

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.21,690 /bale Saturday. ICE cotton futures closed red on Thursday.

News: Cotton farmers may face seed shortage. As cotton farmers are planning to increase the area under cotton cultivation the supply of cottonseeds might become tight in the coming kharif season if farmers decide to expand the area going by the high price that prevailed during the current season to September. Cottonseed production and quality were affected last year due to excessive rains in the key producing state of telangana and some parts of Tamil Nadu.

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.

Weather Forecast:

Thunderstorm with lightening & gusty winds very likely at isolated places over Himachal Pradesh and with lightening & gusty winds at isolated pockets very likely Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Uttarakhand and Kerala and with lightening at isolated pockets over Andaman & Nicobar Islands, Andhra Pradesh, Coastal Andhra Pradesh & Yanam and Telangana. Heat Wave Conditions very likely in isolated pockets over southwest and northeast Rajasthan and east Vidarbha.

International Fundamentals:

The ICE cotton Futures was down by 293 points at 77.95 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	03-Apr-21	02-Apr-21	
Gujarat	Ahmedabad	Shankar-6	6875	Closed	-
	Gondal	Shankar-6	6505	6555	-50
	Rajkot	B.T. Cotton	6705	6670	35
	Patan	B.T. Cotton	NA	NA	-
	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	6200	6160	40
	Fatehabad	B.T. Cotton	6100	6050	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6300	6300	Unch
	Rawatsar	B.T. Cotton	6300	6225	75
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6150	6150	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	NA	-
	Hubli	D.C.H.	4900	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	03-Apr-21	02-Apr-21	
Punjab	Bhatinda	J-34	4520	4470	50
	Abohar	J-34	4540	4520	20

	Mansa	J-34	4510	4500	10
Haryana	Sirsa	J-34	4510	4480	30
Rajasthan	Sri-Ganganagar	J-34	4324	4254	71

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	03-Apr-21	02-Apr-21	
Gujarat	Ahmedabad	Shankar-6	11900	Closed	-
	Gondal	Shankar-6	538	255	283
	Rajkot	B.T. Cotton	1600	900	700
	Patan	B.T. Cotton	NA	NA	-
	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	70	80	-10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	150	200	-50
	Rawatsar	B.T. Cotton	100	200	-100
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	5000	3000
	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	NA	-
	Hubli	D.C.H.	8	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	03-Apr-21	02-Apr-21	

Punjab	Bhatinda	J-34	1190	1870	-680
	Abohar	J-34	340	255	85
	Mansa	J-34	340	850	-510
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	500	2000	-1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	03-Apr-21	02-Apr-21	
Gujarat	Rajkot	Rs. /10 Kg.	1330	1330	Unch
Delhi	New Delhi	Rs. /10 Kg.	1260	1260	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1290	1290	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1320	1330	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	03-Apr-21	02-Apr-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2518	Closed	-
Maharashtra	Akola	Rs./Qtl	2487	Closed	-

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	03-Apr-21	02-Apr-21	Change
CCIndex(328)	RMB/Ton	Closed	15248	-
CCIndex(527)	RMB/Ton	Closed	14597	-
CCIndex(229)	RMB/Ton	Closed	15576	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	03-Apr-21	02-Apr-21	Change
FC Index (S)	Cents/lb	Closed	86.39	-
FC Index (M)	Cents/lb	Closed	87.84	-
FC Index (L)	Cents/lb	Closed	83.69	-

Cotlook Index:

Cotlook Indices	Unit	01-Apr-21	30-Mar-21	Change
A-Index	Cents/Pound	87.65	87.2	0.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		01-Apr-21	30-Mar-21	Bales
Southeast	cents/lb.	76.7	81.64	1530
North Delta	cents/lb.	75.7	80.64	880
South Delta	cents/lb.	75.7	80.64	0
East TX-OK	cents/lb.	72.45	77.89	762
West Texas	cents/lb.	72.45	77.89	408
Desert SW	cents/lb.	69.95	76.14	0
SJ Valley	cents/lb.	70.45	82.04	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 01-Apr-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 Thursday April 01st, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210331	80.75	81.52	77.75	77.95	-2.93	10,761	88,779	-2,090
May-21	210331	82.17	82.82	79.12	79.27	-2.90	7,866	53,546	+1,170
Jul-21	210331	80.85	80.85	78.22	78.22	-2.48	0	23	+0
Oct-21	210331	80.00	80.39	77.52	77.91	-2.19	1,978	67,414	+161
Dec-21	210331	79.82	80.21	77.57	77.61	-2.39	182	7,856	+51
Mar-22	210331	79.85	80.05	77.57	77.57	-2.35	49	1,906	+8
Total Volume and Open Interest							20,932	228,028	-651

Source: MRCI

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