

Domestic market summary

Domestic Market Scenario:

Cotton farmers from various states are planning to increase area under cotton cultivation in the coming 2021-22 kharif season. Also, almost 90 percent of the cotton in the current season 2020-21 has already arrived in the market till last month. Committee on Cotton Production and Consumption has estimated cotton production at 360 lakh bales from its previous estimate of 371 lakh bales. Cotton arrivals have slowed down in the mandi as due to second wave of corona virus and lockdown restrictions major markets are closed. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood firm around Rs.45,533/ candy in Apr'21.

Monthly Price Outlook : The Kapas prices likely to remain firm between Rs. 6000-6800/q in the Rajkot market and the prices of medium staple length in Adoni market are likely to hover around Rs. 5700-6000/q in the coming month.

Major Market Highlights:

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.

According to Shetkari Sanghatana, the apex farmer's body in Maharashtra around 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 and out of that 25-35 percent of the area has been reportedly been put under HTBT (Herbicide tolerant Bt cotton). This is significant because the Cultivation of HTBT is banned in India and only Bt cotton has been approved for commercial cultivation.



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Cotton farmers may face seed shortage in the coming kharif season. As cotton farmers are planning to increase the acreage 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 till September. According to National Seed Corporation of India, cotton seed production has been lower this season by around 20-25 percent, as due to excessive rains last year the quality of cotton seed was affected in the key producing state of Telangana and some parts of Tamil Nadu.

Cotton farmers from various states are planning to increase area under cotton cultivation in the coming 2021-22 kharif season. Sowing of cotton crop would likely increase in Punjab, Haryana, Rajasthan, Telangana and Andhra Pradesh. Telangana has become the second biggest state under cotton acreage and is likely to add another 15-20 lakh acres under cotton cultivation and this will finally take the cotton area to 75-80 lakh acres. Similarly, in Guntur region of Andhra Pradesh, cotton acreage may expand to 18-20 lakh acres. According to United States Department of Agriculture the area in north India comprising Punjab, Haryana and Rajasthan may increase by 2 percent in view of the prevailing cotton prices. Elsewhere, in Maharashtra, Gujarat and Madhya Pradesh the cotton area may drop as farmers are switching to other crops such as pulses, groundnut and soybean. Also, United States Department of Agriculture expects that the cotton area may drop to 5 percent in Karnataka.

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.

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 lower 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 Production:

(Quantity in Lakh Bales)

Year	2017-18	2018-19	2019-20	2020-21*
State	Production			
Punjab	9.00	8.50	9.50	10.50
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	93.00
Maharashtra	83.00	74.09	87.00	88.00
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	16.00
Karnataka	18.75	15.50	20.00	25.00
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
TOTAL	365	321.05	360.00	368.00

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 369.0 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 480.63 lakh bales.

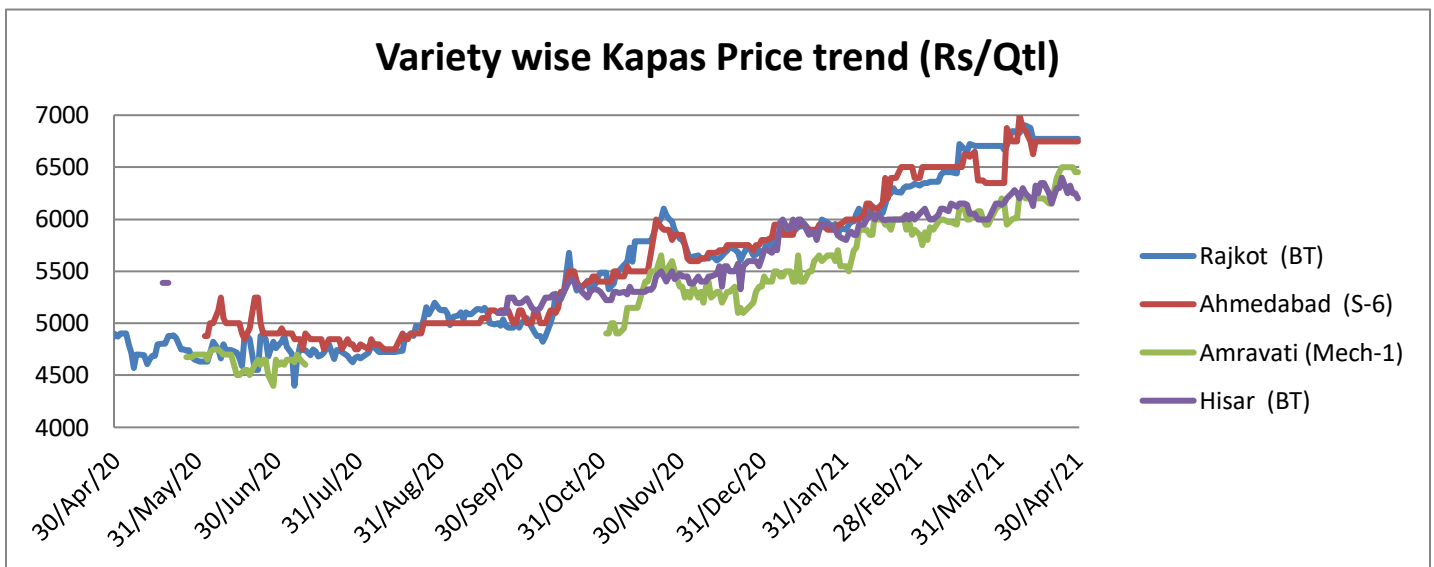
Total domestic mill consumption (excluding non- mill consumption) in 2020-21 is expected to decrease to 250.00 lakh bales in 2020-21, because of second wave of corona virus currently affecting the country.

So, the decline in consumption has result in higher ending stocks of around 102.63 lakh bales in 2019-20 and is likely to occur this year too, the endingstocks by the end of 2020-21 season is estimated to be 125.63 lakh bales.

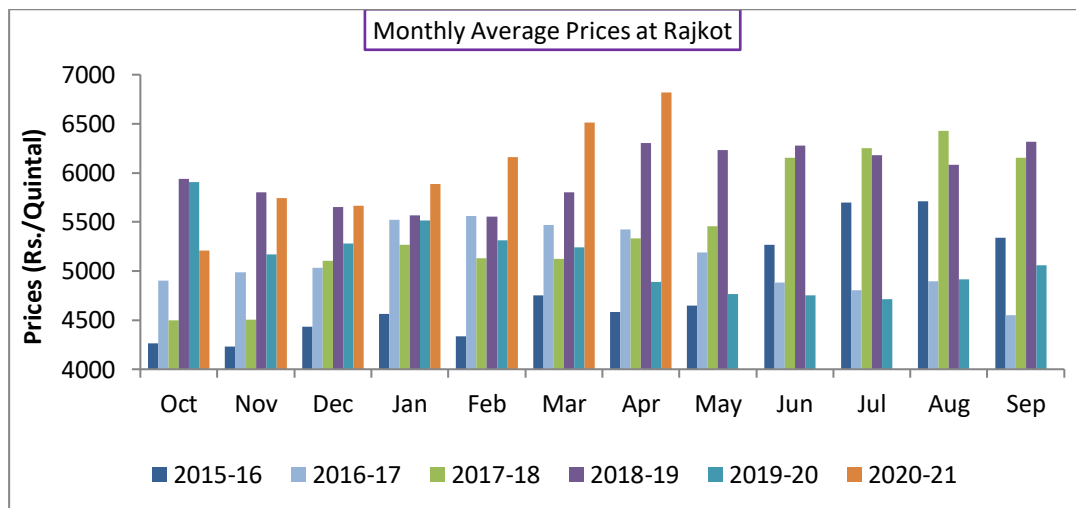
Domestic Cotton Prices Scenario

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.6789/quintal from previous month at Rs.6551/ quintal.



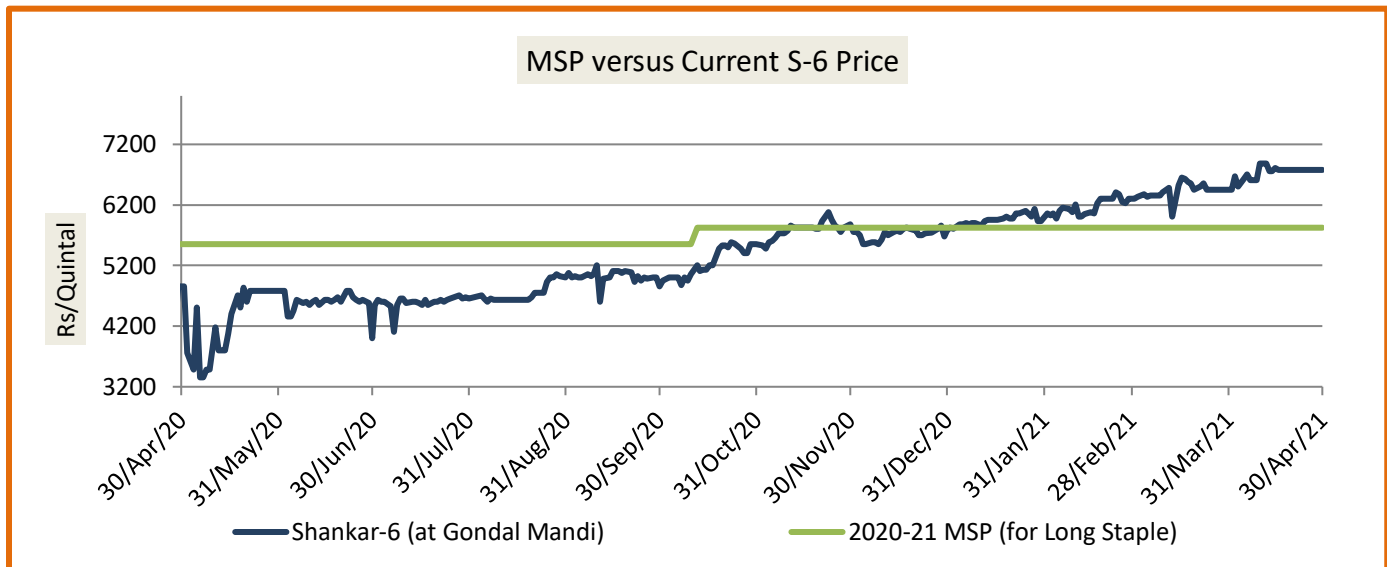
Kapas Monthly M-o-M Price Scenario



The arrivals in the month of April were higher in the market and the monthly average price were also higher at Rs. 6817/q compared to the prices during the corresponding month of the previous season.(Rs. 4887/q)

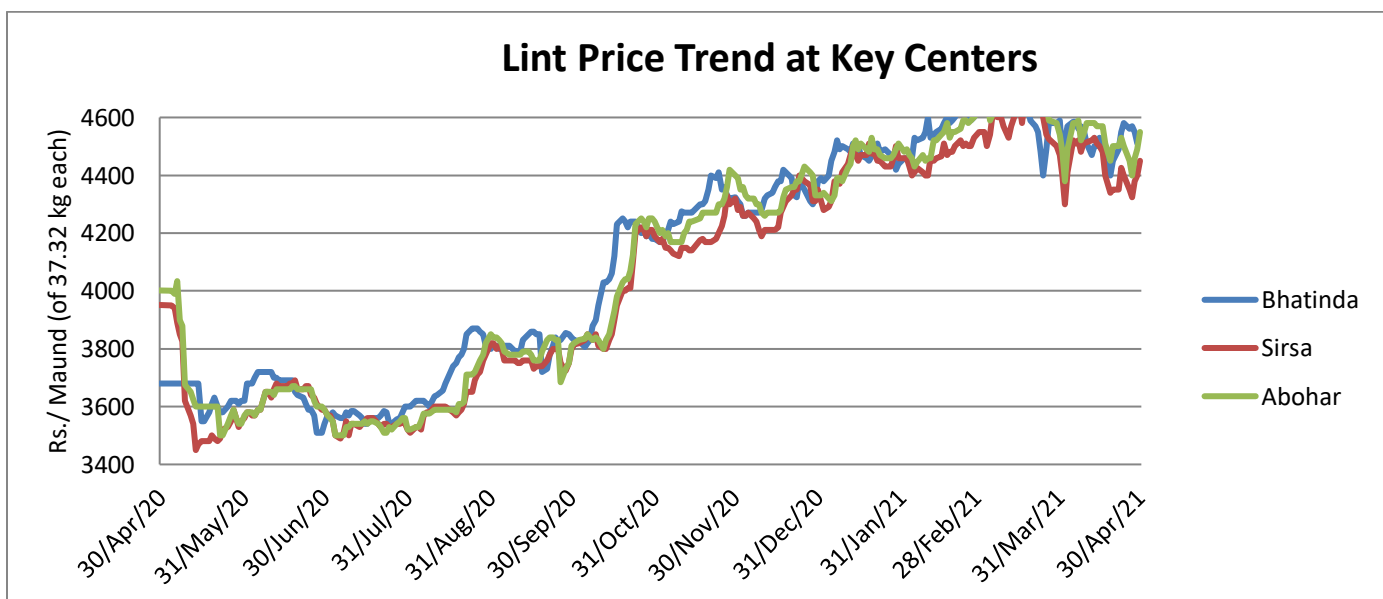
Spot Price versus MSP

The average price in the Gondal market was higher in April month at Rs.6728/q compared to Rs. 6434/q in March. While the arrivals during the month have slowed down and were around 11,839 quintals.



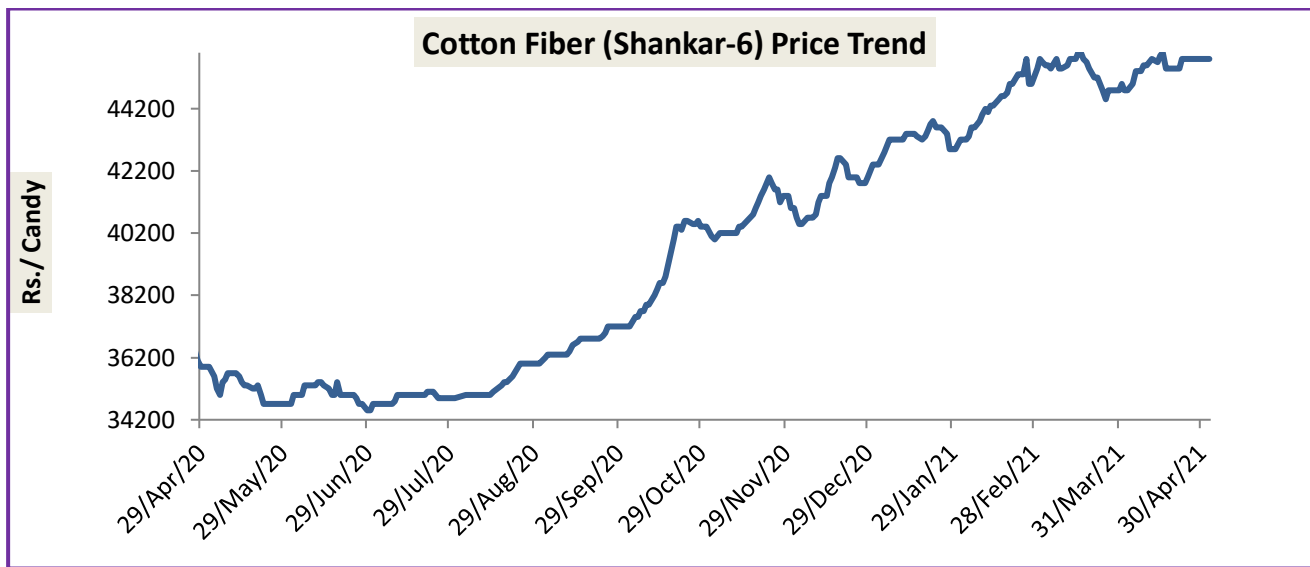
Lint price Outlook

The prices in the northern states were firm during April. Monthly average price of Lint at Sirsa stood lower at Rs.4533per maund of 37.32 kg each in April, compared to the average monthly price of Rs. 4559per maund in March. The prices were hovering lower around Rs. 4525per maund in Bhatinda in the month of April.



Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.45530 per candy (of 355.6 kg each) during April, up by Rs.45432 per candy from previous month. While the prices during the same month last year were firm around Rs. 36724 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.

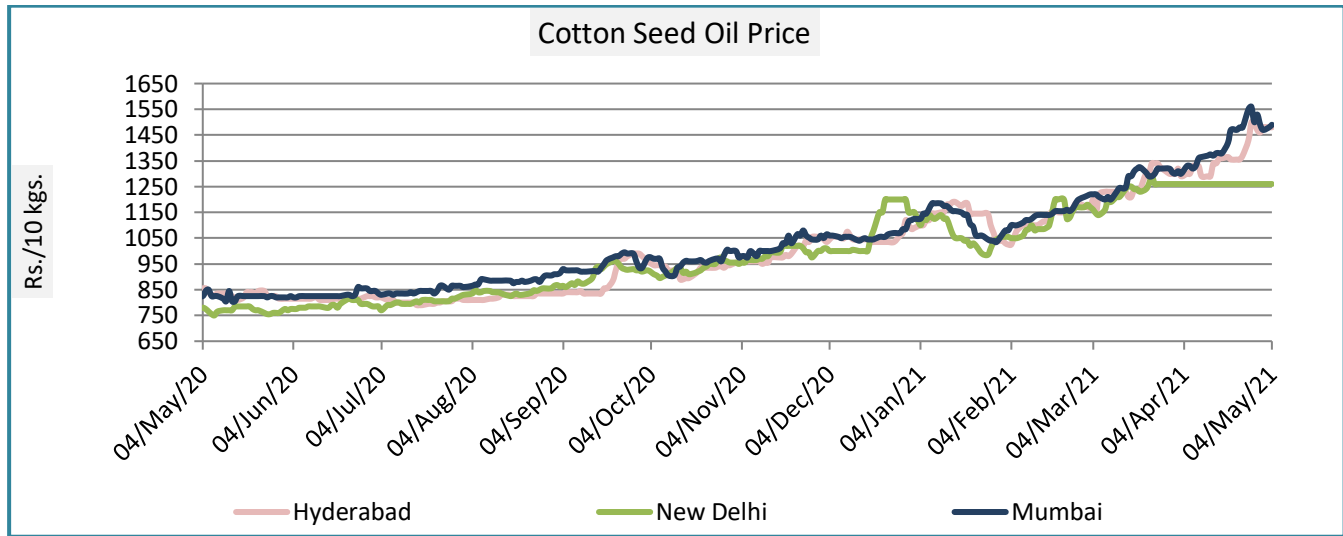


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1408 per 10 Kg, and followed by Rs. 1377 kg in Rajkot and Rs.1260 per 10 kg in New Delhi.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Apr	Mar	
New Delhi	1260	1223	3.03
Rajkot	1377	1246	10.48
Hyderabad	1408	1284	9.63
Mumbai	1427	1275	11.94

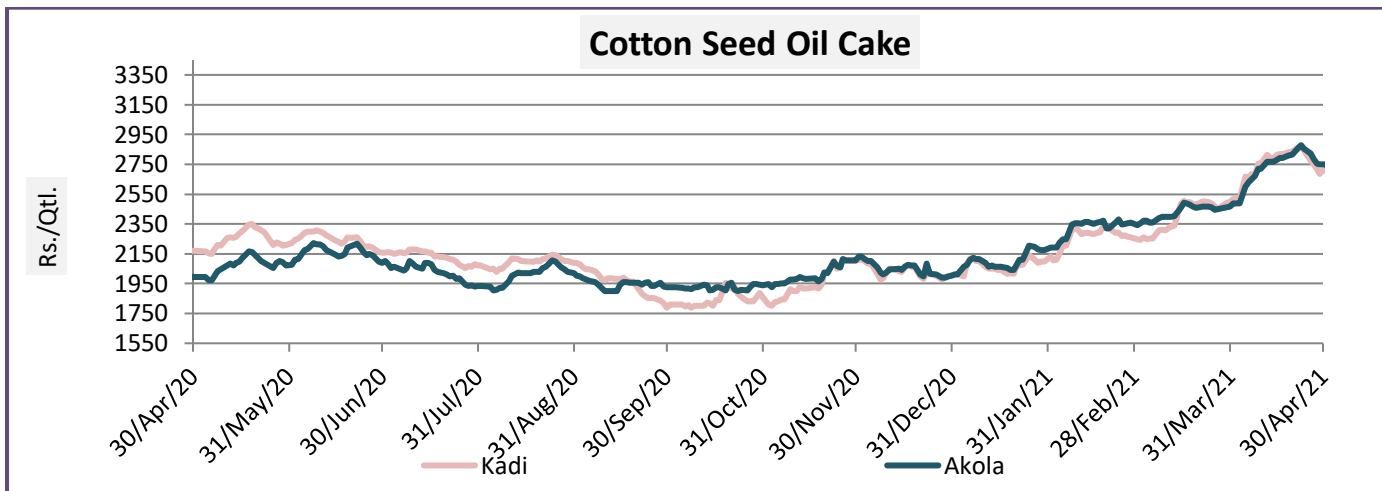


Cotton Seed Oil Cake monthly Price Scenario

The cotton seed oil and cottonseed oil cake prices are likely to remain range bound till June' 2021 and prices are expected to increase after June, whereas, the raw cotton prices are still increasing in the market. Currently, Cottonseed oil cake prices are prevailing around Rs. 3200- 3600 per quintal in the market. Cottonseed oil prices are around Rs. 3800- 4000 per quintal in Maharashtra, it is expected that the prices may increase to Rs. 4500 per quintal. But the demand for cotton seed oil in Maharashtra and Gujarat is likely to fall with the rising temperature and Corona cases. According to the market experts it is difficult to predict the market situation right now. The spot market traded high during April month, with the average price in Kadi up by 14% at Rs.2739 per quintal and 12% up around Rs.2728 per quintal in Akola.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Apr	Mar	
Kadi	2739	2398	14.23
Akola	2728	2427	12.42

*Source: NCDEX



International Market Scenario

ICE front month futures were down by around 8 % in April'21 month compared in March'21. The average of ICE May contract stood low around 87.43 cents/lbs in April, up by 8.10 percent compared to the average price that stood in March around 80.88 cents/lbs.

Major Market Highlights:

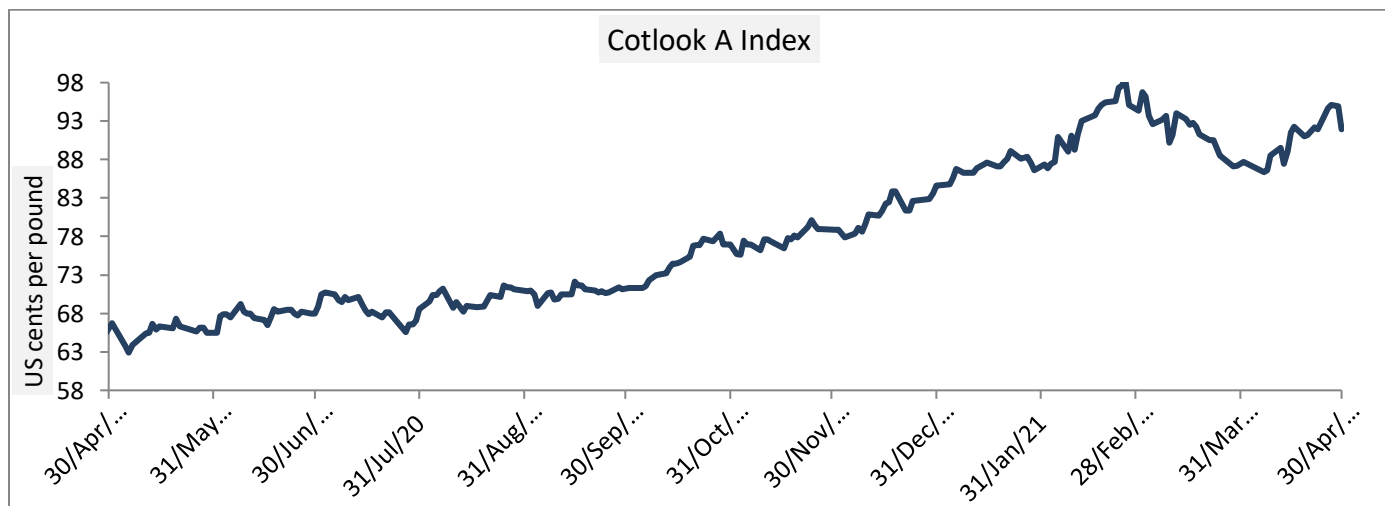
- According to the 2020-21 U.S. cotton supply and demand forecast, higher exports and lower ending stock was observed as compared to last month. Production and domestic mill use are unchanged; whereas the export forecast has been raised to 250,000 bales to 15.75 million, which is based on the increase in recent sales and shipments. Ending stock has now been forecast at 3.9 million bales. 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 been raised to 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 revoked the decision of its import from India, as textile exporters want government to take decision regarding the 40 percent drop in the crop output. According to the Pakistan Cotton Ginners Association, Cotton output in Pakistan during current year has fallen to 5.645 million bales from 10.763 million bales last year, which is around 47 percent of the decline in cotton output. Also, this is the lowest output in the past three decades and is far below the target of 10.48 million bales.
- China's cotton production is projected at 6.30 million tonnes in 2020-21 season, up by 8.7 percent from 2019-20 season- a new high since 2014-15. The cotton consumption along with the ending stock is also high for this season, indicating the ample domestic cotton supply. If some cotton import quotas are allocated is 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 as a result Chinese cotton prices are expected to come down. Lower cotton prices will restrain growers planting enthusiasm. This will further lead to more competition of cotton and food crops.

- Bangladesh apparel export improved year-on-year in March 2021, to 2.450 billion USD, up by 8.8 percent from same month previous year. However, the exports have slowed down by 6.5% from the previous month. During January to March, Bangladesh apparel export has reached 7.94 billion USD which was down by 1.7 percent year on year; whereas the cumulative export volume was 299 million USD.
- The global 2020-21 cotton supply and demand estimates show 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 been boosted by greater import demand from China and Bangladesh. Also, higher exports are expected from Brazil, United States and Egypt.

Cotlook A Index

The average Cotlook A Index stood lower at 90.62 US cents per lb in April month and decreased by 1.22%. The Cotlook index decreased from the last month of Apr'21.

Cotlook A Index	Monthly Average Price as on		% Change
	Apr	Mar	
Prices	90.62	91.74	-1.22
Prices in US cents per Pound			



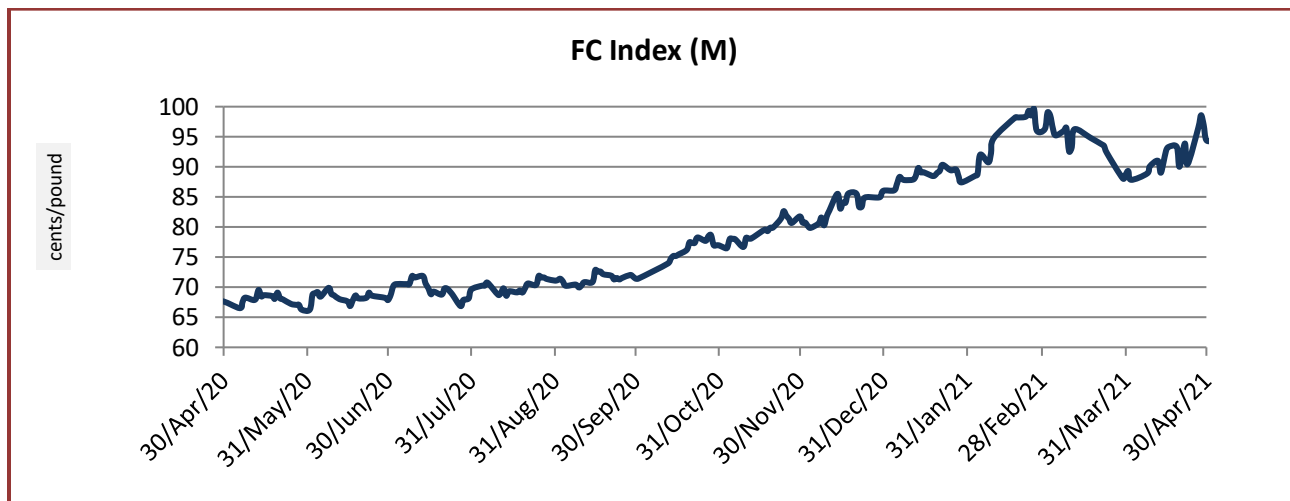
Source: Cotlook

China Cotton Index and Foreign Cotton Index

The China cotton Index prices has decreased from previous month around 2-3 percent.

Cotton Index	Monthly Average Price as on		% Change
	Apr	Mar	
FC (S)	94.14	97.94	-3.88
FC (M)	92.16	94.44	-2.41
FC (L)	89.39	93.09	-3.98
Prices in US cents per Pound			

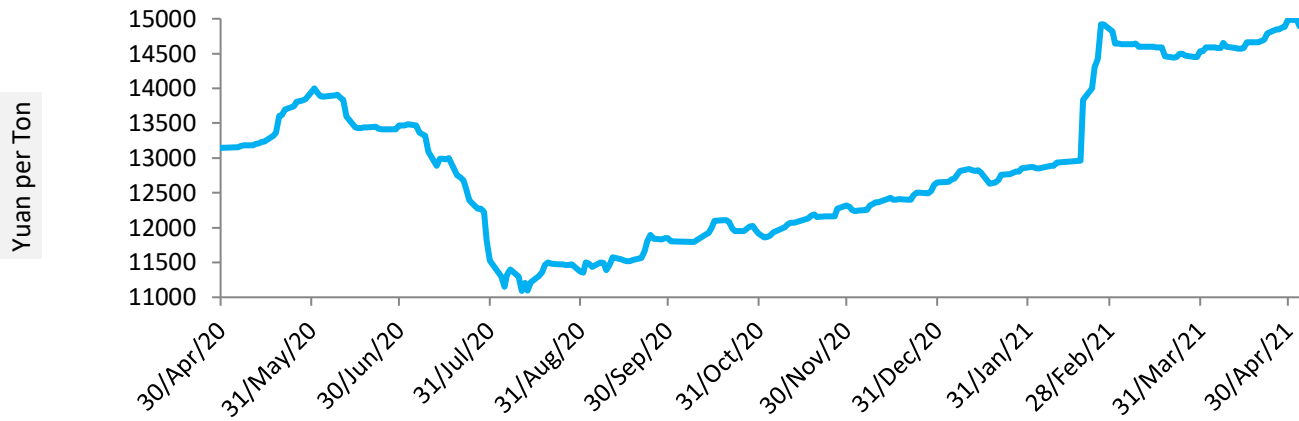
Source: China Cotton Association



Cotton Index	Monthly Average Price as on		% Change
	Apr	Mar	
CCIndex(328)	15535.100	15947.18	-2.58
CCIndex(527)	14792.71	15149.77	-2.36
CCIndex(229)	15870.24	16282.50	-2.53
Prices in Yuan per ton			

Source: China Cotton Association

China Cotton Index(328)



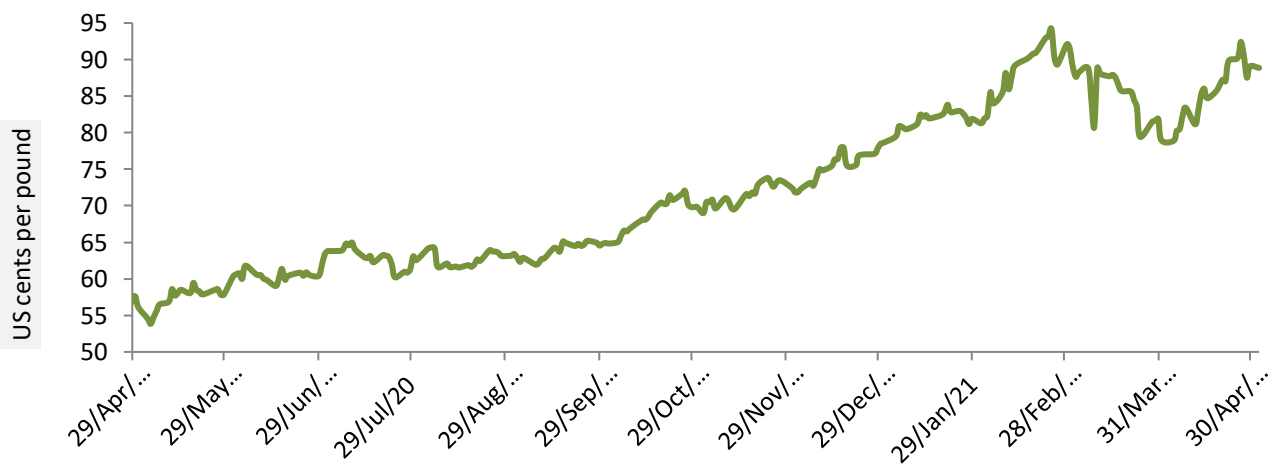
USA Spot Prices

U.S.A Spot price for this month was at 84.99 cents/ pound lower from previous month price by -1.24 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	Apr	Mar	
Prices	84.99	86.05	-1.24
Prices in US cents per Pound			

Source: USDA

Daily Movement of USA Spot Price

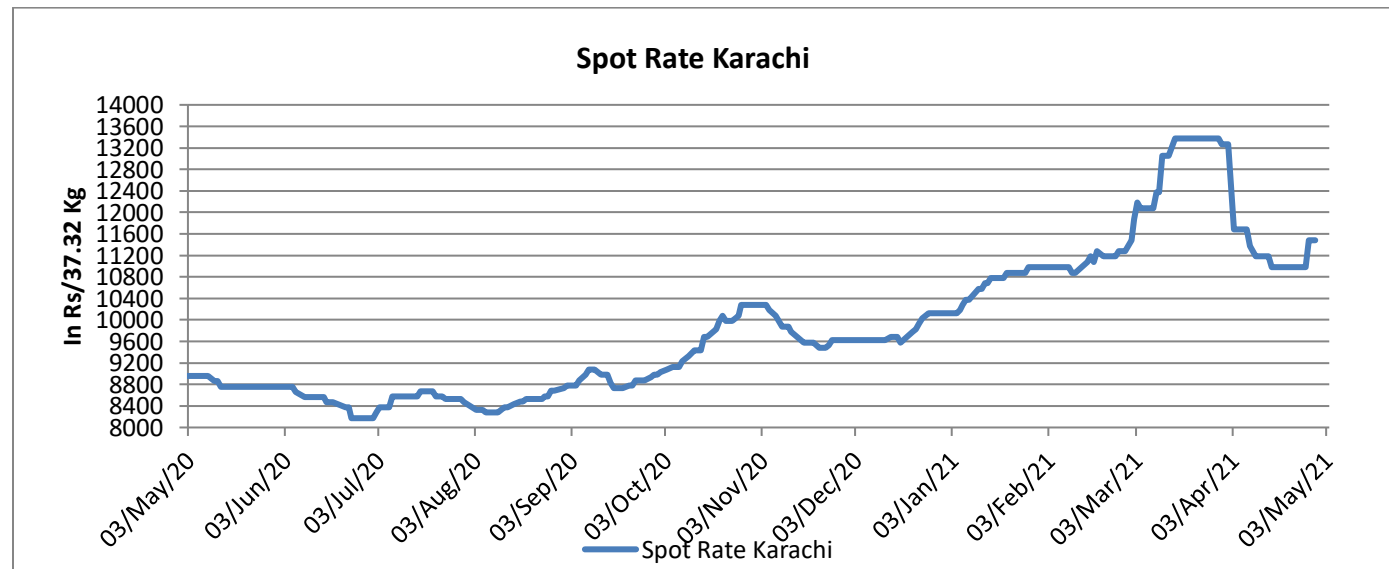


Pakistan Spot Prices

The Karachi spot pricestood around Rs.11250/q lower than the previous month by 12.58 percent. (Rs. 12869/q). Pakistan is planning to import cotton from Uzbekistan, as 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 decisive steps amid 40 percent drop in the crop output.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Apr	Mar	
Prices	11250	12869	-12.58
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton

Exchange: MCX

Contract: Mar.

Expiry: May. 31, 2021

Cotton



Technical Commentary:

- Therecenttrendincottonhasbeenbullish,butthemarkethasbeenquiteindecisiveoverthelastonemonth.
- Asupportingtrendlineispassingthrough20000,whilemildresistanceisseenaround21640.
- If the market tests the support at 21500, intraday long positions may becreated.

Strategy: **Sell**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MC X	Mar	20500	21500	21810	21640	21700
			Call	Entry	T1	T2	SL
Cotton	MC X	Mar	Sell	21520	21600	21620	21580

* Do not carry-forward the position next day.

Commodity: Cotton Seed oil Cake
Contract: Mar

Exchange: NCDEX
Expiry: May 30th, 2020

Cottonseed Oilcake

COTTON SEED OIL 1s(NCCOUC1)2021/05/02 - Weekly B:2459.00 A:2460.00
O 2522.00 H 2580.00 L 2411.00 C 2460.00 ↑ V 56,420 I 84,330 -62 -2.46%



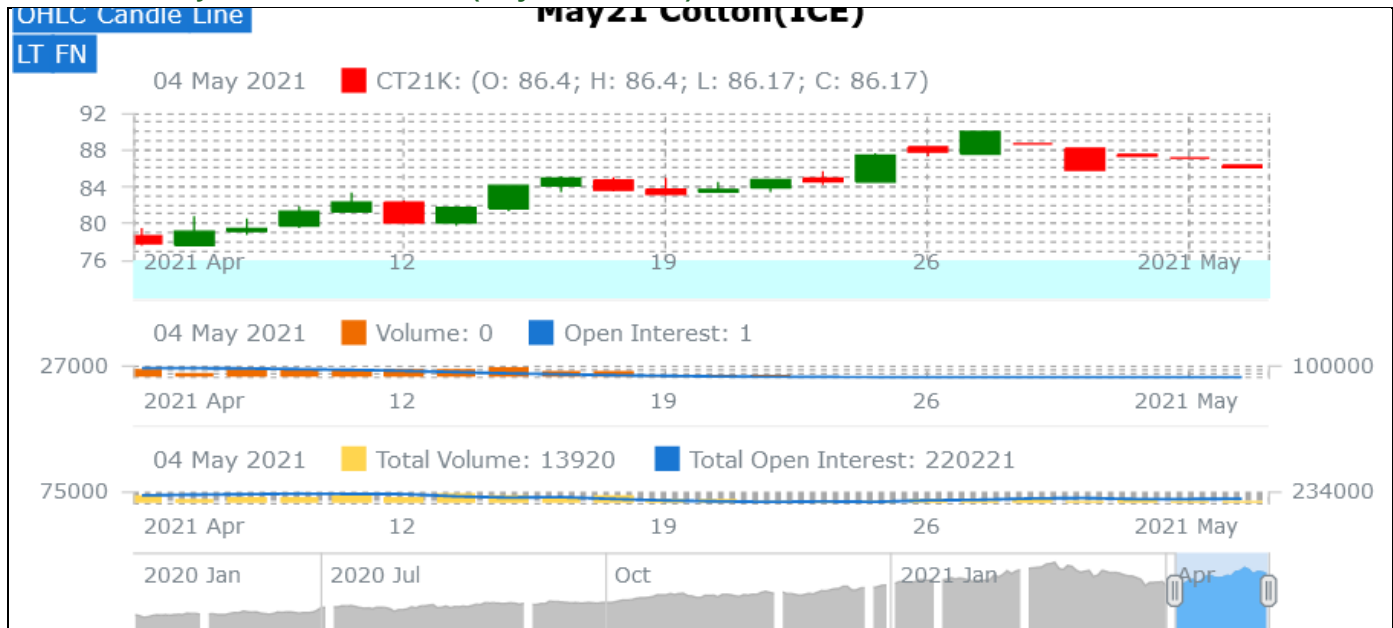
Technical Commentary:

- Cottonseedoilcakeonthedailychartlooksuncertainevenasthebroadertrendisbullish.
- Ontheintra-daychart,thereexistsaconsolidationzone(support)at2000andthena trendlinesupportat 2260. Strong resistance is seen at 2640.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	1700	2000	2428	2640	2670
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Buy	2522	2560	2600	2540

* 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 April month.
- 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	86-90

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
80	84	87	89

Figures in US cents/pound

Cotton Future Prices at ICE

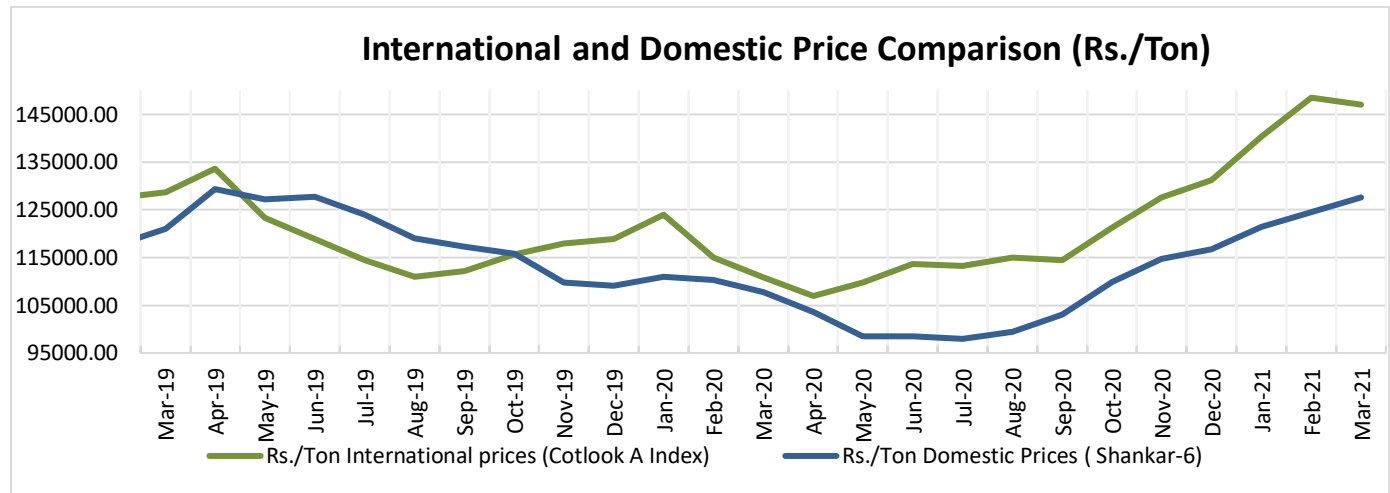
Future Price Trend (Active Contract):

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	03-May-21	03-Apr-21 (1 month ago)	02-Feb-20 (3 months ago)	04-Nov-20 (6 months ago)	03-May-20 (a year ago)	% Change over a month	% Change over previous year
May-21	87.21	77.88	80.69	70.23	55.00	11.98	58.56
Jul-21	87.86	79.18	82.05	71.19	54.33	10.96	61.72
Oct-21	87.02	78.27	82.99	71.95	55.89	11.18	55.70
Dec-21	85.20	77.87	79.71	72.55	56.24	9.41	51.49
Mar-22	84.56	77.74	78.71	70.15	57.53	8.77	46.98

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	Apr'21	Mar'21	
Gujarat	Ahmedabad	Shankar-6	6784	6488	296
	Gondal	Shankar-6	6714	6429	285
	Rajkot	B.T. Cotton	6818	6511	306
	Patan	B.T. Cotton	NA	6516	-
	Kadi	B.T. Cotton	NA	6467	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	6102	-
Haryana	Bhiwani	B.T. Cotton	6400	6189	211
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6252	6080	172
	Fatehabad	B.T. Cotton	6177	6018	160
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	5982	-
Rajasthan	Hanumangarh	B.T. Cotton	6344	6313	31
	Rawatsar	B.T. Cotton	6326	6229	97

Madhya Pradesh	Khandwa	Mech-1	NA	6417	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6032	5747	284
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	5947	5642	305
Karnataka	Bijapur	Bunny	6716	6646	70
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	4582	4364	218
	Raichur	H-44 Cotton	6620	5983	637
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Apr'21	Mar'21	
Punjab	Bhatinda	J-34	4526	4641	-115
	Abohar	J-34	4528	4642	-114
	Mansa	J-34	4518	4632	-114
Haryana	Sirsa	J-34	4441	4559	-118
Rajasthan	Sri-Ganganagar	J-34	4296	4383	-87

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Apr'21	Mar'21	
Gujarat	Ahmedabad	Shankar-6	134300	720800	-586500
	Gondal	Shankar-6	11839	27474	-15635
	Rajkot	B.T. Cotton	19850	45120	-25270
	Patan	B.T. Cotton	NA	22282	-
	Kadi	B.T. Cotton	NA	280000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	1324	-
Haryana	Bhiwani	B.T. Cotton	NA	23600	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	16320	24990	-8670
	Fatehabad	B.T. Cotton	1230	4015	-2785
	Jind	B.T. Cotton	NA	NA	-

Rajasthan	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	7665	-
	Hanumangarh	B.T. Cotton	1865	9750	-7885
	Rawatsar	B.T. Cotton	3120	13400	-10280
Madhya Pradesh	Khandwa	Mech-1	NA	2580	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	113500	269000	-155500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	10432	29367	-18935
Karnataka	Bijapur	Bunny	12763	23897	-11134
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	55	98	-43
	Raichur	H-44 Cotton	335	380	-45
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Apr'21	Mar'21	
Punjab	Bhatinda	J-34	12495	89250	-76755
	Abohar	J-34	3052	9945	-6894
	Mansa	J-34	2295	8755	-6460
Haryana	Sirsa	J-34	7225	10625	-3400
Rajasthan	Sri-Ganganagar	J-34	4490	38200	-33710

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Apr'21	Mar'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38508	37852	656
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39008	38124	884
J-34(202)	27mm	3.5 - 4.9	23	41942	43220	-1278
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43879	43968	-89
Shankar-6(105)	29mm	3.5 - 4.9	28	45533	45432	101
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48254	48112	142
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48733	48652	81
DCH-32(107)	34mm	3.0 - 3.8	33	75771	72948	2823

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