysis of Cotton Future (May'21 Contract) at ICE



- Candlesticks showed firm trend in the market during December.
- Volume&Open Interest have increased over a month.
- We expect cotton prices to remain steady to firm in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	85-89

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
82	86	88	90

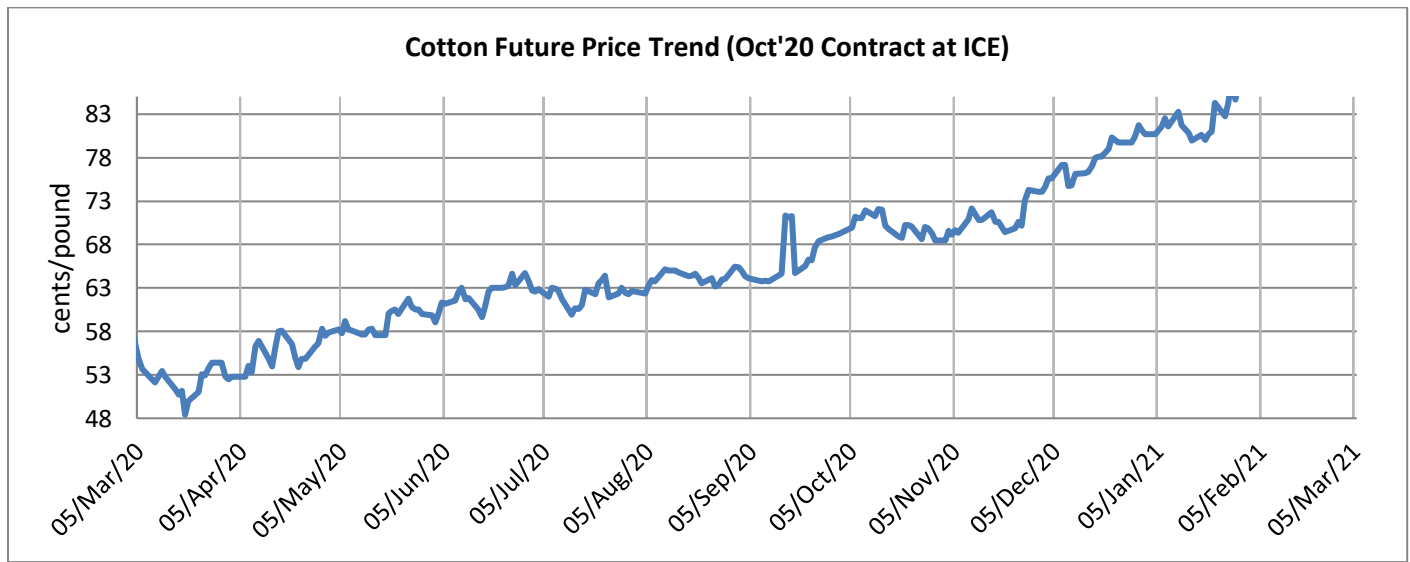
Figures in US cents/pound



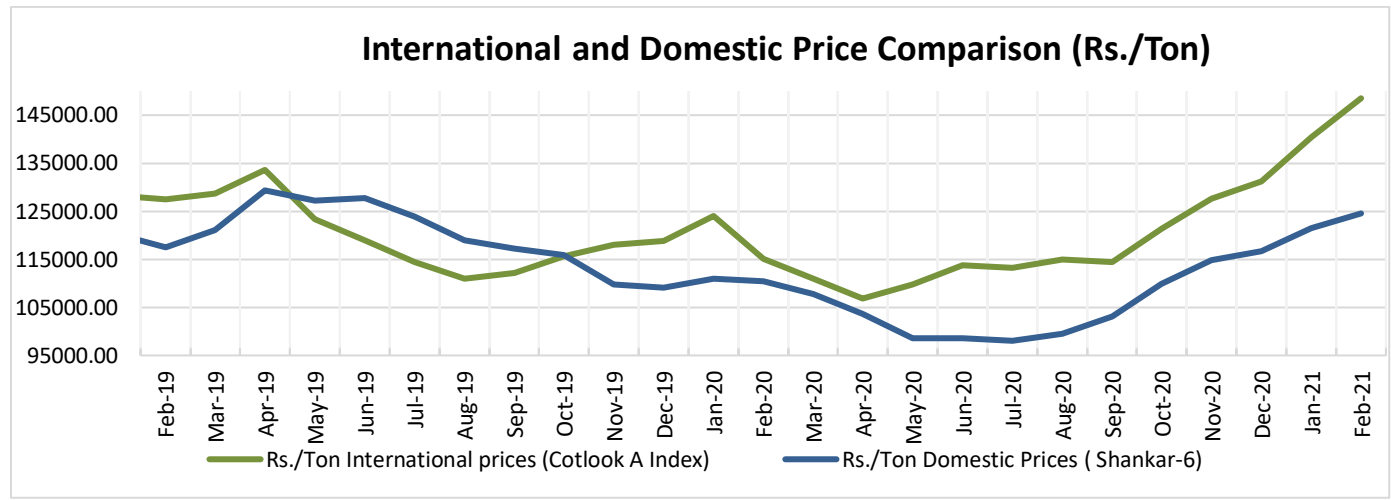
Cotton Future Prices at ICE

Future Price Trend (Active Contract):

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contra cts	5-Feb- 21	06-Jan-21 (1 month ago)	07-Nov-20 (3 months ago)	09-A-20 (6 months ago)	5-Feb-20 (a year ago)	% Change over a month	% Change over previous year
Mar-21	82.74	80.06	70.15	63.19	69.66	3.35	18.78
May- 21	84.02	80.85	71.02	64.21	68.11	3.92	23.36
Jul-21	84.84	81.51	71.75	64.66	68.95	4.09	23.05
Oct-21	81.29	78.21	69.32	63.37	68.07	3.94	19.42
Dec-21	81.01	76.21	68.67	62.80	68.77	6.30	17.80



International and Domestic Price Comparison



Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Feb'21	Jan'21	
Gujarat	Ahmedabad	Shankar-6	6229	5899	330
	Gondal	Shankar-6	6161	5950	211
	Rajkot	B.T. Cotton	6162	5887	275
	Patan	B.T. Cotton	6311	6029	281
	Kadi	B.T. Cotton	6202	5942	260
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5984	5903	81
Haryana	Bhiwani	B.T. Cotton	6041	5816	225
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5983	5879	105
	Fatehabad	B.T. Cotton	5926	5769	157
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5920	5774	146
Rajasthan	Hanumangarh	B.T. Cotton	133750	5817	127933
	Rawatsar	B.T. Cotton	126330	5708	120622

Madhya Pradesh	Khandwa	Mech-1	6234	5776	458
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5870	5532	339
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5643	5725	-83
Andhra Pradesh	Adoni	Medium Staple	5487	5377	111
Karnataka	Bijapur	Bunny	6550	6139	411
	Hubli	D.C.H.	NA	4109	-
	Hubli	B.T. Cotton	4946	5487	-541
	Raichur	H-44 Cotton	5961	5680	281
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Feb'21	Jan'21	
Punjab	Bhatinda	J-34	4562	4467	94
	Abohar	J-34	4562	4471	91
	Mansa	J-34	4564	4466	98
Haryana	Sirsa	J-34	4486	4449	36
Rajasthan	Sri-Ganganagar	J-34	4268	4250	18

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Feb'21	Jan'21	
Gujarat	Ahmedabad	Shankar-6	1371900	1479000	-107100
	Gondal	Shankar-6	55289	88145	-32856
	Rajkot	B.T. Cotton	106980	117200	-10220
	Patan	B.T. Cotton	108829	277026	-168197
	Kadi	B.T. Cotton	830000	9800000	-8970000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5604	7129	-1525
Haryana	Bhiwani	B.T. Cotton	24300	28700	-4400
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	29495	23375	6120
	Fatehabad	B.T. Cotton	8350	7950	400
	Jind	B.T. Cotton	NA	NA	-

	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	7720	10225	-2505
Rajasthan	Hanumangarh	B.T. Cotton	23550	24600	-1050
	Rawatsar	B.T. Cotton	5700	12000	-6300
Madhya Pradesh	Khandwa	Mech-1	5350	7650	-2300
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	201000	249000	-48000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	282708	16565803	-16283095
Andhra Pradesh	Adoni	Medium Staple	44840	138444	-93604
Karnataka	Bijapur	Bunny	37337	81204	-43867
	Hubli	D.C.H.	NA	2	-
	Hubli	B.T. Cotton	72	418	-346
	Raichur	H-44 Cotton	707	2461	-1754
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Feb'21	Jan'21	
Punjab	Bhatinda	J-34	120700	125800	-5100
	Abohar	J-34	15470	15640	-170
	Mansa	J-34	17680	17255	425
Haryana	Sirsa	J-34	10880	9520	1360
Rajasthan	Sri-Ganganagar	J-34	49000	57900	-8900

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Feb'21	Jan'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	922500	38352	884148
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	934500	38852	895648
J-34(202)	27mm	3.5 - 4.9	23	1035200	41900	993300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	1034400	42087	992313
Shankar-6(105)	29mm	3.5 - 4.9	28	1064900	43257	1021643
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	1129200	45609	1083591

MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	1142400	46191	1096209
DCH-32(107)	34mm	3.0 - 3.8	33	1651300	66009	1585291

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