

### 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 up at Rs.21,430 /bale Saturday. ICE cotton futures closed green on Friday.*

**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.

### Weather Forecast:

*Thunderstorm with lightening and squall very likely in isolated places over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura with lightening and gusty winds at isolated places over West Bengal & Sikkim and Arunachal Pradesh and with lightening at isolated pockets very likely over Andaman & Nicobar Islands and Kerala & Mahe.*

### International Fundamentals:

The ICE cotton Futures was up by 194 points at 80.38 cents/lb. The Cotlook A index was at 88.50 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 ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Mar-21	26-Mar-21	
Gujarat	Ahmedabad	Shankar-6	6350	6350	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	Closed	6100	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	5950	5900	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	6100	6100	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6200	Closed	-
	Rawatsar	B.T. Cotton	6100	6100	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	6500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5950	5950	Unch
	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	NA	6700	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	27-Mar-21	26-Mar-21	
Punjab	Bhatinda	J-34	4490	4400	90
	Abohar	J-34	4490	4380	110
	Mansa	J-34	4370	4345	25
Haryana	Sirsa	J-34	4410	4300	110
Rajasthan	Sri-Ganganagar	J-34	4254	4324	-71

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Mar-21	26-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	Closed	2000	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	100	150	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	650	650	Unch
Rajasthan	Hanumangarh	B.T. Cotton	200	Closed	-
	Rawatsar	B.T. Cotton	400	400	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	100	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	17000	17000	Unch
	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	NA	1117	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	22	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Mar-21	26-Mar-21	
Punjab	Bhatinda	J-34	1700	2550	-850
	Abohar	J-34	340	340	Unch
	Mansa	J-34	170	255	-85
Haryana	Sirsa	J-34	255	510	-255
Rajasthan	Sri-Ganganagar	J-34	2000	500	1500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	27-Mar-21	26-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1310	1310	Unch
Delhi	New Delhi	Rs. /10 Kg.	1260	1260	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1330	1300	30
Maharashtra	Mumbai	Rs. /10 Kg.	1300	1305	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Mar-21	26-Mar-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2450	2469	-19
Maharashtra	Akola	Rs./Qtl	2451	2447	4

**INTERNATIONAL PRICES AND INDICES****China 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	25-Mar-21	24-Mar-21	Change
<b>A-Index</b>	Cents/Pound	88.5	89.5	<b>-1.00</b>

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Mar-21	23-Mar-21	Bales
Southeast	cents/lb.	77.19	84.53	<b>0</b>
North Delta	cents/lb.	76.19	83.53	<b>0</b>
South Delta	cents/lb.	76.19	83.53	<b>0</b>
East TX-OK	cents/lb.	72.94	80.78	<b>568</b>
West Texas	cents/lb.	72.94	80.78	<b>1011</b>
Desert SW	cents/lb.	70.44	79.03	<b>0</b>
SJ Valley	cents/lb.	70.94	84.93	<b>0</b>

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
<b>Cotton</b>	37.32Kgs	9400	180	12380
<b>Equivalent</b>	40 Kgs	10074	193	13268

**Daily Futures Price Listing Friday March 26th, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">Mar-21</a>	210326	78.24	81.13	77.12	80.38	+1.94	15,536	94,100	+2
<a href="#">May-21</a>	210326	79.52	82.15	78.15	81.41	+1.89	9,813	54,691	+2,348
<a href="#">Jul-21</a>	210326	78.68	79.49	78.68	79.49	+2.29	0	18	+0
<a href="#">Oct-21</a>	210326	76.54	79.35	75.34	78.74	+2.19	4,062	66,454	-257
<a href="#">Dec-21</a>	210326	76.53	79.19	75.34	78.62	+2.09	429	7,459	+55
<a href="#">Mar-22</a>	210326	76.32	79.30	75.65	78.65	+2.03	174	1,484	+65
Total Volume and Open Interest							30,544	232,040	+2,428

Source: MRCI

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