MCX Cotton Stocks Surge to Make a New All-Time High of 1,81,200 bales

Mumbai, March 06, 2019: The cotton futures contract traded on Multi Commodity Exchange of India Ltd. (MCX) continues to witness increased participation from ginners, traders, farmers and corporates among other stakeholders. **The stock deposits in MCX accredited warehouses soared to a new all time high of 1,81,200 bales as on March 05, 2019. This signifies a notable increase of 55.80% from 116,300 bales as on the day last year (i.e. March 05, 2018).**

Besides, cotton futures contract recorded second highest intraday volume of 3,70,700 bales valued at about Rs 764 Crore on February 22, 2019. Open interest on the day stood at 4,30,400 bales.

Since the launch in October 2011, MCX cotton futures contract, with increasing domestic hedger participation has demonstrated that it can meet the risk management needs of various stakeholders in the cotton ecosystem, with contract witnessing trade of more than 15.44 crore bales till date. With an internationally accepted technical specifications, the contract has a deliverable range that represents more than 75% cotton grown in India. So far, through the exchange's delivery mechanism, cotton to the tune of 9,77,200 bales has been delivered.

Shri B.S. Rajpal, Vice President, Cotton Association of India (CAI) & Director, Manjeet Cotton Private Ltd. said , "The highest ever Cotton deposit in MCX accredited warehouses once again reaffirms the confidence of the cotton stakeholders in the Exchange's well-equipped and robust warehousing & delivery mechanism for participants to tender and receive delivery. MCX cotton futures has been servicing the price risk management needs of market participants such as producers, ginners, millers, yarn manufacturers, exporters etc., besides facilitating transparent price discovery."

Mr. Mrugank Paranjape, MD & CEO, MCX said, "The record deposit of cotton stocks in MCX accredited warehouses is extremely comforting, and at the same time is a testament to the confidence and trust the stakeholders unabatedly pose in MCX. Further, the consistent popularity and robust performance of our MCX cotton futures in particular, is notable, with its increasing liquidity and depth. This amply demonstrates the contract's ability to enable cotton stakeholders to effectively manage their price risk.

Mr. Narendra Ahlawat, MD & CEO, Multi Commodity Exchange Clearing Corporation Ltd. (MCXCCL) said, "The efficient exchange delivery settlement mechanism has been welcomed by the participants as evident from the record cotton deposits in Exchange's accredited warehouses. It shows that the platform is not only providing efficient risk management tools to the stakeholders, but is also facilitating a robust system for participants to tender and receive delivery."

India is a major player in the global cotton industry. It is one of the largest producers and exporters of Cotton, contributing about 24% and 13% to the global production and exports respectively (USDA, Crop Year 17-18). According to Cotton Association of India, the country is estimated to have produced 36.5 million bales and imported 1.5 million bales in 2017-18 crop year i.e. October to September. The CAI has estimated cotton crop for 2018-19 season at 330 lakh bales, at a 9-year low. Given the annual Indian market size of cotton textiles at around Rs.60,000 crore and an annualized volatility of 16.5% in cotton prices witnessed during 2018, the industry is exposed to a price risk of more than Rs. 9,900 crore.

About MCX:

Having commenced operations on November 10, 2003, Multi Commodity Exchange of India Limited (MCX) is India's first listed, national-level, electronic exchange. It is also the first exchange to introduce commodity options in India. In the financial year 2017–18, the market share of MCX was 89.58%. MCX offers the benefits of fair price discovery and price risk management to the Indian commodity market ecosystem. Various commodities across segments are traded on the Exchange platform. These include bullion, energy, metals and agri commodities. The exchange has forged strategic alliances with various international exchanges, as well as Indian and international trade associations. For more information about MCX and its products visit www.mcxindia.com.

For further details, Contact:
Shivani Sharma
Manager – Media Relations, MCX
Mobile: +91 9833376243
shivani.sharma@mcxindia.com