MCX Cotton contract successfully concluded current crop season with record delivery of 3.98 lakh bales

Mumbai, September 24, 2019: MCX Cotton contract has concluded another successful Cotton crop season i.e. from October 2018 to August 2019 with record delivery of 398,600 bales (valued at Rs 853.12 crores), which surged 119 percent vis-à-vis 182,300 bales the previous Cotton season. (Each bales = 170 Kgs)

During the season, Cotton deposits, at MCXCCL 42 designated warehouses logged all time high of 2.14 lakh bales compared to 1.81 lakh bales last year, signifying an increase of 18.23%. The increase in overall participation from cotton value chain has led to higher delivery and deposits of Cotton at the exchange accredited warehouses

Stakeholders of cotton industry put their insistent support and confidence in MCX Cotton contract and its warehousing & delivery system since its launch in 2011. As futures contracts for Crop year 2018-19 concluded, all cotton stocks at designated warehouses located at Rajkot, Kadi and Mundra in Gujarat; Jalna and Yavatmal in Maharashtra; and Adilabad and Warangal in Telangana were delivered to the buyer participants.

During this crop year (till Aug 2019) average daily traded volume increased to 1,01,125 bales as against 84,112 bales during the corresponding period last year, whilst daily average open interest increased to 3,45,580 bales from 2,53,963 bales last year. The period witnessed a 5-year record daily OI of 5,63,475 bales.

MCX cotton futures contract has become a benchmark for the cotton industry comprising of physical market participants like farmers, ginners, producers, traders, processors, importers, exporters and other stakeholders in the value chain and emerged as an efficient and effective risk management tool for managing cotton price risk. A total of 66 awareness programmes were conducted on 'Effective Cotton Price Risk Management' for the benefit of cotton stakeholders in the current season.

Mr. P. S. Reddy, MD & CEO of MCX said, *"It has always been our endeavor to serve best to the stakeholders. Efficient price discovery coupled with robust delivery and settlement mechanism of the MCX cotton futures contract has made it widely acceptable as one of the most effective tools for managing cotton price risk amongst the value chain participants."*

Mr. B. S. Rajpal, Director, Manjeet Cotton Pvt. Ltd. said, *"Exchange's cotton futures is our prime choice for cotton price risk management and for physical deliveries. It is encouraging to witness record cotton deposits as well as deliveries at exchange designated warehouses, signifying overwhelming response from industry and its robust delivery system. We are also equally happy in being an integral part of this success story and using the platform for our cotton deliveries as one of the leading value chain participants."*

As per United States Department of Agriculture (USDA) August 2019 total cotton supply for the year 2018-2019 is estimated at 375 lakh bales of 480 pounds and domestic consumption estimated at 240 lakh bales. The USDA has estimated exports of cotton for the season at 35 lakh bales.

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 2018–19, the market share of MCX was 91.59%. 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.

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