

### Domestic market summary

**Domestic Market Scenario:** Cotton Corporation of India procurement operations had reached around 92 lakh bales till 31<sup>st</sup> March'21. Cotton arrivals in the mandi have slowed down and are at 40,000-50,000 lakh bales a day. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood firm around Rs. 45,432/ candy in Mar'21.

**Monthly Price Outlook :** The Kapas prices likely to remain firm between Rs. 5900-6600/q in the Rajkot market and the prices of medium staple length in Adoni market are likely to hover around Rs. 5300-5700/q in the coming month.

### **Major Market Highlights:**

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 one-time 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.

About 80 percent of the cotton has been sold in current cotton season. Cotton farmers in the country have taken advantage of higher global price for cotton in the current season 2020-2021, resulting in at least 80 percent of the production being sold. Cotton arrivals were higher in the various markets in the country since the prices have ruled higher than the minimum support price of Rs. 5825 per quintal by the government. Although, arrivals in government procurement center (CCI) has been decreased to about 75,000 bales.

Punjab Agriculture Department is likely to add 50,000 hectares area under cotton cultivation. As there is good production in 2020 and no major pest outbreak in the crop for last 5 years, the Punjab Agriculture Department has decided to add 50,000 hectares under cotton cultivation in the malwa region this year. This will increase about 10 percent over the current area of 5 lakh hectares.

Raw cotton prices have increased about 15 percent more than MSP. The current cotton prices in the market are prevailing at 6,500-6,600 per quintal, which is about 15 percent higher than the minimum support price of 5825 per quintal.

NactoPharma limited is planning to launch India's first green label pheromone product for effective management of Pink Bollworm in cotton crop during kharif 2021. The product will be launched under the brand Natmate PBW. This is



the first pheromone based indigenously manufactured product for mating disruption that received approval from Central Insecticide Board.

CAI Crop Committee has estimated the total cotton supply till end of the cotton season 2020-21 at 495.50 lakh bales of 170 kg each. The total cotton supply consists of the opening stock of 125 lakh bales of 170 kg each at the beginning of the cotton season on October 1, 2020, crop for the season estimated at 358.50 lakh bales, and the imports now estimated at 12 lakh bales as against 15.50 lakh bales estimated for the previous cotton season 2019-20. CAI has also retained the domestic consumption estimate at the pre-lockdown level of 330 lakh bales. The exports for the season have now been revised to 60 lakh bales from the previous month's estimate of 54 lakh bales. The carry-over stock at the end of the cotton season 2020-21 is estimated at 105.50 lakh bales, as against 107.50 lakh bales estimated earlier.

Cotton stock at MCX warehouse reached highest on export demand. Cotton stock in MCX accredited warehouse has touched a new high of 2,16,600 bales as on March 5 against previous high of 2,14,700 bales logged on March 30, 2019. The rising stock at warehouse was on the back of increasing hedging activities as the export demand, especially from China, has hit a new high. Also, Cotton prices have gained over 10 per cent so far and showed the firm trend in the global cotton trade. Cotton production globally is projected to touch a four-year low and imports by China are estimated higher. The Centre's decision to impose a ten per cent duty on imported cotton is seen as supporting domestic price.

Indian Cotton prices increase 5 percent in a month. Prices of Indian cotton have increased 5% in the past month, following the bullish trend in the international market. Although, cotton exports are strong as Indian cotton is cheaper than the overseas varieties. Cotton prices have increased to Rs 46,000 per candy of 356 kg from Rs 44,000 over the past month as the domestic cotton production is expected to be much lower than expected earlier. As against the earlier estimate of 40 million bales, the industry now expects the 2020-21 cotton production to be about 33 million bales. Projection of lower output in the next cotton crop as the major cotton producing nations including US and Brazil, farmers are shifting to maize and soyabean, which have given better returns, have also supported domestic price. Cotton prices are 13 percent cheaper than the prevailing global cotton prices.

**Cotton Production :**

(Quantity in Lakh Bales)

Year	2017-18	2018-19	2019-20	2020-21*
State	Production			
Punjab	9.00	8.50	9.50	12.50
Haryana	23.60	23.00	25.50	23.50
Rajasthan	23.40	28.00	28.00	30.00
Gujarat	105.00	88.00	95.00	92.00
Maharashtra	83.00	74.09	87.00	88.50
Madhya Pradesh	21.50	23.05	18.00	22.00
Telangana	51.50	36.00	52.00	50.00
Andhra Pradesh	18.50	14.91	15.25	14.00
Karnataka	18.75	15.50	20.00	26.00
Tamil Nadu	5.75	5.00	5.00	5.00
Orissa	4.00	4.00	3.75	4.00
Others	1.00	1.00	1.00	1.00
<b>TOTAL</b>	<b>365</b>	<b>321.05</b>	<b>360.00</b>	<b>368.50</b>

As per the latest estimates by Agriwatch, cotton output in the country during the season 2019-20 would be around 360.0 lakh bales (of 170 kg each). The cotton output in the coming 2020-21 season is estimated to increase to around 368.50 lakh bales, as the area sown under cotton has increased.

Due to the good export parity in the 2019-20, exports are likely have increased to 50.7 lakh bales. Whereas, the imports in 2020-21 are likely to decline to around 10 lakh bales from 15 lakh bales in 2019-20.

The total cotton availability by the end of the season in 2019-20 is estimated at 402.4 lakh bales and even an even higher availability is expected in 2020-21 season of around 481.13 lakh bales.

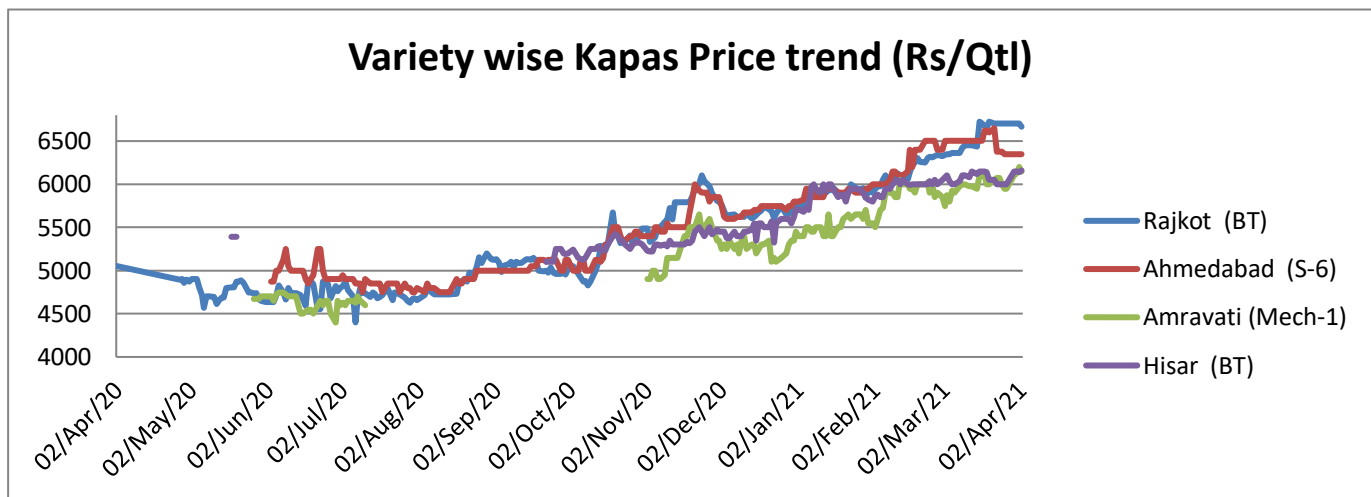
Total domestic mill consumption (excluding non- mill consumption) in 2020-21 is expected to increase by 25% to 260.00 lakh bales in 2020-21, which had significantly declined to 230 lakh bales in 2019-20 amid the spread of coronavirus.

So, the decline in consumption has result in higher ending stocks of around 102.63 lakh bales in 2019-20. The ending stocks by the end of 2020-21 season would depend on the final demand and consumption which is estimated to be 115.11 lakh bales owing to the higher crop this year.

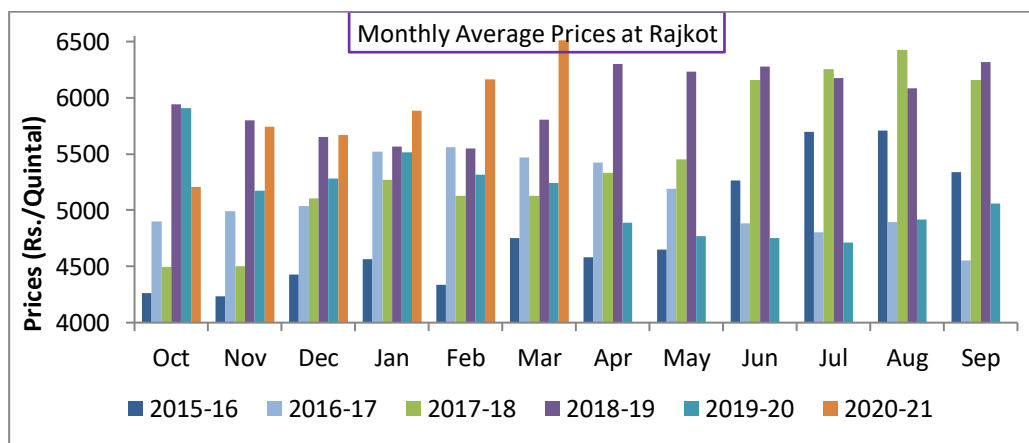
## Domestic Cotton Prices Scenario

### Kapas (Raw Cotton) Monthly Price Scenario

**Monthly Price Review:** Monthly kapas average price at Rajkot and other markets were significantly higher and stood at Rs.6551/quintal from previous month at Rs.6161/ quintal.



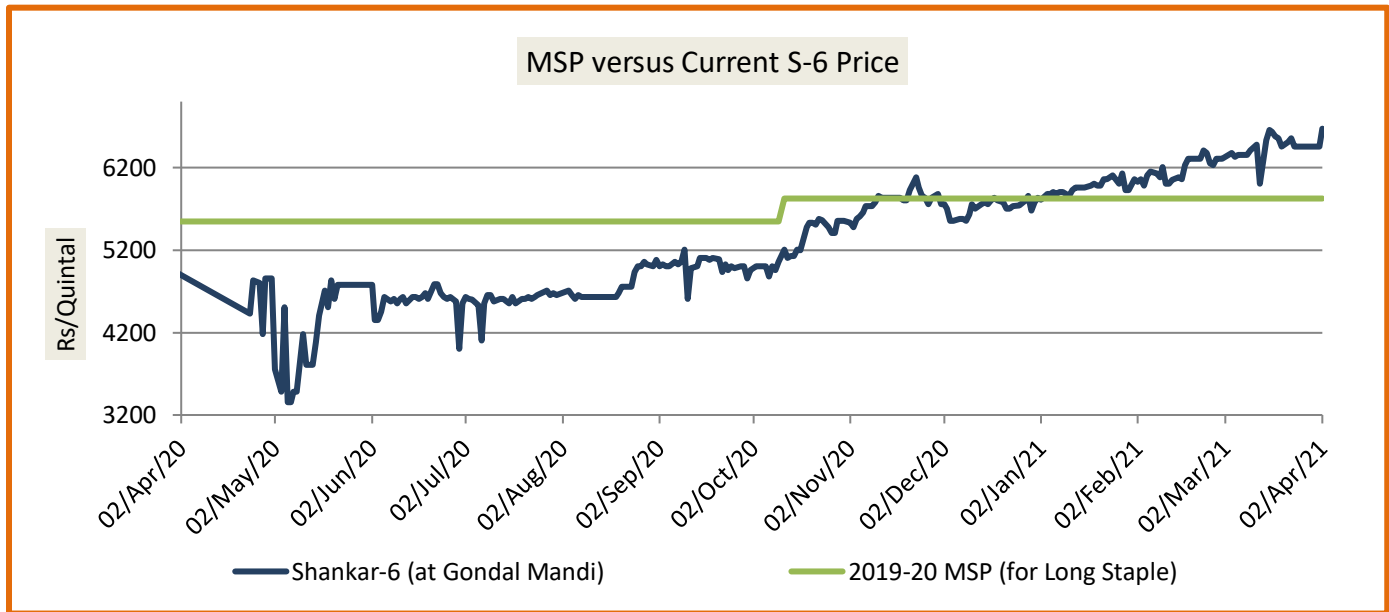
### Kapas Monthly M-o-M Price Scenario



The arrivals in the month of March were lower in the market where else the monthly average price were higher at Rs. 6511/q compared to the prices during the corresponding month of the previous season. (Rs. 5243/q)

### Spot Price versus MSP

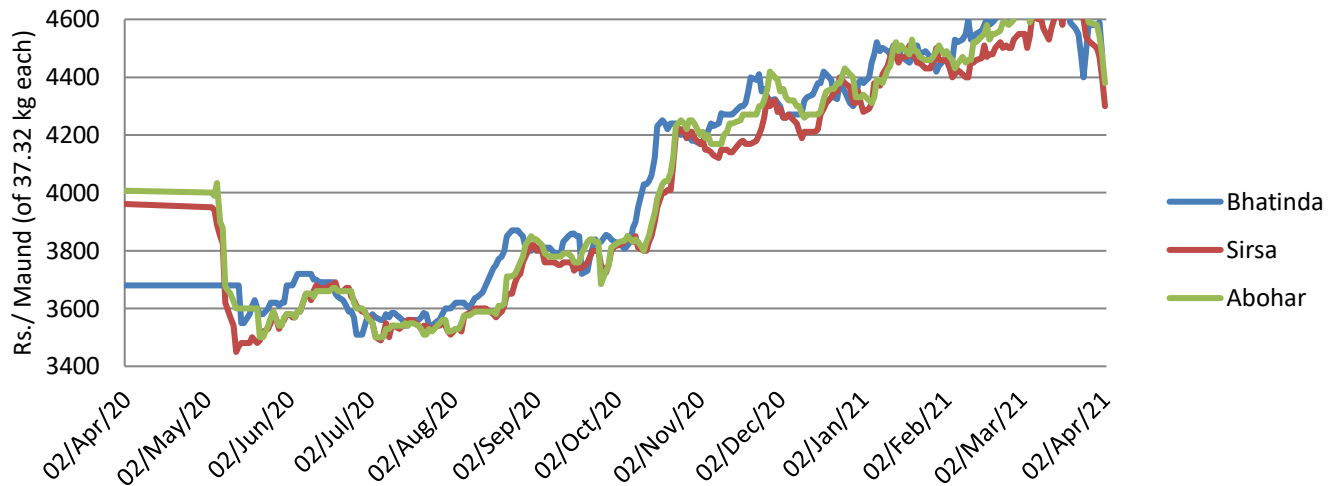
The average price in the Gondal market was higher in March month at Rs.6434/q compared to Rs. 6167/q in February. While the arrivals during the month were around 27,474 quintals.



### Lint price Outlook

The prices in the northern states were firm during March. Monthly average price of Lint at SirsastoodhigheratRs.4559per maund of 37.32 kg each in February, compared to the average monthly price of Rs. 4485per maundinFebruary. The prices were hovering higher around Rs. 4640per maund in Bhatinda in the month of March.

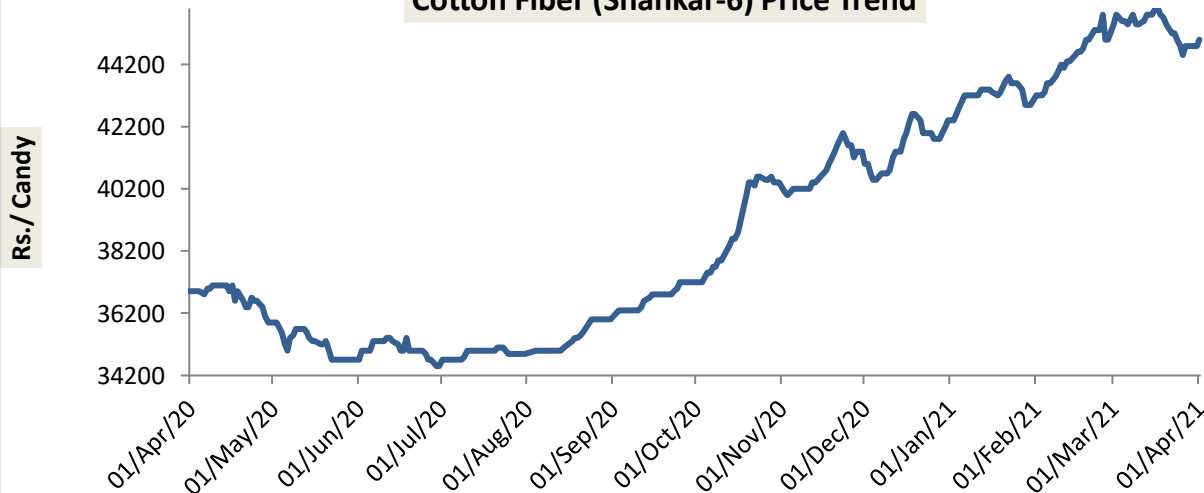
### Lint Price Trend at Key Centers



### Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.45432 per candy (of 355.6 kg each) during March, up by Rs.46965 per candy from previous month. While the prices during the same month last year were firm around Rs. 43578 per candy. Agriwatch expects cotton fiber to remain range-bound around of Rs.42,500-47,000 per candy in the coming month amid increase in kapas MSP.

### Cotton Fiber (Shankar-6) Price Trend

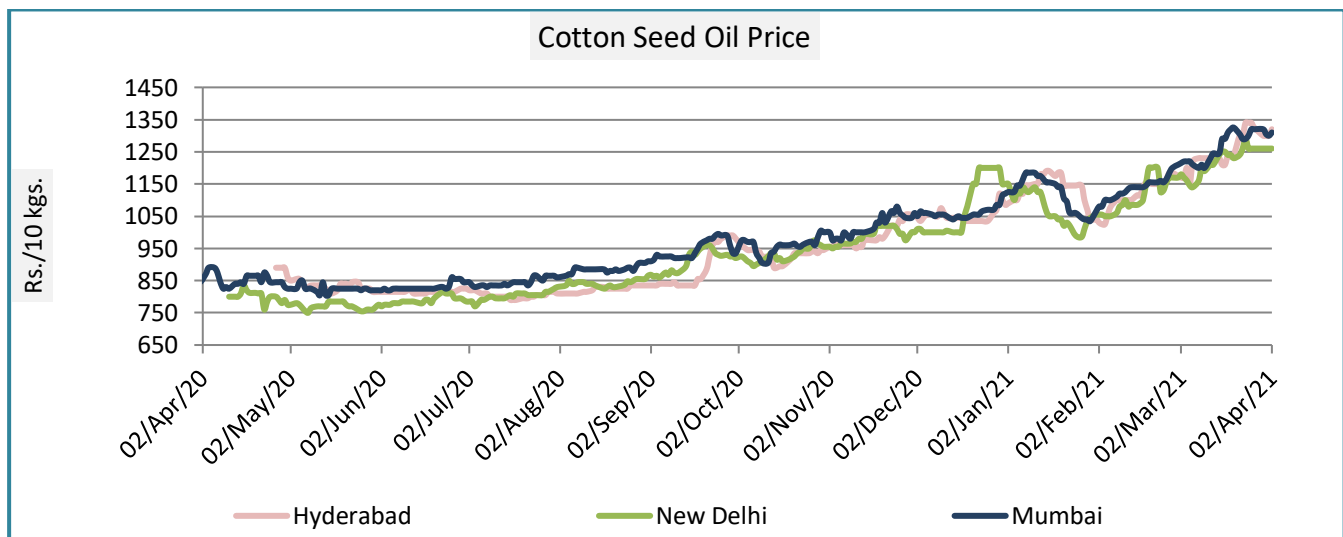


## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1284 per 10 Kg, and followed by Rs. 1246 kg in Rajkot and Rs.1223 per 10 kg in New Delhi.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Mar	Feb	
New Delhi	1223	1112	9.92
Rajkot	1246	1114	11.81
Hyderabad	1284	1157	11.01
Mumbai	1275	1150	10.91

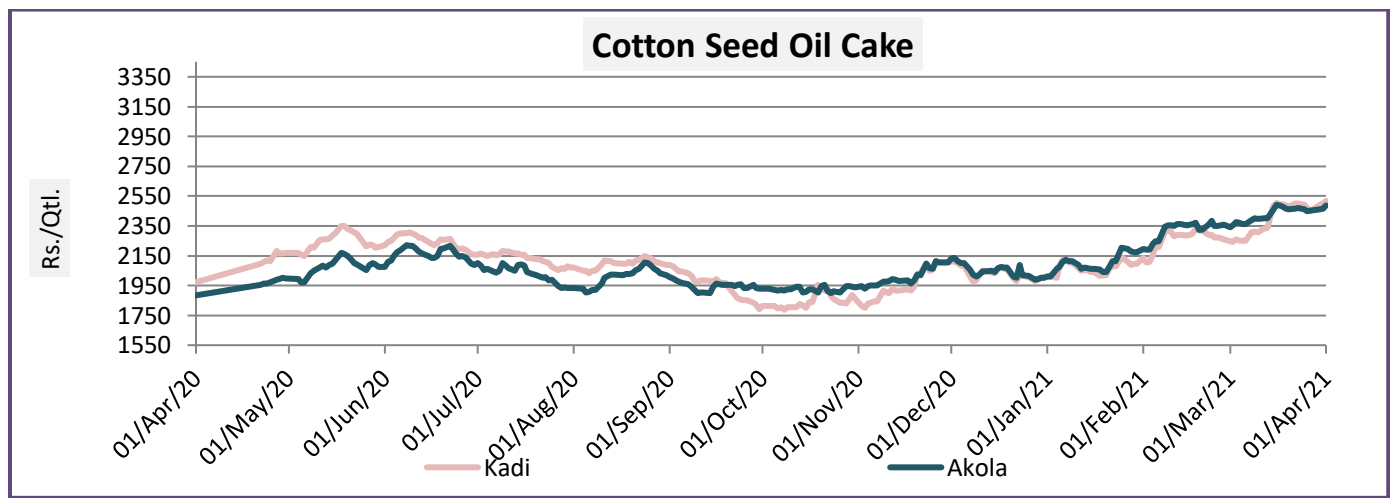


### Cotton Seed Oil Cake monthly Price Scenario

The spot market traded high during March month, with the average price in Kadi up by 6.12% at Rs.2398 per quintal and 4% up around Rs.2427 per quintal in Akola. The prices have increased compared with the previous month resulting into decreases in demand of cottonseed oilcake and cotton seed oil.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Mar	Feb	
Kadi	2398	2259	6.12
Akola	2427	2320	4.64

\*Source: NCDEX



### International Market Scenario

ICE front month futures were down by around 11.87 % in March'21 month compared in February'21. The average of ICE May contract stood low around 77.95 cents/lbs in March, down by 11.87 points compared to the average price that stood in February around 88.45 cents/lbs.

### Major Market Highlights:

- 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 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.
- High quality cotton exported to Bangladesh. Cotton Corporation of India has exported high quality cotton to Bangladesh through a goods train from Junagarh Road Railway Station in the district. The goods train has started its journey from Junagarh Road station in Kalahandi district to Benapol station of Bangladesh. The





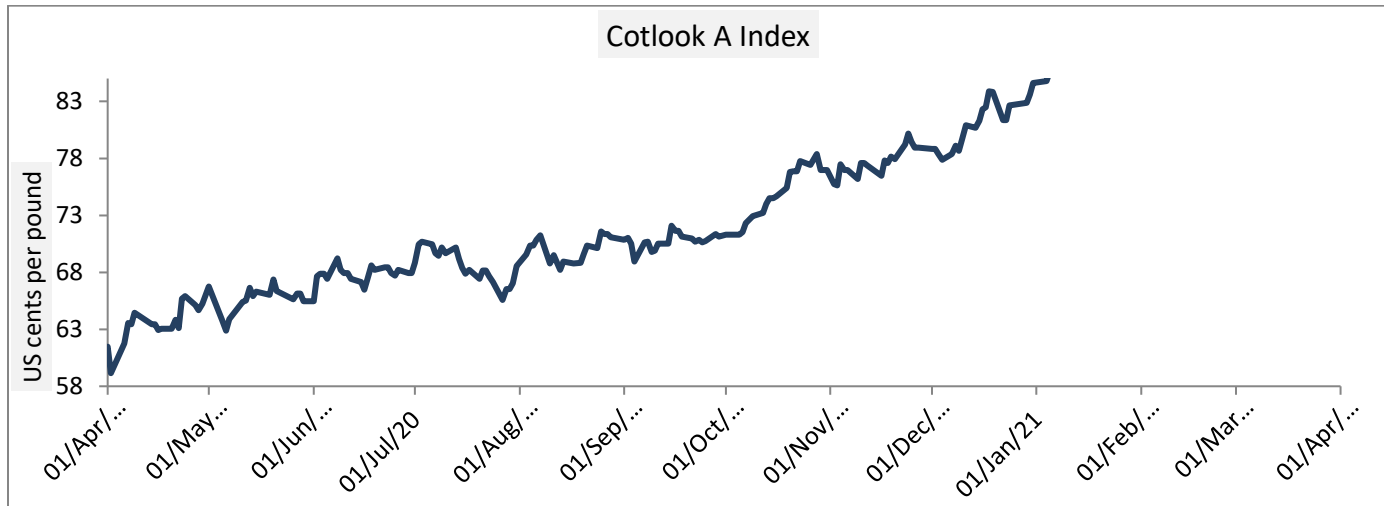
current consignment is of 6,500 bales of cotton weighing around 2,471 tonnes. The bales were packed into 42 wagons and sent to the neighbouring country via Kolkata.

- Cotton prices in Pakistan are highest in 11 years. Cotton prices in Pakistan were pushed to an 11 years high because of a decline in production. Cotton traded at Rs. 12,000/ maund, while its spot rate moved up to Rs. 11, 700/ maund, increase of Rs. 400 was recorded in the spot rate. The shortfall in production has resulted in the price rise. Cotton production in Pakistan is 5.6 million bales only for the current season, which is the lowest in the past 30 years.
- 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 stocks are expected to support prices.
- 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.

### Cotlook A Index

The average CotlookA Index stood higher at 91.74US cents per lb in March month and decreased by 0.80%. The Cotlook index decreased during the last week of Mar'21.

Cotlook A Index	Monthly Average Price as on		% Change
	Mar	Feb	
Prices	91.74	92.48	-0.80
Prices in US cents per Pound			



Source: Cotlook

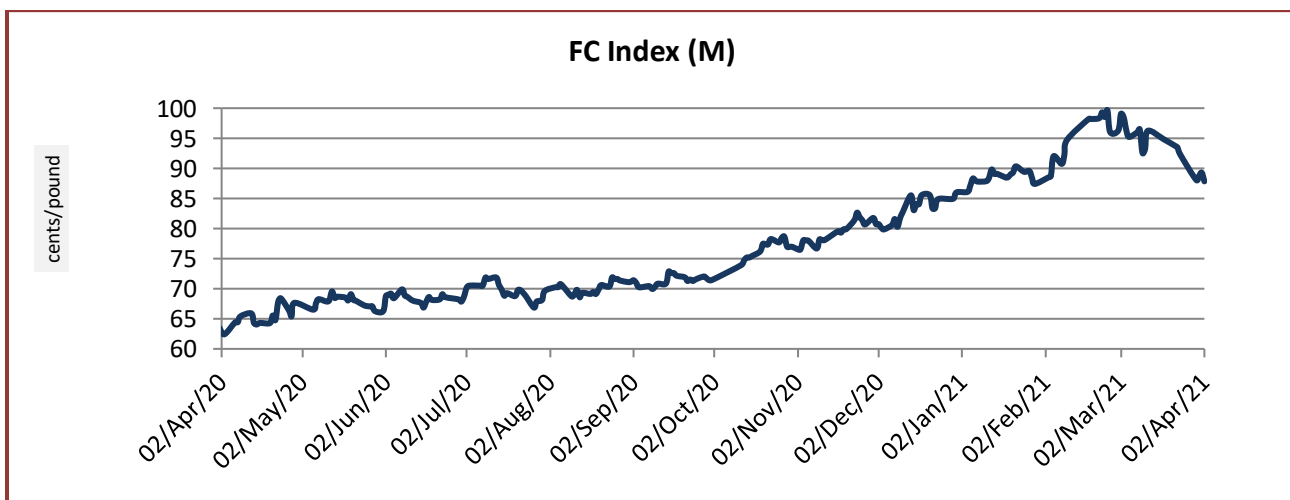
### China Cotton Index and Foreign Cotton Index

The China cotton Index prices has decreased from previous month around 1 percent.

Cotton Index	Monthly Average Price as on		% Change
	Mar	Feb	
FC (S)	97.94	97.95	-0.01
FC (M)	94.44	95.02	-0.61
FC (L)	93.09	94.47	-1.46

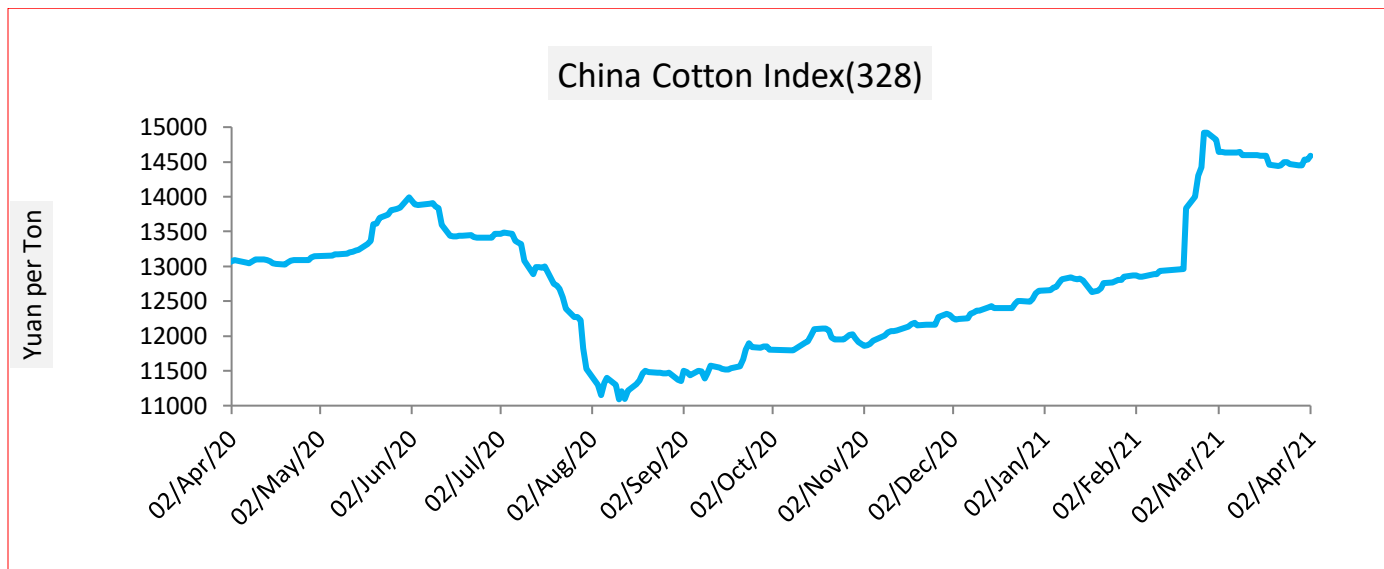
Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Monthly Average Price as on		% Change
	Mar	Feb	
CCIndex(328)	15947.18	15824.53	0.78
CCIndex(527)	15149.77	14921.33	1.53
CCIndex(229)	16282.50	16076.40	1.28
Prices in Yuan per ton			

Source: China Cotton Association



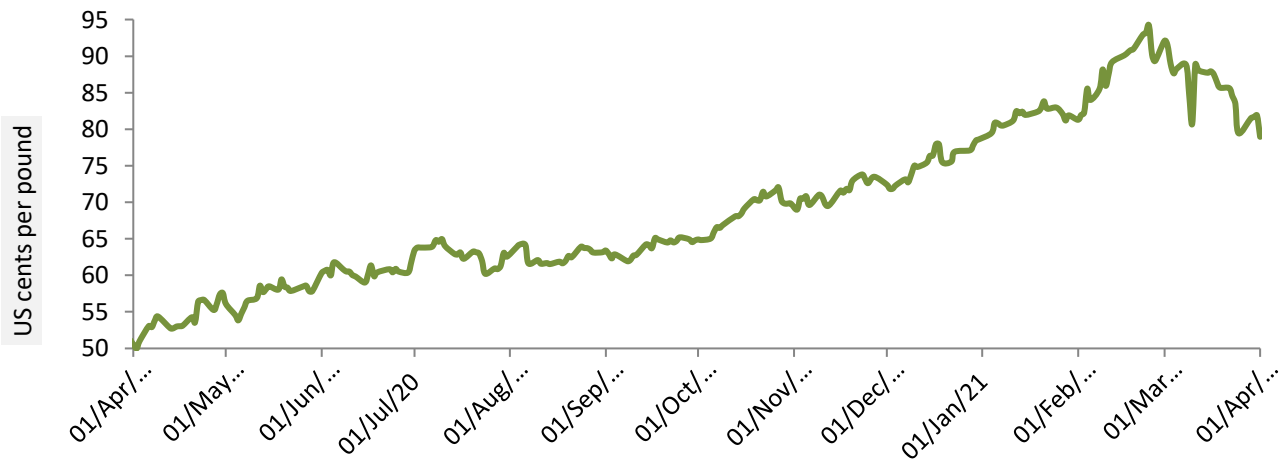
### USA Spot Prices

U.S.A Spot price for this month was at 86.08 cents/ pound lower from previous month price by -2.31 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	Mar	Feb	
Prices	86.08	88.08	-2.31
Prices in US cents per Pound			

Source: USDA

Daily Movement of USA Spot Price



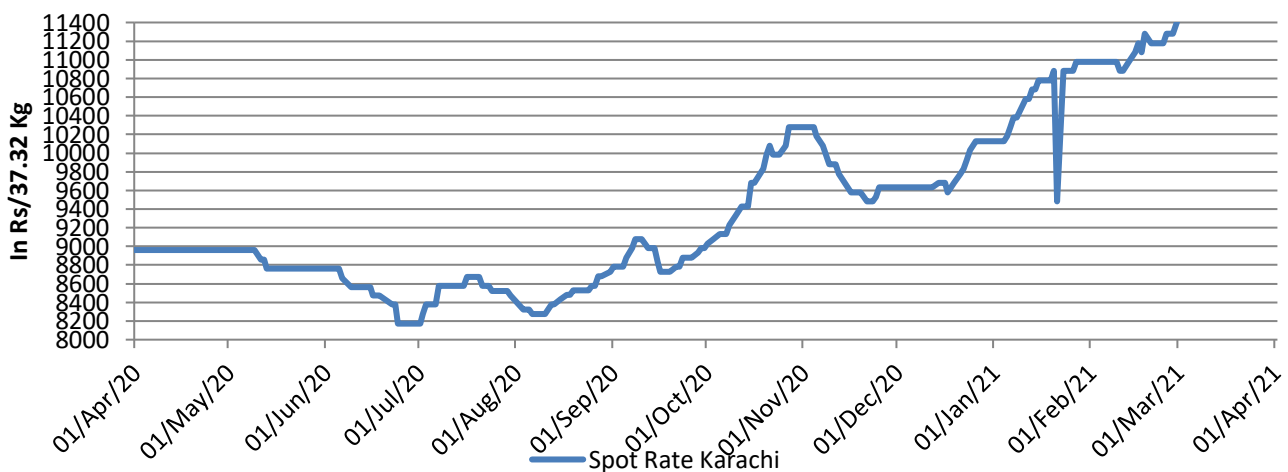
### Pakistan Spot Prices

Cotton prices have increased in Pakistan due to low cotton production this year. The Pakistan cotton market remained weak owing to the increasing trends in the import of cotton observed and threat of Covid-19 is increasing.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Mar	Feb	
Prices	12869	11142	15.50
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com

Spot Rate Karachi



Commodity: Cotton

Exchange: MCX

Contract: Mar.

Expiry: Apr. 30, 2021

## Cotton



## Technical Commentary:

- Therecenttrendincottonhasbeenbullish,butthemarkethasbeenquiteindecisiveoverthelastmonth.
- Asupportingtrendlineispassingthrough20000,whilemildresistanceisseenaround21580.
- If the market tests the support at 21500, intraday long positions may be created.

## Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MC X	Dec	2050 0	2150 0	2148 0	2158 0	2160 0
			Call	Entry	T1	T2	SL
Cotton	MC X	Dec	Buy	2146 0	2153 0	2155 0	2150 0

\* Do not carry-forward the position next day.

Commodity: Cotton Seed oil Cake  
Contract: Mar

Exchange: NCDEX  
Expiry: Apr 20<sup>th</sup>, 2020

### Cottonseed Oilcake

COTTON SEED OIL 1st(NCCOUC1)2021/04/04 - Weekly B:2558.00 A:2563.00  
O 2535.00 H 2578.00 L 2521.00 C 2560.00 ↑ V 66,300 I 44,350 +81 +3.27%



### Technical Commentary:

- Cottonseedoilcakeonthedailychartlooksuncertainevenasthebroadertrendisbullish.
- Ontheintra-daychart,thereexistsaconsolidationzone(support)at2000andthena trendlinesupportat 2260. Strong resistance is seen at 2565.

### Strategy: Buy

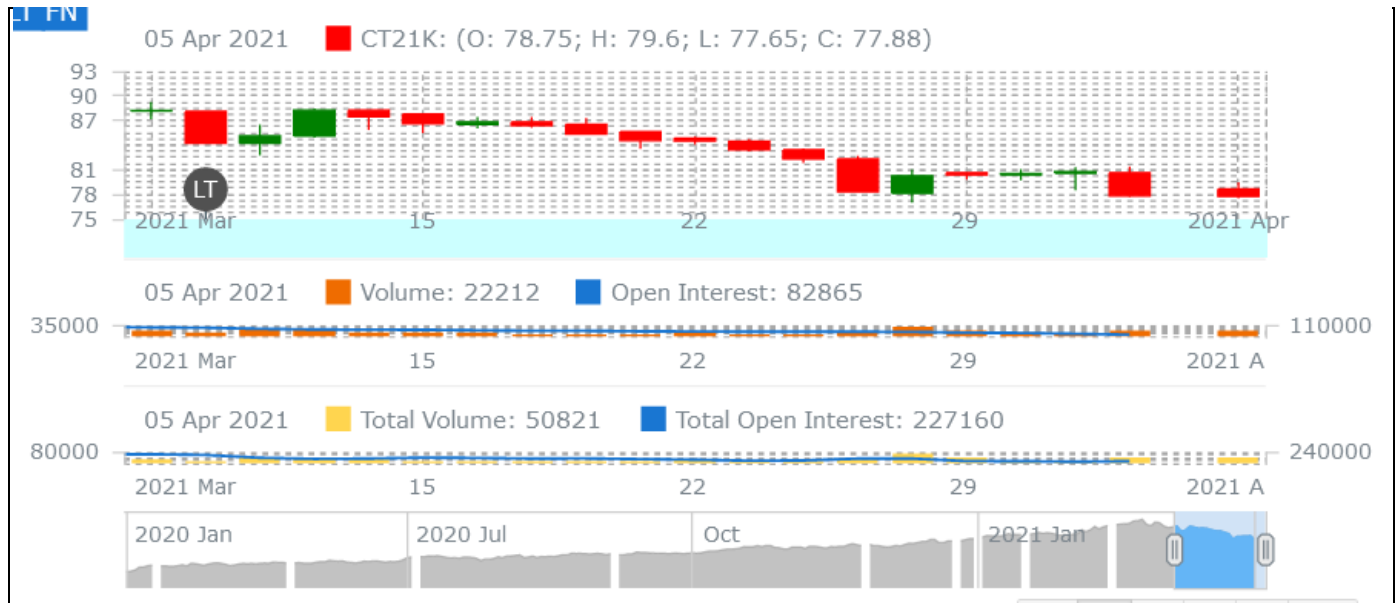
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	1700	2000	2552	2565	2580
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Buy	2535	2540	2560	2500

\* Do not carry-forward the position next day.



### Monthly Technical Outlook:

#### Technical Analysis of Cotton Future (May'21 Contract) at ICE



- Candlesticks showed firm trend in the market during December.
- Volume&Open Interest have increased over a month.
- We expect cotton prices to remain steady to firm in the coming month.

#### Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	79-86

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
76	80	84	85

Figures in US cents/pound

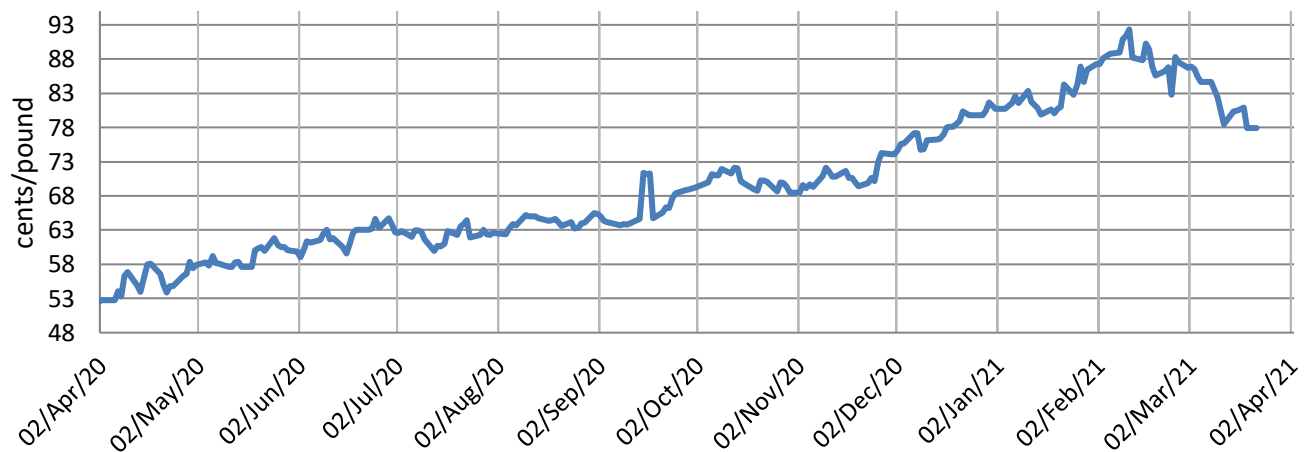


### Cotton Future Prices at ICE

#### Future Price Trend (Active Contract):

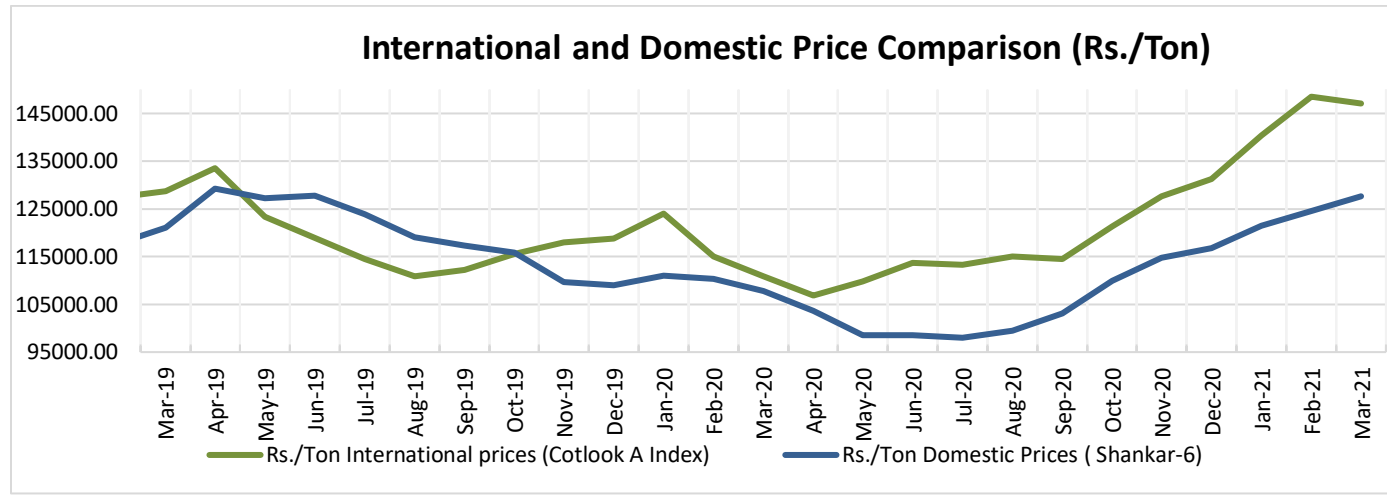
Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	02-Apr-21	03-Mar-21 (1 month ago)	02-Jan-20 (3 months ago)	04-Oct-20 (6 months ago)	02-Apr-20 (a year ago)	% Change over a month	% Change over previous year
May-21	77.95	88.45	78.12	66.63	52.17	-11.87	49.42
Jul-21	79.27	89.41	78.70	67.58	53.16	-11.34	49.12
Oct-21	78.22	85.26	79.17	68.08	49.76	-8.26	57.19
Dec-21	77.91	85.01	76.57	66.67	51.02	-8.35	52.70
May-22	77.61	83.67	74.87	66.03	51.12	-7.24	51.82

Cotton Future Price Trend (Mar'21 Contract at ICE)





### International and Domestic Price Comparison



### Domestic Cotton Prices and Arrivals at Key Centers

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Mar'21	Feb'21	
Gujarat	Ahmedabad	Shankar-6	6488	6229	259
	Gondal	Shankar-6	6429	6161	267
	Rajkot	B.T. Cotton	6511	6162	350
	Patan	B.T. Cotton	6516	6311	205
	Kadi	B.T. Cotton	6467	6202	265
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6102	5984	118
Haryana	Bhiwani	B.T. Cotton	6189	6041	148
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6080	5983	97
	Fatehabad	B.T. Cotton	6018	5926	92
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5982	5920	62
Rajasthan	Hanumangarh	B.T. Cotton	6313	6080	233
	Rawatsar	B.T. Cotton	6229	6016	213

Madhya Pradesh	Khandwa	Mech-1	6417	6234	182
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5747	5870	-123
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	5643	-
Andhra Pradesh	Adoni	Medium Staple	5642	5487	155
Karnataka	Bijapur	Bunny	6646	6550	96
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	4364	4946	-582
	Raichur	H-44 Cotton	5983	5961	22
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Mar'21	Feb'21	
Punjab	Bhatinda	J-34	4641	4562	79
	Abohar	J-34	4642	4562	80
	Mansa	J-34	4632	4564	67
Haryana	Sirsa	J-34	4559	4486	73
Rajasthan	Sri-Ganganagar	J-34	4383	4268	115

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Mar'21	Feb'21	
Gujarat	Ahmedabad	Shankar-6	720800	1371900	-651100
	Gondal	Shankar-6	27474	55289	-27815
	Rajkot	B.T. Cotton	45120	106980	-61860
	Patan	B.T. Cotton	22282	108829	-86547
	Kadi	B.T. Cotton	280000	830000	-550000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1324	5604	-4280
Haryana	Bhiwani	B.T. Cotton	23600	24300	-700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	24990	29495	-4505
	Fatehabad	B.T. Cotton	4015	8350	-4335
	Jind	B.T. Cotton	NA	NA	-

	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	7665	7720	-55
Rajasthan	Hanumangarh	B.T. Cotton	9750	23550	-13800
	Rawatsar	B.T. Cotton	13400	5700	7700
Madhya Pradesh	Khandwa	Mech-1	2580	5350	-2770
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	269000	201000	68000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	282708	-
Andhra Pradesh	Adoni	Medium Staple	29367	44840	-15473
Karnataka	Bijapur	Bunny	23897	37337	-13440
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	98	72	26
	Raichur	H-44 Cotton	380	707	-327
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Mar'21	Feb'21	
Punjab	Bhatinda	J-34	89250	120700	-31450
	Abohar	J-34	9945	15470	-5525
	Mansa	J-34	8755	17680	-8925
Haryana	Sirsa	J-34	10625	10880	-255
Rajasthan	Sri-Ganganagar	J-34	38200	49000	-10800

**Cotton Association of India Cotton Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Mar'21	Feb'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	37852	38438	-586
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38124	38938	-814
J-34(202)	27mm	3.5 - 4.9	23	43220	43133	87
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43968	43100	868
Shankar-6(105)	29mm	3.5 - 4.9	28	45432	44371	1061
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48112	47050	1062
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48652	47600	1052
DCH-32(107)	34mm	3.0 - 3.8	33	72948	68804	4144

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