

**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.21,750 /bale Monday. ICE cotton futures closed red on Thursday.*

**News: Cotton farmers from Guntur are planning to increase area under cultivation for Cotton.** Cotton sowing area is expected to increase in the state in 2021-22 Kharif Season, as cotton prices in the local market are much higher around Rs. 6500 per quintal than the MSP of Rs. 5825 per quintal. At present farmers in Guntur are sowing cotton in 15 lakh acres, but it is expected that the area may expand to 18-20 lakh acres in the coming kharif season.

**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.

### Weather Forecast:

Thunderstorm with lightening & gusty winds very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Uttarakhand and Himachal Pradesh and with lightening at isolated pockets over Punjab, north Haryana, Chandigarh and Kerala & Mahe and with lightening at isolated pockets over Uttar Pradesh, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Coastal & South Interior Karnataka. Heat Wave Conditions very likely in isolated pockets over Rajasthan, Vidarbha and Interior Karnataka.

### International Fundamentals:

The ICE cotton Futures was down by 293 points at 77.95 cents/lb. The Cotlook A index was at 87.40 cents/lb. The AWP for cotton was at 65.59 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	+170	21460	21460	21290	21260	647	7744

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	05-Apr-21	03-Apr-21	
Gujarat	Ahmedabad	Shankar-6	6750	6875	-125
	Gondal	Shankar-6	6630	6505	125
	Rajkot	B.T. Cotton	6845	6705	140
	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	NR	Closed	-
	Bhiwani	Desi	0	Closed	-
	Adampur	B.T. Cotton	6250	6200	50
	Fatehabad	B.T. Cotton	6150	6100	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6400	6300	100
	Rawatsar	B.T. Cotton	6350	6300	50
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6200	6150	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	6557	6663	-106
	Hubli	D.C.H.	4309	4900	-591
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	5800	200
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	05-Apr-21	03-Apr-21	
Punjab	Bhatinda	J-34	4570	4520	50
	Abohar	J-34	4580	4540	40
	Mansa	J-34	4570	4510	60
Haryana	Sirsa	J-34	4515	4510	5

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	05-Apr-21	03-Apr-21	
Gujarat	Ahmedabad	Shankar-6	10200	11900	-1700
	Gondal	Shankar-6	846	538	308
	Rajkot	B.T. Cotton	1900	1600	300
	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	NR	Closed	-
	Bhiwani	Desi	0	Closed	-
	Adampur	B.T. Cotton	510	850	-340
	Fatehabad	B.T. Cotton	100	70	30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	200	150	50
	Rawatsar	B.T. Cotton	150	100	50
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5000	8000	-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	1175	550	625
	Hubli	D.C.H.	5	8	-3
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	15	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	05-Apr-21	03-Apr-21	
Punjab	Bhatinda	J-34	850	1190	-340
	Abohar	J-34	170	340	-170
	Mansa	J-34	255	340	-85
Haryana	Sirsa	J-34	510	340	170
Rajasthan	Sri-Ganganagar	J-34	300	500	-200

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	05-Apr-21	03-Apr-21	
Gujarat	Rajkot	Rs. /10 Kg.	1350	1330	20
Delhi	New Delhi	Rs. /10 Kg.	1260	1260	Unch
Telangana	Hyderabad	Rs. /10 Kg.	1340	1290	50
Maharashtra	Mumbai	Rs. /10 Kg.	1330	1320	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	05-Apr-21	03-Apr-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2668	2518	150
Maharashtra	Akola	Rs./Qtl	2600	2487	113

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	05-Apr-21	02-Apr-21	Change
CCIndex(328)	RMB/Ton	NR	15248	-
CCIndex(527)	RMB/Ton	NR	14597	-
CCIndex(229)	RMB/Ton	NR	15576	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	05-Apr-21	02-Apr-21	Change
FC Index (S)	Cents/lb	NR	86.39	-
FC Index (M)	Cents/lb	NR	87.84	-
FC Index (L)	Cents/lb	NR	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 03-Apr-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	11380
Equivalent	40 Kgs	10074	193	12196

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)									
<a href="#">Mar-21</a>	210331	80.75	81.52	77.75	77.95	-2.93	10,761	88,779	-2,090
<a href="#">May-21</a>	210331	82.17	82.82	79.12	79.27	-2.90	7,866	53,546	+1,170
<a href="#">Jul-21</a>	210331	80.85	80.85	78.22	78.22	-2.48	0	23	+0
<a href="#">Oct-21</a>	210331	80.00	80.39	77.52	77.91	-2.19	1,978	67,414	+161
<a href="#">Dec-21</a>	210331	79.82	80.21	77.57	77.61	-2.39	182	7,856	+51
<a href="#">Mar-22</a>	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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