

COTTON WEEKLY RESEARCH REPORT
05th Apr 2021**Domestic market summary**

Domestic MarketScenario: Cotton Corporation of India procurement has reached 92 lakh cotton bales. Cotton prices have been ruling much above MSP this week too, and currently they prices are 15-20% above MSP. As a result farmers are getting Rs 6,400 to Rs 6,500 per quintal as against the MSP of Rs 5,825 per quintal.

Weekly Price Outlook : The average price of Kapas is likely to remain firm between Rs. 5830-6600/q in Rajkot while the prices in Andhra Pradesh is likely to hover around Rs.4900-5600/q.

Major Market Highlights:

- All India daily arrivals are now around 30,000- 40,000 bales.
- Cotlook index stood higher(87.10cents/lbs) compared to the ICE cotton future that stood at 80.49 cents/lbs.
- Indian rupee remained strongerbetween 73.10 to 73.38 against USD compared to last week.

Market Highlights:

- **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.
- **Genetically modified cotton seed prices have been increased by 5 percent.** India has raised the prices for genetically modified cotton seed by 5 percent for the fiscal year that began in March. The prices are now at Rs 767 for a 450 gram packet and are up from 730 rupees.
- **Cotton farmers have gained this season as the cotton prices are above MSP.** During the cotton season of 2020-21, Cotton Corporation of India has procured around 92 lakh bales under minimum support price operation. For the last six weeks, cotton prices have been ruling much above MSP, and currently they are 15-20% above MSP. As a result farmers are getting Rs 6,400 to Rs 6,500 per quintal as against the MSP of Rs 5,825 per quintal. Initially, it was expected by the trade and market sources that CCI may be required to

buy at least 1.5 crore bales but since the farmers are getting good price from the market forces itself, MSP intervention is not required now. This cotton season is almost at an end and has been a good year for CCI.

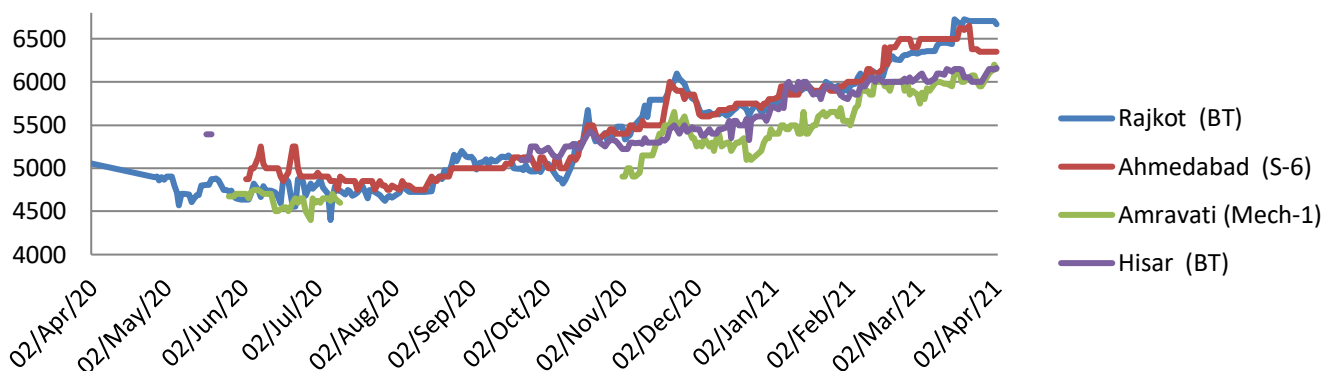
- **Telangana Farmers are planning to increase area under cotton cultivation.** Telangana is planning to add another 15-20 lakh acres in the upcoming kharif season, taking the area under the fibre crop to 75-80 lakh acres. The state had experimented with the Regulated Cropping System last year, had dramatically increased the cotton area to 60 lakh acres from the previous record of 46 lakh acres in 2019. As they achieved the target of 60 lakh acres, the Telangana farmers had surpassed Gujarat, which grows cotton on about 56 lakh acres.
- **Cotton production has been decreased by 2 percent for the 2020-21 season.** According to the Ministry of Agriculture and farmer's welfare, cotton production has been lowered by two percent from its first estimate to 28.5 million 480-lb. bales but is 13 percent higher than the 5 year average.
- **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.

Domestic Cotton Prices Scenario

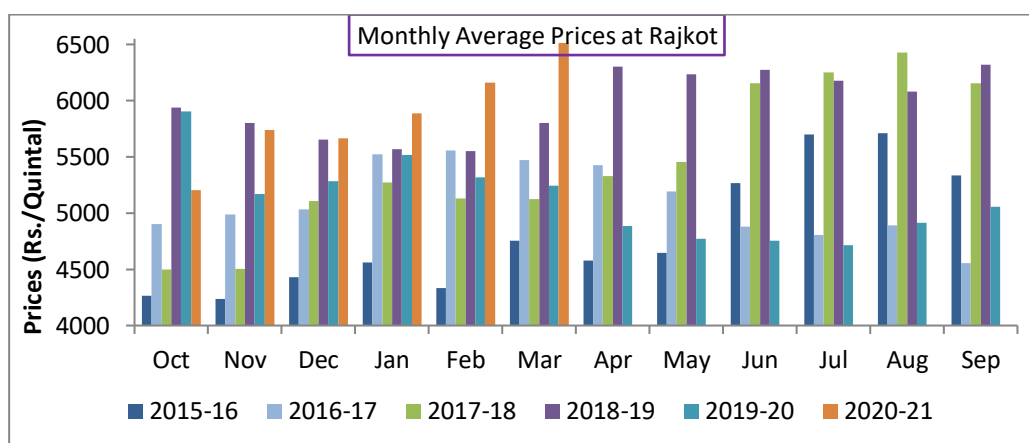
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot was higher at Rs. 6705/q from previous week Rs. 6694/q where else, Ahmedabad prices were weak at Rs. 6355/q from previous week at Rs. 6541/q.

Variety wise Kapas Price trend (Rs/Qtl)



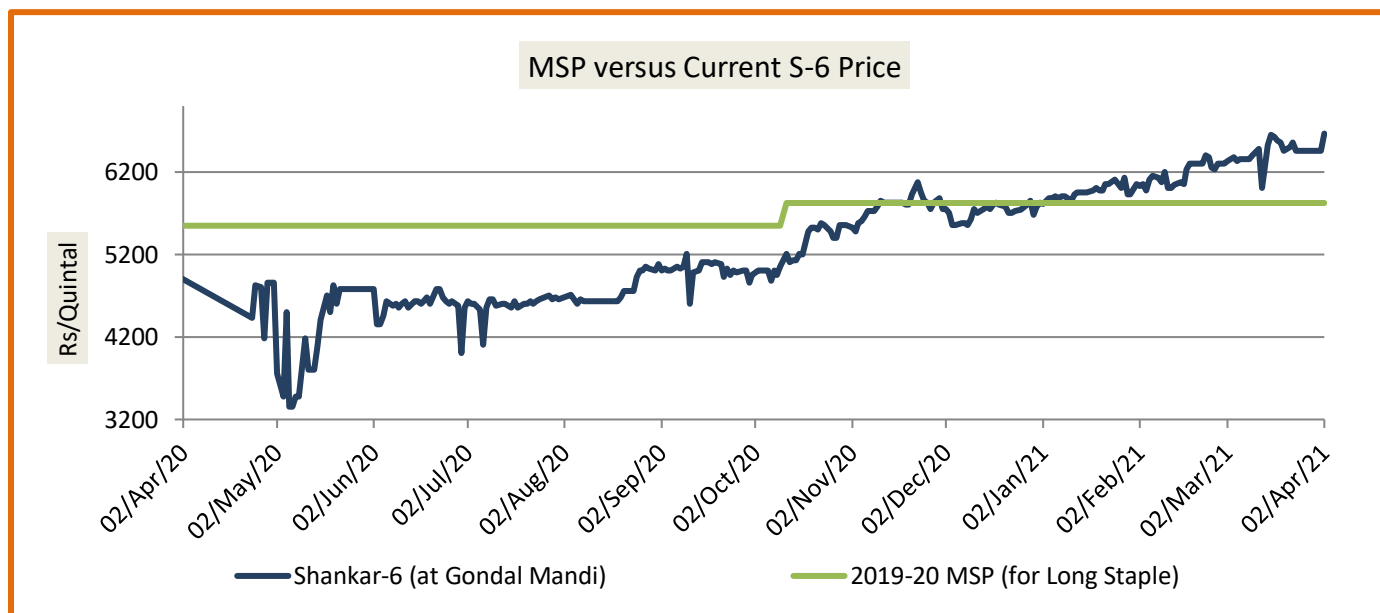
Kapas Monthly M-o-M Price Scenario



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

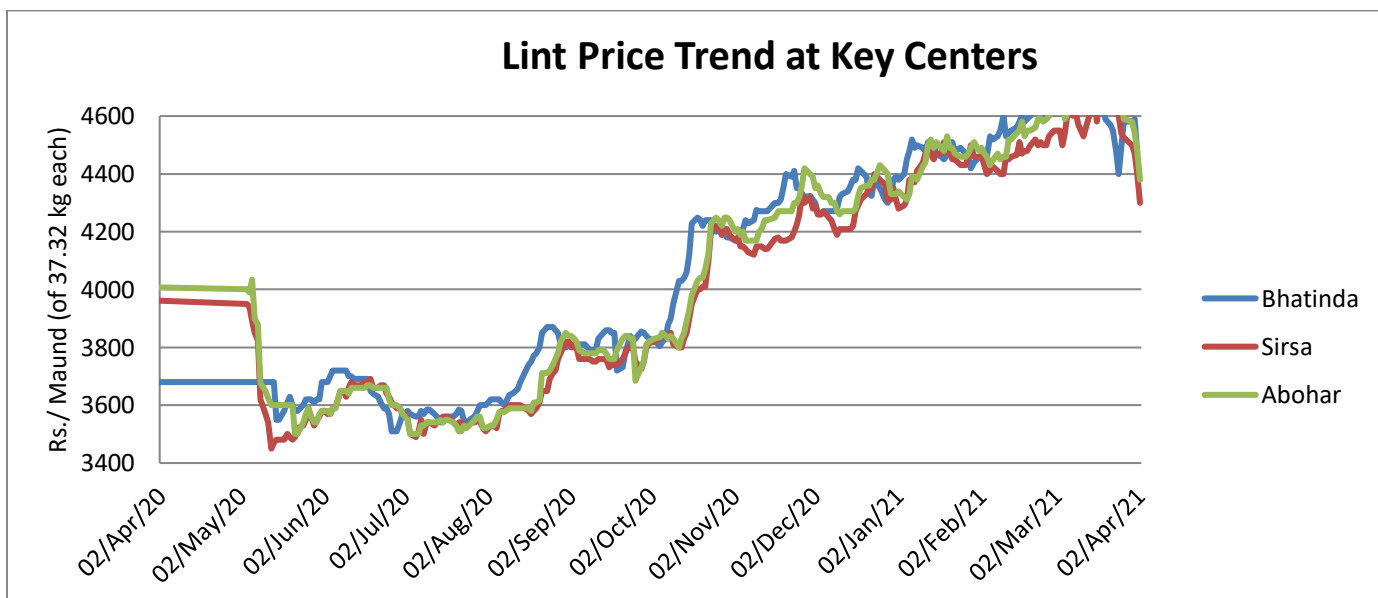
Average kapas price at Gondal market stood lower at Rs. 6455/q from Rs. 6517/q previous week.



Source: Agriwatch

Lint price Outlook

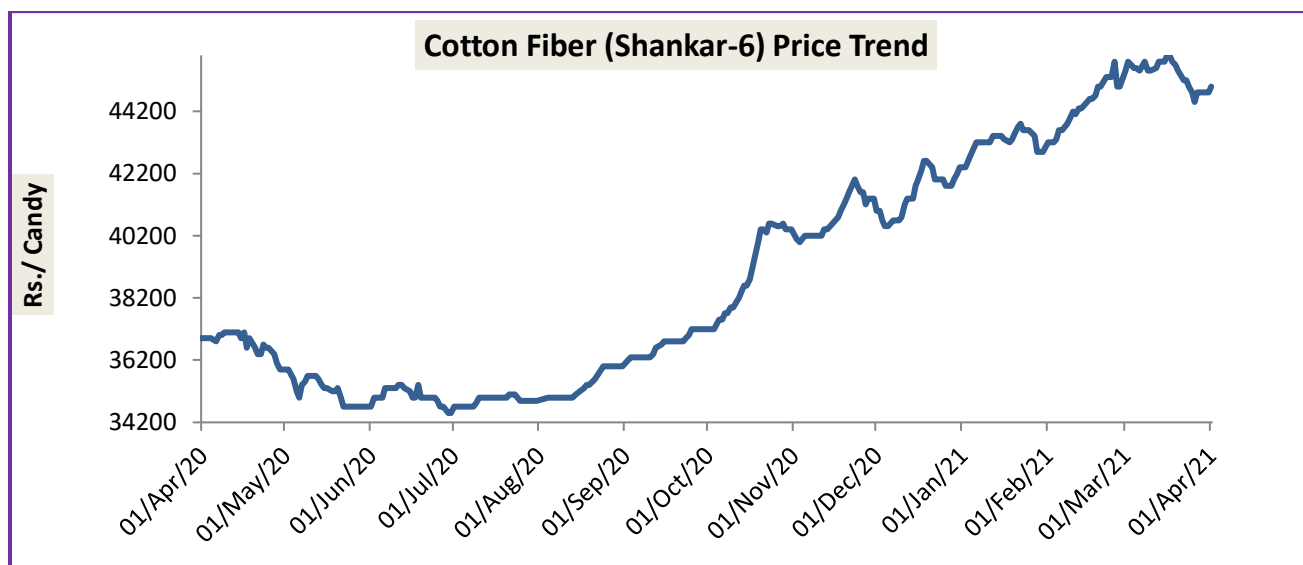
The average price stood lower at Rs.4502/maund of lint in Abohar, prices were also higher in Bhatinda at Rs.4506/maund and Rs.4428/maund in Sirsa from previous week.



Source: Agriwatch

Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) of premium quality prices was lower at Rs.44740/candy from around Rs.45400/ candy last week.



Source: Cotton Association of India (CAI)

Cotton Seed Oil and Cotton Seed Oil Cake

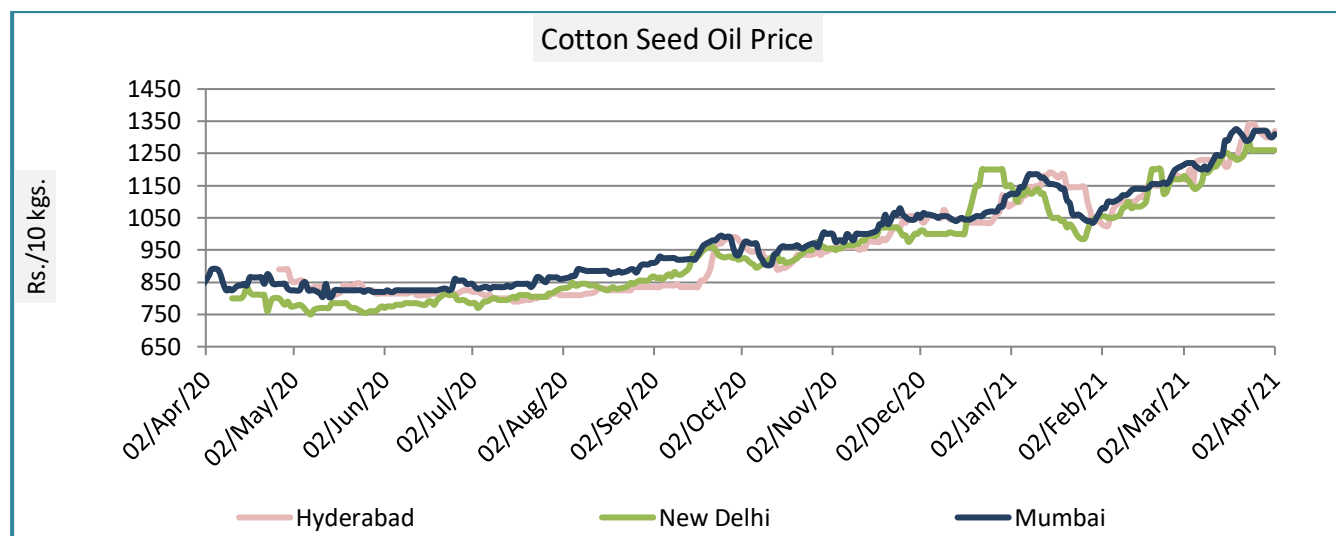
Cotton Seed Oil weekly

Price Scenario

Cotton seed oil price have increased across all the centres during the weekending on 31thMar'21. Weekly average price in Mumbai stood high at Rs.1307, in New Delhi the prices were around Rs. 1260 per 10 Kg.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	31-Mar-21	24-Mar-21	
New Delhi	1253	1253	0.56
Rajkot	1277	1277	2.27
Hyderabad	1306	1306	0.92
Mumbai	1304	1304	0.23

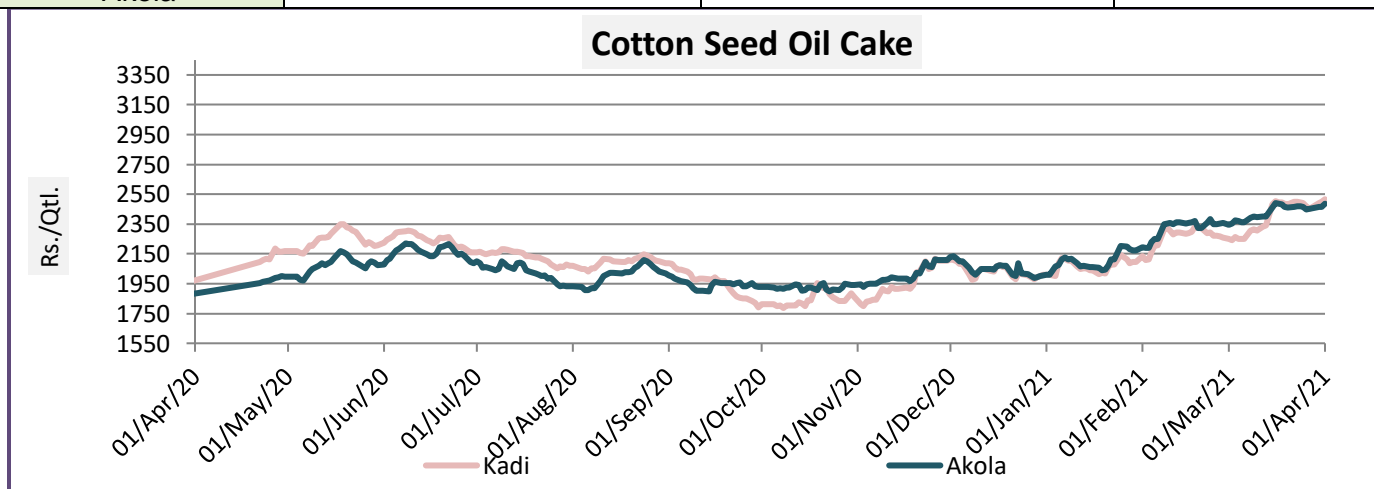
Source: Agriwatch



Cotton Seed Oil Cake weekly Price Scenario

The cotton daily arrivals have decreased and are close to 50,000 bales. The average price of cotton seed oil cake has decreased in Kadi at Rs. 2480 per quintal from Rs. 2493 per quintal and in Akola were at Rs. 2458 per quintal from Rs. 2468 per quintal previous week.

	Weekly Average Price as on (Rs/quintal.)*		% Change
	31-Mar-21	24-Mar-21	
Kadi	2480	2493	-0.52
Akola	2458	2468	-0.41



Source: NCDEX

International Market Scenario

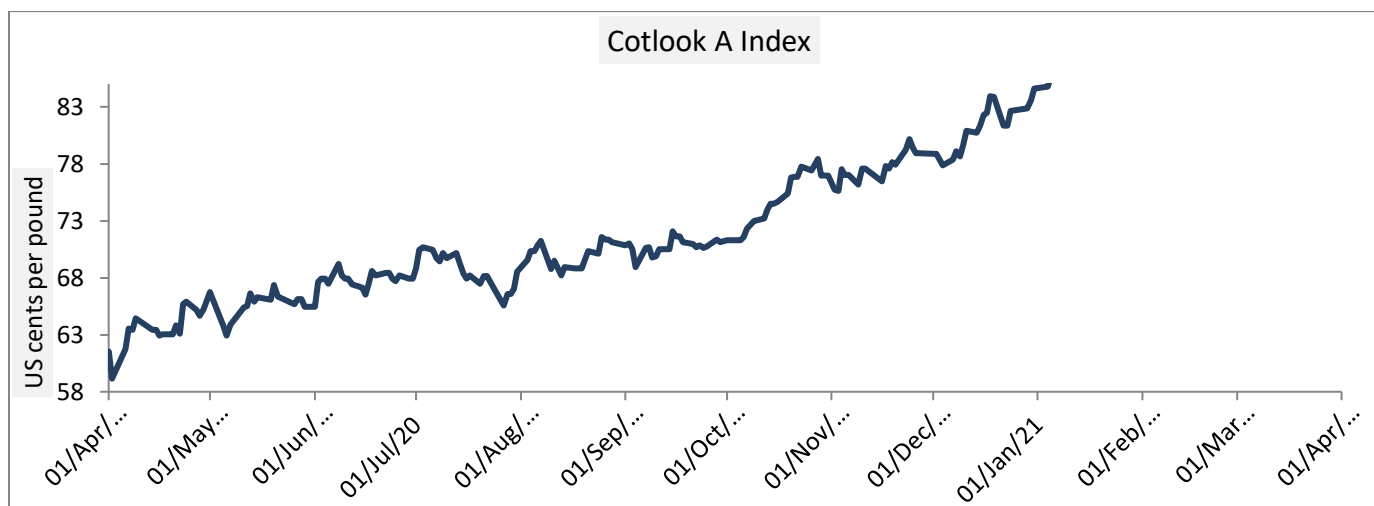
- Australian cotton exports are expected to grow in 2021. Cotton production in Australia is expected to increase in 2021 as the country's normal weather replenishes reservoirs essential for irrigation. The monthly average cotton production is expected to grow 312.70 percent in 2020-21 to 0.22 million where else in 2019-20 season it was 0.05 million.
- 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.
- 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.

Cotlook A Index

Cotlook A index was higher in this week. The Cotlook A Index was at 87.55 cents/lb higher compared to the previous week (90.80cents/lb).

Cotlook A Index	Weekly Average Price change as on		% Change
	31-Mar-21	24-Mar-21	
Prices	87.55	90.80	-3.58
Prices in US cents per Pound			

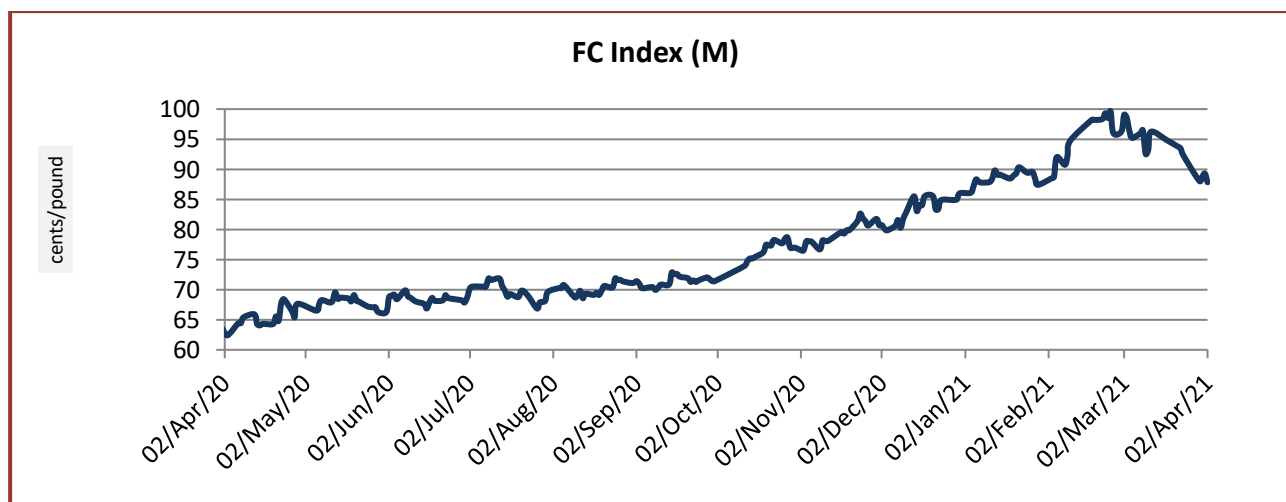
Source: Cotlook


China Cotton Index and Foreign Cotton Index

Cotton Index	Weekly Average Price as on		% Change
	31-Mar-21	24-Mar-21	
FC (S)	90.89	96.32	-5.64
FC (M)	88.38	93.60	-5.58
FC (L)	86.92	92.38	-5.92

Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	31-Mar-21	24-Mar-21	
CCIndex(328)	15797.60	15797.60	-3.29
CCIndex(527)	15037.80	15037.80	-2.77
CCIndex(229)	16158.40	16158.40	-3.41

Prices in Yuan per ton

Source: China Cotton Association



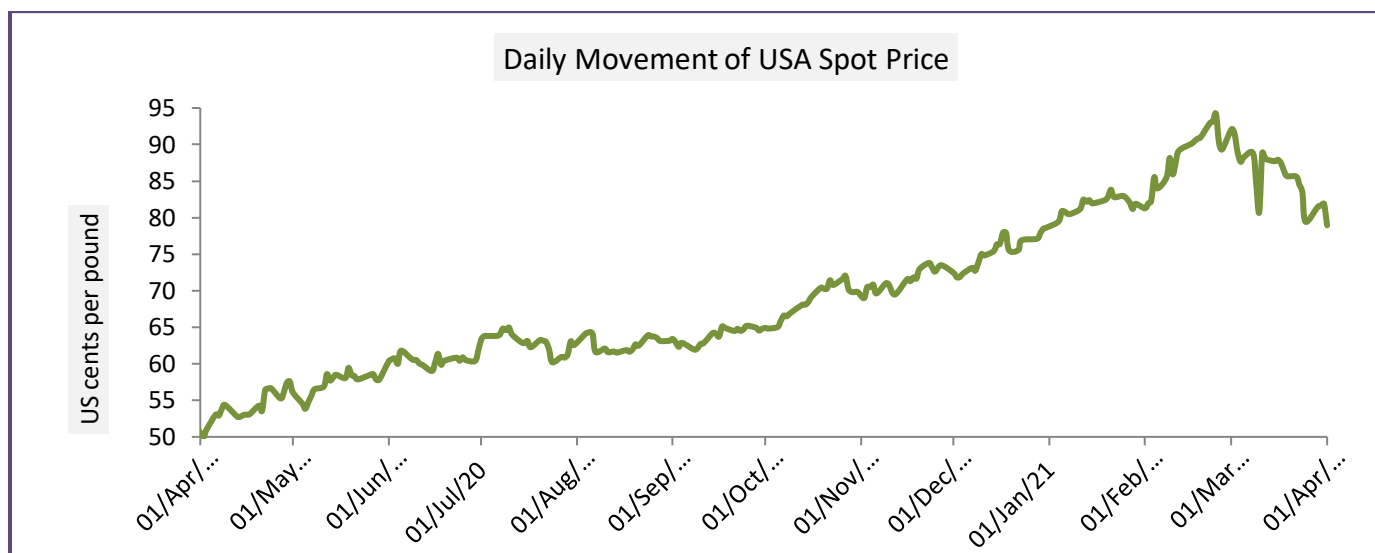
USA Spot Prices

U.S.A spot prices have decreased from prior week by -4.73 percent at 81.11 cents per pound.

USA Spot Prices	Monthly Average Price as on		% Change
	31-Mar-21	24-Mar-21	
Prices	81.11	85.14	-4.73

Prices in US cents per Pound

Source: USDA

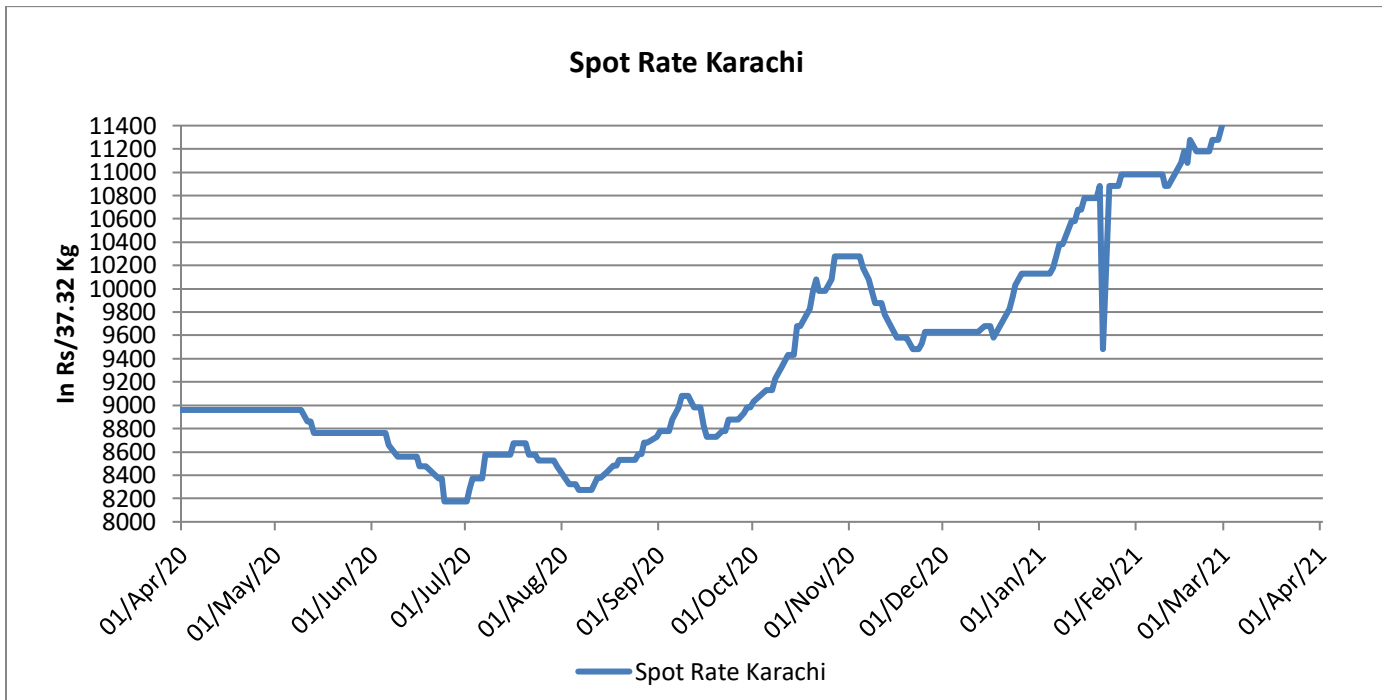


Pakistan Spot Prices

The Karachi spot price stood around Rs.12077/q lower than the previous week by 9.35 percent. (Rs. 13322/q)

Karachi Spot Prices	Weekly Average Price as on		% Change
	31-Mar-21	24-Mar-21	
Prices	12077	13322	-9.35
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton

Exchange: MCX

Contract: Mar.

Expiry: Apr. 30, 2021



Technical Commentary:

- Therecenttrendincottonhasbeenbullish,butthemarkethasbeenquiteindecisiveoverthelastonemonth.
- 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	Dec	20500	21500	21480	21580	21600
	X						
			Call	Entry	T1	T2	SL
Cotton	MC	Dec	Buy	21460	21530	21550	21500
	X						

Commodity: Cotton Seed oil Cake
Contract: Mar
Exchange: NCDEX
Expiry: Apr 20th, 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:

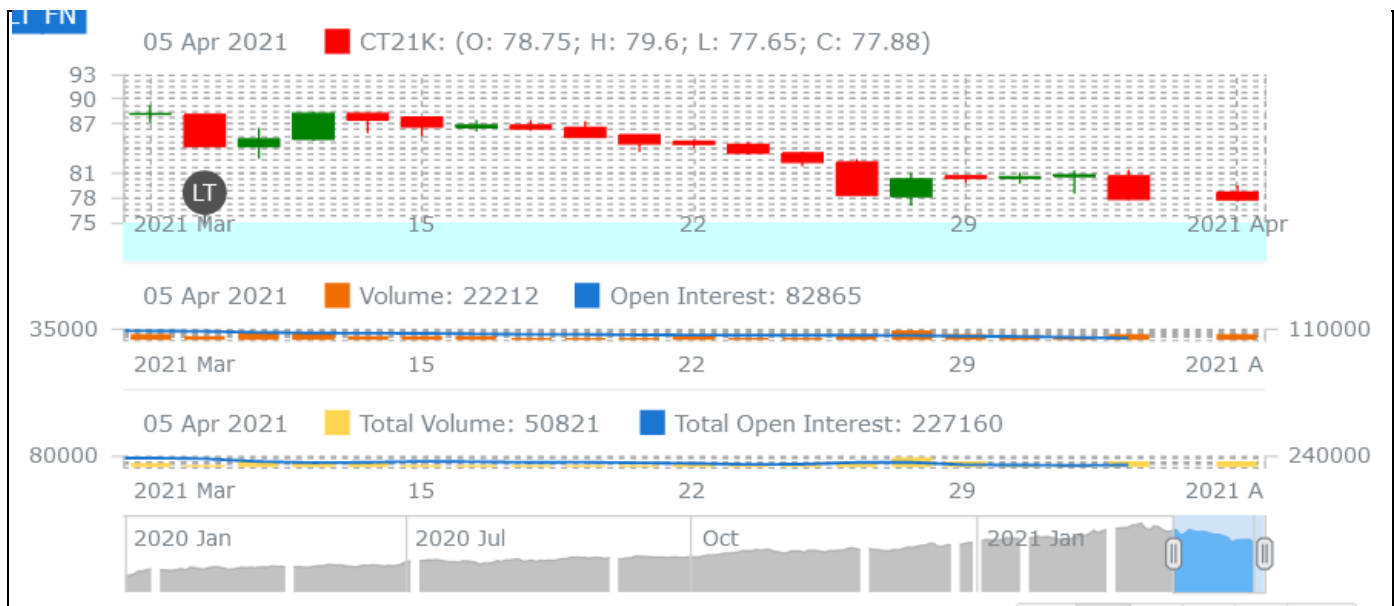
- Cottonseed oil cake on the daily chart looks uncertain even as the broader trend is bullish.
- On the intra-day chart, there exists a consolidation zone (support) at 2000 and then a trend line support at 2260. Strong resistance is seen at 2565.

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.

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



- The May'21 contract closed lower by the end of the week.
- Candlesticks denote steady to uptrend.
- Total volume increased & Open Interest decreased compared to last week.
- We expect cotton prices to remain rangebound in the coming week.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Weak	79-86

Expected Support and Resistance

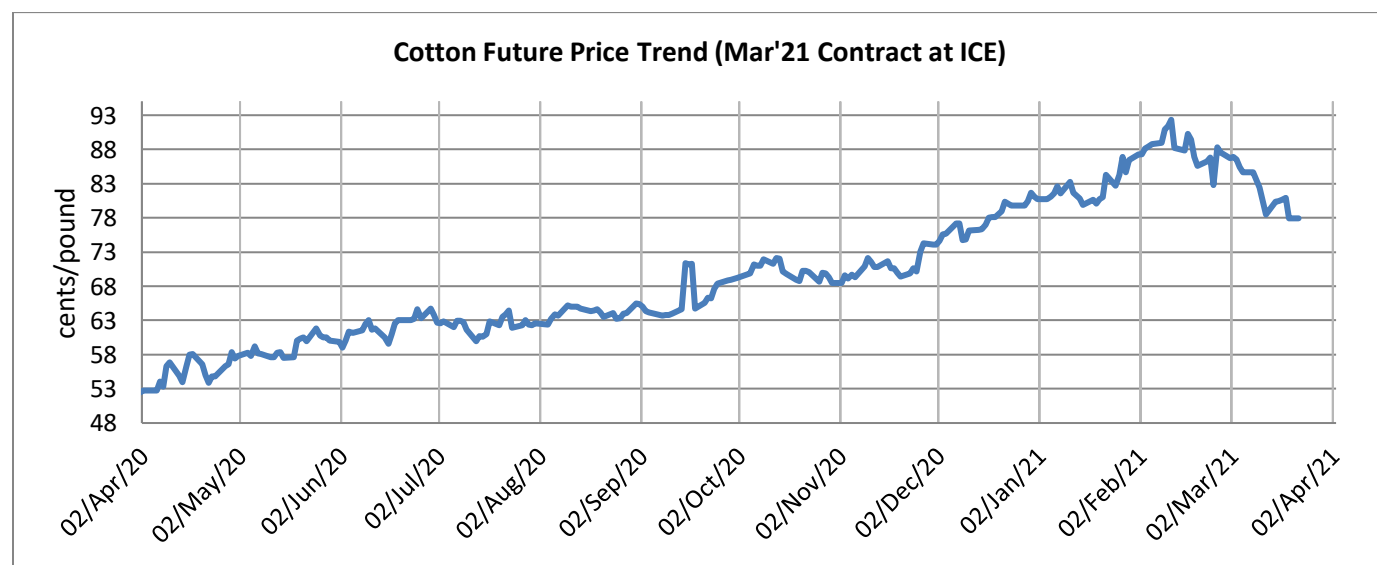
Support 1	Support 2	Resistance 1	Resistance 2
76	80	84	85

Figures in US cents/pound

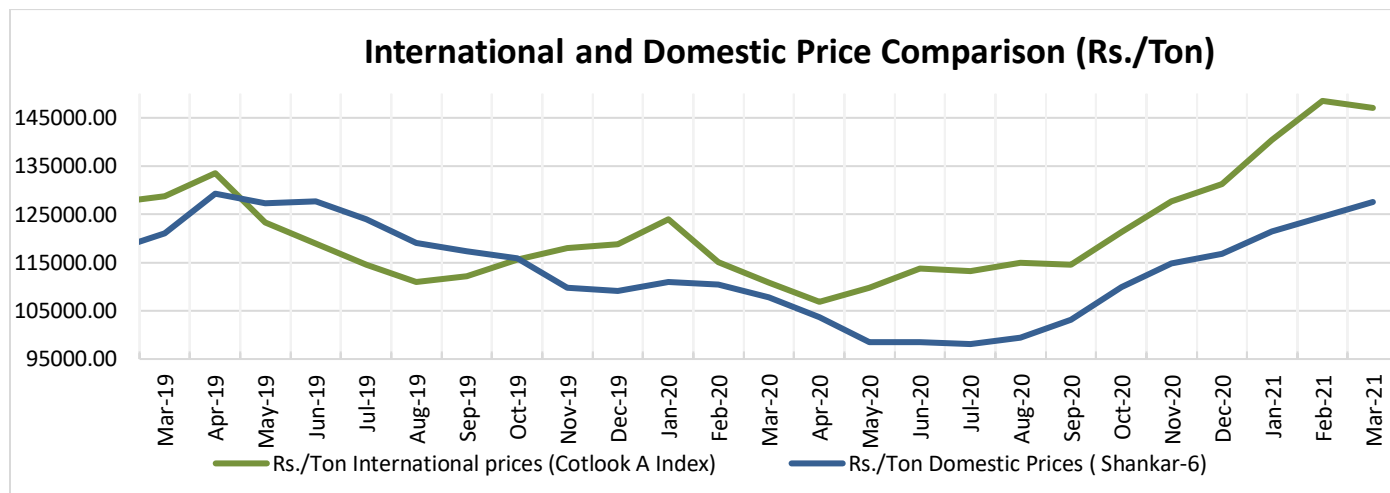
Cotton Future Prices at ICE

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

Future Price Trend (Active Contract):



International and Domestic Price Comparison



Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
			25th Mar'21 to 31st Mar'21	18th Mar'21 to 24th Mar'21	
Gujarat	Ahmedabad	Shankar-6	6358	6542	-183
	Gondal	Shankar-6	NA	6518	-
	Rajkot	B.T. Cotton	NA	5663	-
	Patan	B.T. Cotton	NA	6628	-
	Kadi	B.T. Cotton	NA	6350	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	6108	-
Haryana	Bhiwani	B.T. Cotton	6100	6192	-92
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	6048	-
	Fatehabad	B.T. Cotton	5990	6065	-75
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	6120	5867	253
Rajasthan	Hanumangarh	B.T. Cotton	6213	6367	-154
	Rawatsar	B.T. Cotton	6140	6338	-198

Madhya Pradesh	Khandwa	Mech-1	6500	6460	40
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6025	6050	-25
	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	6380	6738	-357
	Hubli	D.C.H.	4237	NA	-
	Hubli	B.T. Cotton	NA	4557	-
	Raichur	H-44 Cotton	5950	5983	-33
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	25th Mar'21 to 31st Mar'21	18th Mar'21 to 24th Mar'21	
Punjab	Bhatinda	J-34	4506	4610	-104
	Abohar	J-34	4502	4608	-106
	Mansa	J-34	4463	4613	-150
Haryana	Sirsa	J-34	4428	4546	-118
Rajasthan	Sri-Ganganagar	J-34	4287	4368	-81

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	25th Mar'21 to 31st Mar'21	18th Mar'21 to 24th Mar'21	
Gujarat	Ahmedabad	Shankar-6	51000	136000	-85000
	Gondal	Shankar-6	NA	7595	-
	Rajkot	B.T. Cotton	NA	10900	-
	Patan	B.T. Cotton	NA	3725	-
	Kadi	B.T. Cotton	NA	40000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	162	-
Haryana	Bhiwani	B.T. Cotton	4000	6600	-2600
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2210	4760	-2550
	Fatehabad	B.T. Cotton	750	640	110
	Jind	B.T. Cotton	NA	NA	-

	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	1625	-
Rajasthan	Hanumangarh	B.T. Cotton	325	1125	-800
	Rawatsar	B.T. Cotton	2100	2500	-400
Madhya Pradesh	Khandwa	Mech-1	200	600	-400
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	56000	74000	-18000
	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	2375	5551	-3176
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	20	20	Unch
	Raichur	H-44 Cotton	67	97	-30
Commodity	Lint		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	25th Mar'21 to 31st Mar'21	18th Mar'21 to 24th Mar'21	Change
Punjab	Bhatinda	J-34	10200	17000	-6800
	Abohar	J-34	1445	1785	-340
	Mansa	J-34	1190	1615	-425
Haryana	Sirsa	J-34	1955	1530	425
Rajasthan	Sri-Ganganagar	J-34	5500	7200	-1700

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	05-Apr-21	30-Mar-21	05-Apr-21	05-Apr-20
Gujarat	Ahmedabad	Shankar-6	6750	Closed	6750	#N/A
	Gondal	Shankar-6	6630	Closed	6630	5500
	Rajkot	B.T. Cotton	6845	Closed	6845	5530
	Patan	B.T. Cotton	NA	Closed	NA	5515
	Kadi	B.T. Cotton	NA	0	NA	5550
	Deesa	B.T. Cotton	NA	0	NA	NA

	Dhrol	B.T. Cotton	NA	0	NA	NR
Haryana	Bhiwani	B.T. Cotton	NR	0	NR	5600
	Bhiwani	Desi	0	0	0	NA
	Adampur	B.T. Cotton	6250	6150	6250	5350
	Fatehabad	B.T. Cotton	6150	6100	6150	5350
	Jind	B.T. Cotton	NA	0	NA	5700
	Uchana	B.T. Cotton	NA	0	NA	5385
	Dabwali	B.T. Cotton	NA	6150	NA	NR
Rajasthan	Hanumangarh	B.T. Cotton	6400	NA	6400	Closed
	Rawatsar	B.T. Cotton	6350	6200	6350	Closed
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	NA	5491
	Khargaon	Mech-1	NA	0	NA	5427
Maharashtra	Amravati	Mech-1	6200	6100	6200	5300
	Jamner	Medium Staple	NA	0	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	NA
	Hathras	Desi	NA	0	NA	NA
Telangana	Adilabad	Un-Ginned	NA	0	NA	5400
Karnataka	Bijapur	Bunny	6557	6309	6557	5929
	Hubli	D.C.H.	4309	0	4309	NA
	Hubli	B.T. Cotton	NA	0	NA	NA
	Raichur	H-44 Cotton	6000	5900	6000	5470
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	05-Apr-21	30-Mar-21	05-Apr-21	05-Apr-20
Punjab	Bhatinda	J-34	4570	4580	4570	#N/A
	Abohar	J-34	4580	4580	4580	#N/A
	Mansa	J-34	4570	4580	4570	#N/A
Haryana	Sirsa	J-34	4515	4520	4515	#N/A
Rajasthan	Sri-Ganganagar	J-34	4324	4254	4324	#N/A

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	05-Apr-21	30-Mar-21	05-Apr-21	05-Apr-20
Gujarat	Ahmedabad	Shankar-6	10200	Closed	10200	#N/A
	Gondal	Shankar-6	846	Closed	846	#N/A

	Rajkot	B.T. Cotton	1900	Closed	1900	#N/A
	Patan	B.T. Cotton	NA	Closed	NA	3450
	Kadi	B.T. Cotton	NA	0	NA	#N/A
	Deesa	B.T. Cotton	NA	0	NA	#N/A
	Dhrol	B.T. Cotton	NA	0	NA	#N/A
Haryana	Bhiwani	B.T. Cotton	NR	0	NR	1200
	Bhiwani	Desi	0	0	0	#N/A
	Adampur	B.T. Cotton	510	680	510	#N/A
	Fatehabad	B.T. Cotton	100	150	100	#N/A
	Jind	B.T. Cotton	NA	0	NA	#N/A
	Uchana	B.T. Cotton	NA	0	NA	#N/A
	Dabwali	B.T. Cotton	NA	500	NA	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	200	NA	200	#N/A
	Rawatsar	B.T. Cotton	150	300	150	#N/A
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	NA	#N/A
	Khargaon	Mech-1	NA	0	NA	#N/A
Maharashtra	Amravati	Mech-1	5000	4000	5000	#N/A
	Jamner	Medium Staple	NA	0	NA	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	#N/A
	Hathras	Desi	NA	0	NA	#N/A
Telangana	Adilabad	Un-Ginned	NA	0	NA	#N/A
Karnataka	Bijapur	Bunny	1175	363	1175	#N/A
	Hubli	D.C.H.	5	0	5	#N/A
	Hubli	B.T. Cotton	NA	0	NA	#N/A
	Raichur	H-44 Cotton	15	15	15	#N/A
Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	05-Apr-21	30-Mar-21	05-Apr-21	05-Apr-20
Punjab	Bhatinda	J-34	850	1700	850	#N/A
	Abohar	J-34	170	170	170	#N/A
	Mansa	J-34	255	340	255	#N/A
	Sirsa	J-34	510	340	510	#N/A
	Sri-Ganganagar	J-34	300	2000	300	#N/A

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				25th Mar'21 to 31st Mar'21	18th Mar'21 to 24th Mar'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38040	37550	490
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38540	37100	1440
J-34(202)	26mm	3.5 - 4.9	23	41700	43000	-1300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43140	43867	-727
Shankar-6(105)	29mm	3.5 - 4.9	28	44740	45400	-660
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47440	48117	-677
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48040	48717	-677
DCH-32(107)	34mm	3.0 - 3.8	33	73000	73000	Unch

Disclaimer

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