

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.21,880 /bale Tuesday. ICE cotton futures closed red on Monday.

News: According to Shetkari Sanghatana, the apex farmer's body in Maharashtra has claimed that 50 percent of the cotton sown in the state is under HTBT Cotton. About 42.86 lakh hectares area in Maharashtra was under cotton cultivation in 2020 kharif season, that is 29 percent of the total land under Kharif Cultivation in the State, 25-35 percent of the area has been reportedly been put under HTBT (Herbicide tolerant Bt cotton). Although the Cultivation of HTBT is banned in India and only Bt cotton has been approved for commercial cultivation.

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.

Weather Forecast:

Thunderstorm with lightening & gusty winds very likely at isolated places over Uttarakhand and with lightening at isolated pockets over West Bengal, Sikkim, Assam, Meghalaya and Kerala & Mahe and with lightening at isolated pockets over Jammu & Kashmir, Ladak, Gilgit- Baltistan, & Muzaffarabad, Himachal Pradesh and Arunachal Pradesh. Heat Wave Conditions very likely in isolated pockets over east Vidarbha and Madhya Pradesh.

International Fundamentals:

The ICE cotton Futures was up by 160 points at 77.88 cents/lb. The Cotlook A index was at 87.65 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	06-Apr-21	05-Apr-21	
Gujarat	Ahmedabad	Shankar-6	6750	6750	Unch
	Gondal	Shankar-6	6705	6630	75
	Rajkot	B.T. Cotton	6845	6845	Unch
	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	NR	-
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	6280	6250	30
	Fatehabad	B.T. Cotton	6200	6150	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	6400	Unch
	Rawatsar	B.T. Cotton	6350	6350	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6225	6200	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6759	6557	202
	Hubli	D.C.H.	3535	4309	-774
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5900	6000	-100
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	06-Apr-21	05-Apr-21	

Punjab	Bhatinda	J-34	4585	4570	15
	Abohar	J-34	4580	4580	Unch
	Mansa	J-34	4580	4570	10
Haryana	Sirsa	J-34	4520	4515	5
Rajasthan	Sri-Ganganagar	J-34	4324	4324	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Apr-21	05-Apr-21	
Gujarat	Ahmedabad	Shankar-6	10200	10200	Unch
	Gondal	Shankar-6	862	846	16
	Rajkot	B.T. Cotton	2080	1900	180
	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	NR	-
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	1360	510	850
	Fatehabad	B.T. Cotton	100	100	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	100	200	-100
	Rawatsar	B.T. Cotton	200	150	50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	3000	5000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1061	1175	-114
	Hubli	D.C.H.	1	5	-4

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	22	15	7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	06-Apr-21	05-Apr-21	
Punjab	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	340	170	170
	Mansa	J-34	170	255	-85
Haryana	Sirsa	J-34	340	510	-170
Rajasthan	Sri-Ganganagar	J-34	300	300	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	06-Apr-21	05-Apr-21	
Gujarat	Rajkot	Rs. /10 Kg.	1350	1350	Unch
Delhi	New Delhi	Rs. /10 Kg.	NA	1260	-
Telangana	Hyderabad	Rs. /10 Kg.	1340	1340	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1360	1330	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	06-Apr-21	05-Apr-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2662	2668	-6
Maharashtra	Akola	Rs./Qtl	2630	2600	30

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	01-Apr-21	29-Mar-21	Change
CCIndex(328)	RMB/Ton	15237	15201	36
CCIndex(527)	RMB/Ton	14592	14568	24
CCIndex(229)	RMB/Ton	15573	15552	21
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	01-Apr-21	24-Mar-21	Change
FC Index (S)	Cents/lb	91.45	95.04	-3.59
FC Index (M)	Cents/lb	89.3	92.33	-3.03



FC Index (L)	Cents/lb	87.4	91.1	-3.70
--------------	----------	------	------	-------

Cotlook Index:

Cotlook Indices	Unit	31-Mar-21	30-Mar-21	Change
A-Index	Cents/Pound	87.4	87.2	0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-Mar-21	31-Mar-21	Bales
Southeast	cents/lb.	79.63	81.88	0
North Delta	cents/lb.	78.63	80.88	0
South Delta	cents/lb.	78.63	80.88	0
East TX-OK	cents/lb.	75.38	78.13	403
West Texas	cents/lb.	75.38	78.13	900
Desert SW	cents/lb.	72.88	76.38	0
SJ Valley	cents/lb.	73.88	82.28	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 05-Apr-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	11180
Equivalent	40 Kgs	10074	193	11982

Daily Futures Price Listing Monday April 05th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210405	78.75	79.60	77.65	77.88	-0.07	20,609	86,477	-2,302
May-21	210405	80.39	80.90	78.97	79.18	-0.09	15,291	55,134	+1,588
Jul-21	210405	78.56	78.56	78.27	78.27	+0.05	4	24	+1
Oct-21	210405	78.91	79.63	77.68	77.87	-0.04	6,745	68,409	+995
Dec-21	210405	78.70	79.29	77.60	77.74	+0.13	497	8,012	+156
Mar-22	210405	78.69	79.00	77.69	77.81	+0.24	111	1,933	+27
Total Volume and Open Interest							43,627	228,646	+618

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.