

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.21,330 /bale Friday. ICE cotton futures closed red on Thursday.

News: Cotton production has been decreased by 2 percent for the 2020-21 season. According to the Ministry of Agriculture and farmer's welfare, cotton production has been lowered by two percent from its first estimate to 28.5 million 480-lb. bales but is 13 percent higher than the 5 year average.

Cotton exports from India are facing quality issues. According to the trade sources, the quality of Indian cotton has emerged as a major issue in the export market with importing nations becoming reluctant to purchase the natural fiber from India, this in turn can also slow down the exports that are projected at 75 lakh bales. According to Southern India Mills Association, Cotton has quality issues this season particularly because of unseasonal rains during October and November. Although, CCI had denied the issue and was strict in ensuring that the cotton it procured this year adhered to the FAQ norms and is of good quality.

Cotton Corporation of India has reduced the selling price of cotton as a onetime correction. International prices had risen almost 12 percent in the last two months and dropped at the same rate. Although CCI had not increased the prices to that extent, prices went up only by 2 percent and it has now been reduced by almost 2 percent. Also, the amount of reduction in prices differs according to the variety of cotton.

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.

Weather Forecast:

Thunderstorm with lightening, hail and gusty winds very likely in isolated places over Kerala & Mahe. Heat wave conditions in some pockets with severe heat wave in isolated pockets very likely over Saurashtra & Kutuch and Konkan & goa and heat wave conditions in isolated pockets over gangetic West Bengal and Odisha.

International Fundamentals:

The ICE cotton Futures was down by 400 points at 78.44 cents/lb. The Cotlook A index was at 89.50 cents/lb. The AWP for cotton was at 68.55 cents/lb.

Australian cotton exports are expected to grow in 2021. Cotton production in Australia is expected to increase in 2021 as the country's normal weather replenishes reservoirs essential for irrigation. The monthly average cotton production is expected to grow 312.70 percent in 2020-21 to 0.22 million where else in 2019-20 season it was 0.05 million.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-270	20960	21000	20880	21170	906	2939
MXCTNJ1	-290	21250	21330	21170	21490	1219	7674

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Mar-21	25-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6350	6375	-25
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6100	6100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	6000	-
	Fatehabad	B.T. Cotton	5900	5900	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	6100	6100	Unch
Rajasthan	Hanumangarh	B.T. Cotton	Closed	6225	-
	Rawatsar	B.T. Cotton	6100	6100	Unch
Madhya Pradesh	Khandwa	Mech-1	6500	6500	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5950	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	6700	6683	17
	Hubli	D.C.H.	NA	4351	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Mar-21	25-Mar-21	
Punjab	Bhatinda	J-34	4400	4480	-80
	Abohar	J-34	4380	4480	-100
	Mansa	J-34	4345	4450	-105
Haryana	Sirsa	J-34	4300	4400	-100

Rajasthan	Sri-Ganganagar	J-34	4324	4324	Unch
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Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Mar-21	25-Mar-21	
Gujarat	Ahmedabad	Shankar-6	17000	17000	Unch
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	680	-
	Fatehabad	B.T. Cotton	150	150	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	650	850	-200
Rajasthan	Hanumangarh	B.T. Cotton	Closed	125	-
	Rawatsar	B.T. Cotton	400	700	-300
Madhya Pradesh	Khandwa	Mech-1	100	100	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	17000	15000	2000
	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	1117	701	416
	Hubli	D.C.H.	NA	10	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	22	15	7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Mar-21	25-Mar-21	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	255	255	Unch
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	26-Mar-21	25-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1310	1310	Unch
Delhi	New Delhi	Rs. /10 Kg.	1260	1260	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1300	1300	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1305	1320	-15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	26-Mar-21	25-Mar-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2469	2490	-21
Maharashtra	Akola	Rs./Qtl	2447	2463	-16

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	26-Mar-21	25-Mar-21	Change
CCIndex(328)	RMB/Ton	15148	15547	-399
CCIndex(527)	RMB/Ton	14561	14778	-217
CCIndex(229)	RMB/Ton	15466	15855	-389

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	24-Mar-21	22-Mar-21	Change
FC Index (S)	Cents/lb	95.04	96.37	-1.33
FC Index (M)	Cents/lb	92.33	93.77	-1.44
FC Index (L)	Cents/lb	91.1	92.54	-1.44

Cotlook Index:

Cotlook Indices	Unit	24-Mar-21	23-Mar-21	Change
A-Index	Cents/Pound	89.5	90.5	-1.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		24-Mar-21	22-Mar-21	Bales
Southeast	cents/lb.	81.19	85.62	0
North Delta	cents/lb.	80.19	84.62	0

South Delta	cents/lb.	80.19	84.62	0
East TX-OK	cents/lb.	76.94	81.87	197
West Texas	cents/lb.	76.94	81.87	371
Desert SW	cents/lb.	74.44	80.12	0
SJ Valley	cents/lb.	74.94	86.02	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 25-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 Thursday March 25th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210325	82.40	82.81	78.44	78.44	-4.00	10,225	94,098	-105
May-21	210325	83.50	83.85	79.52	79.52	-4.00	5,074	52,343	+392
Jul-21	210325	77.20	77.20	77.20	77.20	-3.92	0	18	-1
Oct-21	210325	80.25	80.55	76.39	76.55	-3.83	3,196	66,711	-46
Dec-21	210325	79.81	79.97	76.36	76.53	-3.47	115	7,404	+26
Mar-22	210325	79.54	79.54	76.62	76.62	-3.18	88	1,419	+46
Total Volume and Open Interest							18,761	229,612	+326

Source: MRCI

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