

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.21,840 /bale Tuesday. ICE cotton futures closed red on Monday.

News: Over 90 percent of the cotton has already arrived in the market till March 2021. According to Cotton Association of India, the total cotton supplies in the first six months of the season stood at 459.26 lakh bales. Besides the market arrivals, the supplies included 7.50 lakh bales of imports and a record opening stock of 125 lakh bales at the beginning of the season. Also, with the ongoing semi- lockdown situation in various parts of India and strict curfew in Maharashtra, reports are also coming in regard of supply tightness and panic buying in the domestic market.

Cotton Association of India has estimated cotton exports around 60 lakh bales. CAI has estimated cotton exports to increase by 20 percent to 60 lakh bales in the 2020-21 seasons due to higher prices of cotton in the international market compared to the Indian market. The average price difference between the Indian and International prices was 10-13 percent last month which is now 3-4 percent. In previous season 2019-20, cotton export stood at 50 lakh bales.

Cotton Association of India has estimated cotton crop for 2020-21 season at 360 lakh bales. CAI in its March estimates for 2020-21 cotton seasons has estimated production at 360 lakh bales, higher from the previous estimates of 358.50 lakh bales. The total supply from October 2020 to March 2021 was estimated at 459.26 lakh bales, which consist arrivals of 326.76 lakh bales, whereas imports are estimated at 7.50 lakh bales and opening stock at 125 lakh bales. Further Consumption was estimated at 165 lakh bales and exports till 31st March 2021 was around 43 lakh bales, stock at the end of March 2021 was estimated at 251.26 lakh.

Cotton Corporation of India has procured around 92 lakh bales of cotton till March'2021 under Minimum Support Price program from various states like Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha, and Karnataka. Cotton arrivals have slowed down in CCI purchase centers from March as currently the prices in the local market are higher than the minimum support price of cotton. Cotton arrivals were around 90,000 bales a day in February and have come down to below 30,000 bales till last week.

Telangana becomes the second biggest state under cotton area. Telangana ahead of Gujarat and becomes a second biggest state in the cotton acreages. Telangana is now looking forward to increase the cotton cultivation area by another 15-20 lakh acres in the coming kharif season. This will take the total cotton area to 75-80 lakh acres.

Cotton cultivation area is likely to increase in North India. According to the official sources sowing of cotton crop would increase in Punjab, Haryana and Rajasthan by 2 percent as in the current season prices of raw cotton are much higher than the MSP. Where else in Maharashtra the area will drop by 2 percent as farmers are likely to shift to pulses in view of kapas price ruling around MSP level, while in, Madhya Pradesh demand for edible oils could see growers switching over to Soybean.

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.

Weather Forecast:

Thunderstorm with lightening & gusty winds very likely at isolated places over Assam & Meghalaya, Nagaland, Mizoram & Tripura and with lightening & gusty winds at isolated places over Jammu & Kashmir, Ladak, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, Jharkhand, West Bengal & Sikkim, Odisha and Kerala & Mahe and with lightening at isolated places over Vidarbha, Chattisgarh, Bihar, Arunachal Pradesh, Coastal Andhra Pradesh, Telangana and Tamilnadu, Puducherry & Karaikal.

International Fundamentals:

The ICE cotton Futures was down by 45 points at 83.26 cents/lb. The Cotlook A index was up by 75 points at 92.25 cents/lb. The AWP for cotton was at 68.16 cents/lb.

According to the 2020-21 U.S. cotton supply and demand forecast, higher exports and lower ending stock was observed as compared to last month. Production and domestic mill use are unchanged; where else the export forecast has been raised to 250,000 bales to 15.75 million, based on the increase in recent sales and shipments. Ending stock has now forecasted at 3.9 million bales, which is equivalent to 22 percent of total disappearance. The projected global production is around 276,000 bales lower than March month, led by decline in Australia and Turkmenistan and also the rising textile demand in china accounts for much of the 387,000 bales increase in projected 2020-21 world cotton consumption. World trade has also raised about 935,000 bales.

Pakistan is planning to import cotton from Uzbekistan. The Pakistan government is considering an option to import cotton from Uzbekistan via land route after it took back a decision of its import from India, as textile exporters want government to take decision regarding the 40 percent drop in the crop output.

China's cotton production is projected at 6.30 million tonnes in 2020-21 seasons, up by 8.7 percent from 2019-20 seasons, a new high since 2014-15. The cotton consumption along with the ending stock is also high this season, indicating the ample domestic cotton supply. If some cotton restriction is made by the government then, it is bound to increase the supply and Chinese cotton with high prices will be replaced by the imported cotton and Chinese cotton prices are supposed to come down.

The global 2020-21 cotton supply and demand estimates shows lower stocks and production. The April 2020-21 forecast shows marginal increase in consumption in Bangladesh and Mexico compared to March 2021. Global trade has boosted by greater import demand from China and Bangladesh. Also, higher exports are expected from Brazil, United States and Egypt.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-340	21770	21900	21380	21780	1318	5761

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Apr-21	19-Apr-21	
Gujarat	Ahmedabad	Shankar-6	Closed	6750	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	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	6400	6400	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6150	6250	-100
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6325	6325	Unch
	Rawatsar	B.T. Cotton	6400	6300	100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	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	6759	6923	-164
	Hubli	D.C.H.	NA	4719	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	7200	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	20-Apr-21	19-Apr-21	
Punjab	Bhatinda	J-34	4400	4450	-50
	Abohar	J-34	4400	4450	-50
	Mansa	J-34	4370	4470	-100
Haryana	Sirsa	J-34	4325	4350	-25
Rajasthan	Sri-Ganganagar	J-34	4324	4324	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Apr-21	19-Apr-21	
Gujarat	Ahmedabad	Shankar-6	Closed	8500	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	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	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	425	340	85
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	50	50	Unch
	Rawatsar	B.T. Cotton	70	30	40
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4000	6000	-2000
	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	840	1455	-615
	Hubli	D.C.H.	NA	1	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	37	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Apr-21	19-Apr-21	
Punjab	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	34	34	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	10	10	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	20-Apr-21	19-Apr-21	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1460	1470	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1480	1480	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	20-Apr-21	19-Apr-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2836	2833	3
Maharashtra	Akola	Rs./Qtl	2816	2810	6

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

Index	Unit	20-Apr-21	19-Apr-21	Change
CCIndex(328)	RMB/Ton	15578	15578	Unch
CCIndex(527)	RMB/Ton	14775	14782	-7
CCIndex(229)	RMB/Ton	15901	15900	1

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

China Foreign Cotton (FCE) Index :

Index	Unit	20-Apr-21	19-Apr-21	Change
FC Index (S)	Cents/lb	92.15	95.52	-3.37
FC Index (M)	Cents/lb	90	93.31	-3.31

FC Index (L)	Cents/lb	84.18	91.76	-7.58
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Cotlook Index:

Cotlook Indices	Unit	16-Apr-21	14-Apr-21	Change
A-Index	Cents/Pound	92.25	89.1	3.15

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Apr-21	14-Apr-21	Bales
Southeast	cents/lb.	82.46	85.2	173
North Delta	cents/lb.	81.46	84.2	107
South Delta	cents/lb.	81.46	84.2	63
East TX-OK	cents/lb.	78.71	81.95	0
West Texas	cents/lb.	78.71	81.95	0
Desert SW	cents/lb.	75.71	79.7	0
SJ Valley	cents/lb.	76.21	85.6	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 19-Apr-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	10980
Equivalent	40 Kgs	10074	193	11767

Daily Futures Price Listing Monday April 19th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-21	210419	83.81	85.04	83.12	83.26	-0.45	16,041	20,104	-7,749
May-21	210419	85.04	86.48	84.54	84.71	-0.32	25,938	94,800	+3,537
Jul-21	210419	84.45	84.45	83.50	83.58	+0.18	6	29	+1
Oct-21	210419	82.53	83.90	82.24	82.50	-0.03	8,468	81,773	-530
Dec-21	210419	82.05	83.28	82.05	82.29	+0.07	1,239	10,375	+417
Mar-22	210419	82.04	82.74	81.88	81.88	+0.11	245	2,407	+0
Total Volume and Open Interest							53,083	219,694	-3,907

Source: MRCI

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