

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.21,730 /bale Thursday. ICE cotton futures closed green on Wednesday.

News: Genetically modified cotton seed prices have been increased by 5 percent. India has raised the prices for genetically modified cotton seed by 5 percent for the fiscal year that began in March. The prices are now at Rs 767 for a 450 gram packet and are up from 730 rupees.

Cotton farmers have gained this season as the cotton prices are above MSP. During the cotton season of 2020-21, Cotton Corporation of India has procured around 92 lakh bales under minimum support price operation. For the last six weeks, cotton prices have been ruling much above MSP, and currently they are 15-20% above MSP. As a result farmers are getting Rs 6,400 to Rs 6,500 per quintal as against the MSP of Rs 5,825 per quintal. Initially, it was expected by the trade and market sources that CCI may be required to buy at least 1.5 crore bales but since the farmers are getting good price from the market forces itself, MSP intervention is not required now. This cotton season is almost at an end and has been a good year for CCI.

Telangana Farmers are planning to increase area under cotton cultivation. Telangana is planning to add another 15-20 lakh acres in the upcoming kharif season, taking the area under the fibre crop to 75-80 lakh acres. The state had experimented with the Regulated Cropping System last year, had dramatically increased the cotton area to 60 lakh acres from the previous record of 46 lakh acres in 2019. As they achieved the target of 60 lakh acres, the Telangana farmers had surpassed Gujarat, which grows cotton on about 56 lakh acres.

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.

Weather Forecast:

Thunderstorm with lightening & gusty winds very likely at isolated places over Sub-Himalayan West Bengal and Sikkim, Andaman & Nicobar Islands, Odisha and with lightening at isolated pockets very likely over Kerala & Mahe. Heat wave conditions very likely in isolated pockets over Coastal Andhra Pradesh & Yanam, Tamil Nadu, Puducherry & Karaikal and Saurashtra & Kutch.

International Fundamentals:

The ICE cotton Futures was up by 24 points at 80.88 cents/lb. The Cotlook A index was at 87.20 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	+40	21260	21370	21130	21260	32	433
MXCTNJ1	+110	21460	21570	21290	21410	32	1665

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	01-Apr-21	31-Mar-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	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	Closed	-
	Bhiwani	Desi	Closed	Closed	-
	Adampur	B.T. Cotton	6140	6150	-10
	Fatehabad	B.T. Cotton	6100	6100	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	6150	-
Rajasthan	Hanumangarh	B.T. Cotton	6300	NA	-
	Rawatsar	B.T. Cotton	6225	6200	25
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6200	6125	75
	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	6563	5829	734
	Hubli	D.C.H.	NA	4351	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5900	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	01-Apr-21	31-Mar-21	

Punjab	Bhatinda	J-34	4590	4580	10
	Abohar	J-34	4590	4580	10
	Mansa	J-34	4580	4570	10
Haryana	Sirsa	J-34	4520	4510	10
Rajasthan	Sri-Ganganagar	J-34	4277	4277	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	01-Apr-21	31-Mar-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	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	Closed	-
	Bhiwani	Desi	Closed	Closed	-
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	100	200	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	500	-
Rajasthan	Hanumangarh	B.T. Cotton	200	NA	-
	Rawatsar	B.T. Cotton	200	300	-100
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7000	3000	4000
	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	929	194	735
	Hubli	D.C.H.	NA	2	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	01-Apr-21	31-Mar-21	
Punjab	Bhatinda	J-34	1360	1700	-340
	Abohar	J-34	170	255	-85
	Mansa	J-34	340	170	170
Haryana	Sirsa	J-34	510	340	170
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	01-Apr-21	31-Mar-21	
Gujarat	Rajkot	Rs. /10 Kg.	1330	1300	30
Delhi	New Delhi	Rs. /10 Kg.	1260	1260	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1290	1330	-40
Maharashtra	Mumbai	Rs. /10 Kg.	1330	1300	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	01-Apr-21	31-Mar-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2518	2499	19
Maharashtra	Akola	Rs./Qtl	2487	2466	21

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	01-Apr-21	31-Mar-21	Change
CCIndex(328)	RMB/Ton	15237	15246	-9
CCIndex(527)	RMB/Ton	14592	14597	-5
CCIndex(229)	RMB/Ton	15573	15581	-8
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	01-Apr-21	31-Mar-21	Change
FC Index (S)	Cents/lb	91.45	91.06	0.39

FC Index (M)	Cents/lb	89.3	88.71	0.59
FC Index (L)	Cents/lb	87.4	87.09	0.31

Cotlook Index:

Cotlook Indices	Unit	30-Mar-21	29-Mar-21	Change
A-Index	Cents/Pound	87.2	87.1	0.10

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Mar-21	29-Mar-21	Bales
Southeast	cents/lb.	79.39	81.49	0
North Delta	cents/lb.	78.39	80.49	0
South Delta	cents/lb.	78.39	80.49	0
East TX-OK	cents/lb.	75.14	77.74	2464
West Texas	cents/lb.	75.14	77.74	176
Desert SW	cents/lb.	72.64	75.99	0
SJ Valley	cents/lb.	73.14	81.89	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 31-Mar-2021

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	11680
Equivalent	40 Kgs	10074	193	12518

Daily Futures Price Listing Wednesday March 31st, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210331	80.70	81.40	78.60	80.88	+0.24	11,472	90,869	-815
May-21	210331	81.90	82.60	79.79	82.17	+0.42	7,865	52,376	+830
Jul-21	210331	80.36	80.70	80.36	80.70	+0.98	2	23	+0
Oct-21	210331	78.95	80.35	77.27	80.10	+1.18	2,041	67,253	-121
Dec-21	210331	78.65	80.14	77.31	80.00	+1.16	214	7,805	-40
Mar-22	210331	78.59	80.07	77.60	79.92	+1.09	190	1,898	+17
Total Volume and Open Interest							21,939	228,679	-79

Source: MRCI

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