

**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 up at Rs.22,040 /bale Wednesday. ICE cotton futures closed red on Tuesday.

**News: Cotton Consumption may drop by 8 percent due to second wave of corona virus.** According to the Union Ministry of Textile Committee on Cotton Production and Consumption has reduced cotton consumption for the season 2020-21 at 303 lakh bales from 330 lakh bales earlier, owing to the current lockdown as the extreme second wave of corona virus. Although total demand is expected to be 373 lakh bales, with 303 lakh bales consumed domestically and 70 lakh bales exported.

**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.

#### **Weather Forecast:**

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

#### **International Fundamentals:**

The ICE cotton Futures was down by 69 points at 87.17 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	05-May-21	04-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	6000	6050	-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	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	05-May-21	04-May-21	
Punjab	Bhatinda	J-34	4510	4520	-10
	Abohar	J-34	4510	4510	Unch
	Mansa	J-34	4475	4475	Unch
Haryana	Sirsa	J-34	4420	4420	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-May-21	04-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	3000	5000	-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	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	05-May-21	04-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	05-May-21	04-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	05-May-21	04-May-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2637	2679	-42
Maharashtra	Akola	Rs./Qtl	2723	2708	15

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	05-May-21	04-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	05-May-21	04-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	29-Apr-21	Change
A-Index	Cents/Pound	91.9	94.9	-3.00

**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 04-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 Tuesday May 04<sup>th</sup>, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">May-21</a>	210504	86.40	86.40	86.17	86.17	-1.04	2	2	-1
<a href="#">Jul-21</a>	210504	88.16	88.28	86.36	87.17	-0.69	11,364	103,953	+35
<a href="#">Oct-21</a>	210504	86.74	86.96	86.60	86.67	-0.35	1	33	+0
<a href="#">Dec-21</a>	210504	85.28	85.49	84.07	85.06	-0.14	5,319	87,103	-142
<a href="#">Mar-22</a>	210504	84.79	84.79	83.44	84.38	-0.18	519	13,336	+185
<a href="#">May-22</a>	210504	83.69	84.06	82.87	83.75	-0.21	71	2,501	+4
Total Volume and Open Interest							17,482	219,495	+193

Source: MRCI

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