

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed firm trend today as CCI procurement has slowed down and major markets are closed due to lockdown restrictions. MCX cotton spot price was down at Rs.22,030 /bale Tuesday. ICE cotton futures closed red on Monday.

News: According to the International Cotton Advisory Committee, Global production is estimated at 24.6 million tonnes this month. India has lead global production at an estimated 6.3 million tonnes for 2020-21 season. China is expected to be the second largest producer with 5.9 million tonnes. The West Africa cotton producing countries together are estimated to produce over 1 million tonnes this year. The United States and Brazil are expected to produce 3.2 and 2.5 million tonnes respectively. These two countries have textile industries relatively small compared to the domestic supply and will export the overwhelming majority of their production.

Committee on Cotton Production and Consumption has reduced cotton crop estimate for 2020-21 season. According to the meeting held by Committee on Cotton Production and Consumption, cotton production is estimated at 360 lakh bales from its previous estimate of 371 lakh bales where as imports were maintained at 11 lakh bales and exports were reduced from 75 lakh bales to 70 lakh bales. Due to current lockdown situation cotton consumption was also reduced from 330 lakh bales to 303 lakh bales.

Cotton cultivation delays in Malwa region of Punjab. Cotton farmers in the malwa region are worried as the cotton cultivation for the coming season has been delayed due to acute shortage of water. The sirhind canal and kotla canal of the region have been running dry for over a month now. These two canal supply water for irrigation to majority of Malwa districts.

Punjab has decreased the cotton cultivation target for 2021-22 seasons. Despite of high cotton prices in the current season, the cotton cultivation target has decreased for the coming season 2021-22 to 3.25 lakh hectares. Whereas in the 2020-21 seasons the Punjab government had claimed that they have increased the area under cotton cultivation to 5 lakh hectares. Although, now the government has said that the last year's area was inflated by almost two times, in revenue assessment in 2020-21 the area is found to be 2.51 lakh hectares and not 5 lakh hectares.

Cotton Yarn prices have dropped as second wave of corona hits the demand. Cotton yarn prices have dropped from the peak seen at the beginning of this year and could decline further from May when a revision in rates is due to slack demand. Prices of almost of all counts of yarn have dropped by at least Rs.10 a kg as demand is low due to second wave of corona virus. Production in textile mills has dropped and it is impacting yarn off take where as the last six months were good period for Indian spinning mills because there was a huge shortage of cotton yarn due to last year's lockdown and huge demand for yarn came from domestic and International market as a result mill during that period performed well. But again with the second wave of corona virus many states have announced lockdowns and production in textile mills have slowed down.

Cotton farmers were assured for the payment. According to the Lands, Agriculture, Fisheries, Water and Rural settlement, Cotton farmers have been assured that they will be paid their outstanding dues in full by next month for the crop which they have delivered in the last season.

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.

Weather Forecast:

Thunderstorm with lightening, hail & gusty winds very likely at isolated places over Uttarakhand, Assam & Meghalaya and Telangana and with lightening, hail & gusty winds at isolated places over Jharkhand, Gangetic West Bengal & Odisha and with lightening & gusty winds at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, East Uttar Pradesh, Bihar, Nagaland, Manipur, Mizoram & Tripura, Kerala & Mahe and with lightening at isolated places over Punjab, Haryana, Chandigarh & Delhi, Vidarbha, Chhattisgarh, Sub-Himalyan West Bengal & Sikkim, Arunachal Pradesh, Andaman & Nicobar Islands, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh & Yanam, Karnataka, Tamilnadu, Puducherry, Karaikal & Lakshadweep. Heavy rainfall very likely at isolated places over Assam & Meghalaya, West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Coastal and south Interior Karnataka and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was down by 22 points at 87.86 cents/lb. The Cotlook A index was down by 3 points at 91.90 cents/lb. The AWP for cotton was at 73.71 cents/lb.

Bangladesh apparel export improved year- on- year in March 2021. Bangladesh apparel export was at 2.450 billion USD, up by 8.8 percent on year-on- year basis but has slowed down on month on month basis by 6.5 percent. During January to March, Bangladesh apparel export has reached 7.94 billion USD which was down by 1.7 percent year on year; where else the cumulative export volume was 299 million USD.

Kenya aims to increase its commercial production of GMO cotton by 10 times next year. The target of Kenyan government is to involve over 200,000 farmers to boost production from 20,000 bales currently to 200,000 bales by 2022. Controlled farming of GMO cotton was approved by the Kenyan government in 2019 after successful field trials, and it identified 1,000 farmers last year to receive the first GMO cotton seeds. Overall the country has a demand of 38,000 tonnes of cotton lint, but produces only 5,300 tonnes. Besides Kenya, African countries like Sudan, South Africa, Ethiopia, Nigeria, Malawi also produce GMO cotton.

China will soon launch its own version of Better Cotton Initiative (BCI) standards. This cotton program will mainly focus on improving production efficiency through digitalization, a fully traceable cotton production process, low carbon production and high quality cotton farming.

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.

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

| Contract | +/- | Open | High | Low | Close | Volume | OI |
|----------|------|-------|-------|-------|-------|--------|------|
| MXCTNC1 | -100 | 21670 | 21760 | 21660 | 21710 | 454 | 8654 |

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|-------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 04-May-21 | 03-May-21 | |
| Gujarat | Ahmedabad | Shankar-6 | Closed | Closed | - |
| | 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 | Closed | Closed | - |
| | 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 | NA | NA | - |
| | Rawatsar | B.T. Cotton | NA | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | NA | NA | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 6050 | 6375 | -325 |
| | 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. | NA | NA | - |
|-----------|----------------|-------------|--------------------|-----------|--------|
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | NA | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 04-May-21 | 03-May-21 | |
| Punjab | Bhatinda | J-34 | 4520 | 4520 | Unch |
| | Abohar | J-34 | 4510 | 4520 | -10 |
| | Mansa | J-34 | 4475 | 4500 | -25 |
| Haryana | Sirsa | J-34 | 4420 | 4430 | -10 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 04-May-21 | 03-May-21 | |
| Gujarat | Ahmedabad | Shankar-6 | Closed | Closed | - |
| | 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 | Closed | Closed | - |
| | 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 | NA | NA | - |
| | Rawatsar | B.T. Cotton | NA | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | NA | NA | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 5000 | 4000 | 1000 |
| | 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. | NA | NA | - |

| | Hubli | B.T. Cotton | NA | NA | - |
|-----------|----------------|-------------|--------------------|-----------|--------|
| | Raichur | H-44 Cotton | NA | NA | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 04-May-21 | 03-May-21 | |
| Punjab | Bhatinda | J-34 | NA | NA | - |
| | Abohar | J-34 | NA | NA | - |
| | Mansa | J-34 | NA | NA | - |
| Haryana | Sirsa | J-34 | NR | NR | - |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 04-May-21 | 03-May-21 | |
| Gujarat | Rajkot | Rs. /10 Kg. | Closed | Closed | - |
| Delhi | New Delhi | Rs. /10 Kg. | NR | NR | - |
| Telangana | Hyderabad | Rs. /10 Kg. | 1450 | 1450 | Unch |
| 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 | 04-May-21 | 03-May-21 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2679 | 2651 | 28 |
| Maharashtra | Akola | Rs./Qtl | 2708 | 2700 | 8 |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index | Unit | 04-May-21 | 03-May-21 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | NR | NR | - |
| CCIndex(527) | RMB/Ton | NR | NR | - |
| CCIndex(229) | RMB/Ton | NR | NR | - |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 04-May-21 | 03-May-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | NR | NR | - |
| FC Index (M) | Cents/lb | NR | NR | - |
| FC Index (L) | Cents/lb | NR | NR | - |



Cotlook Index:

| Cotlook Indices | Unit | 30-Apr-21 | 27-Apr-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 91.9 | 95.1 | -3.20 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 30-Apr-21 | 28-Apr-21 | Bales |
| Southeast | cents/lb. | 86.83 | 90.52 | 0 |
| North Delta | cents/lb. | 85.83 | 89.52 | 0 |
| South Delta | cents/lb. | 85.83 | 89.52 | 0 |
| East TX-OK | cents/lb. | 83.08 | 87.27 | 1085 |
| West Texas | cents/lb. | 83.08 | 87.27 | 5 |
| Desert SW | cents/lb. | 81.08 | 86.02 | 0 |
| SJ Valley | cents/lb. | 81.58 | 91.92 | 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-May-2021

| | | | | (in Pakistan Rupees) |
|------------|----------|--------------|------------------|----------------------|
| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
| Cotton | 37.32Kgs | 9400 | 180 | 11480 |
| Equivalent | 40 Kgs | 10074 | 193 | 12303 |

Daily Futures Price Listing Monday May 03rd, 2021

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| May-21 | 210503 | 87.21 | 87.21 | 87.21 | 87.21 | -0.22 | 2 | 3 | -2 |
| Jul-21 | 210503 | 88.40 | 89.24 | 87.50 | 87.86 | -0.22 | 20,532 | 103,918 | -2,401 |
| Oct-21 | 210503 | 87.87 | 88.34 | 86.72 | 87.02 | +0.55 | 24 | 33 | -1 |
| Dec-21 | 210503 | 85.27 | 85.94 | 84.64 | 85.20 | +0.14 | 7,489 | 87,245 | -100 |
| Mar-22 | 210503 | 84.75 | 85.05 | 84.01 | 84.56 | +0.25 | 563 | 13,151 | +45 |
| May-22 | 210503 | 83.76 | 84.32 | 83.41 | 83.96 | +0.36 | 165 | 2,497 | +26 |
| Total Volume and Open Interest | | | | | | | 29,012 | 219,302 | -2,380 |

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.