

Weekly Publication of



Cotton Association of India

# COTTON STATISTICS & NEWS

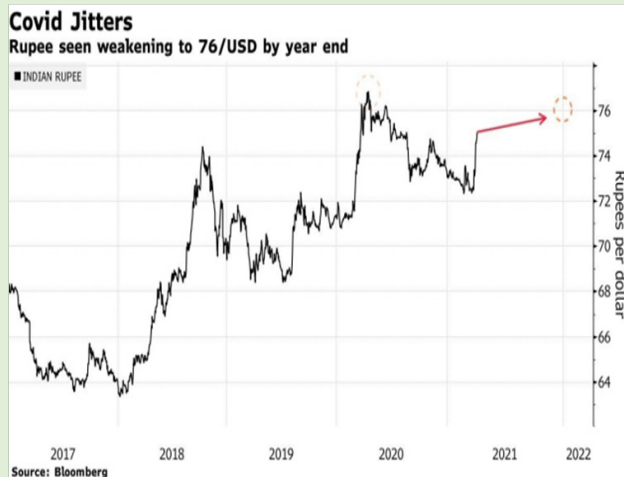
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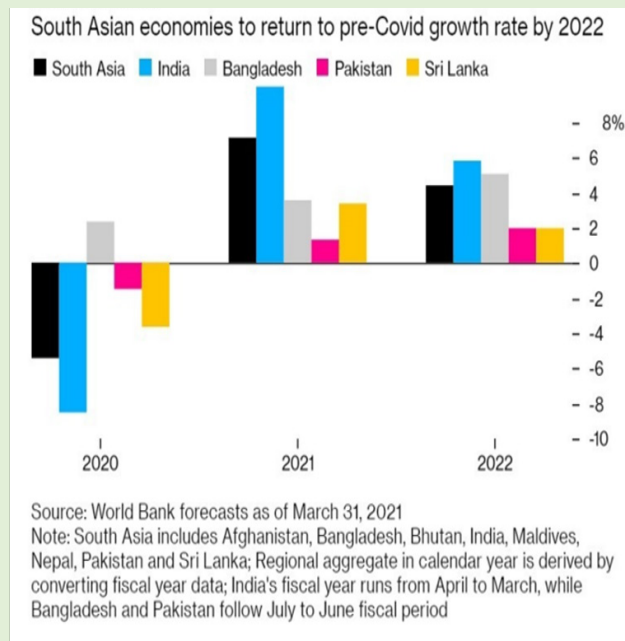
## The Month That was- Snippets for April 2021

### Sharp Fall for Rupee



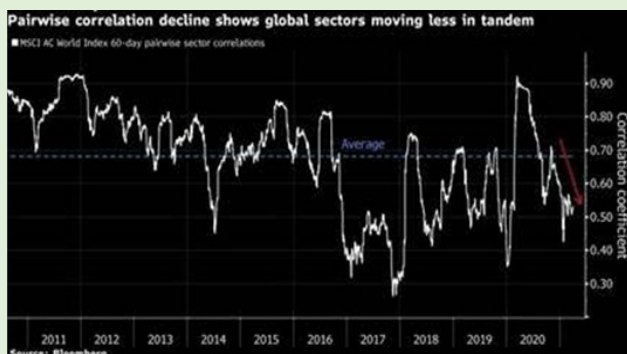
The Indian rupee has turned into Asia’s worst-performing currency from being the best in the previous quarter. It’s poised for more losses as a resurgence in coronavirus cases threatens to hamstring the economy. Federal Bank Ltd. expects it to fall further to 76/USD by year-end. The currency’s slide may be exacerbated by unwinding of short dollar positions against the rupee, which ICICI Bank Ltd. estimates has grown to \$50 billion. Traders are concerned that the rupee’s tailwinds could start fading. Rising commodity prices may push the current-account into a deficit in the fiscal year that started in April, while the central bank’s quantitative easing announced last week is seen adding to the liquidity glut, worsening the rupee’s woes.

### Bounce Back



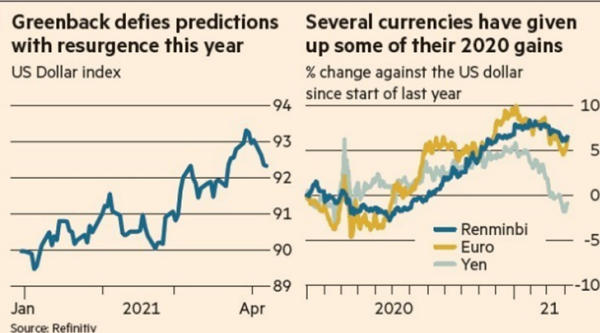
Returning to a high growth path will be the easy part for South Asian economies led by India, which confront much harder challenges in the form of increased inequalities and reduced access to education in the wake of the pandemic, according to the World Bank. The region is expected to grow by 7.2% this year after contracting an estimated 5.4% in 2020, the development lender said in a report Wednesday. That expansion will be powered by India and Bangladesh, helping South Asia regain its historical growth rate by 2022, it said.

## Economies Growing at Varying Speed



Arguably the key underlying investment theme so far this year is divergence. Having fallen together as one in 2020, economies are growing again at varying speeds, thanks in part to differing stimulus measures and vaccine rollouts. U.S. yields are diverging from their European and Japanese peers, driving different moves in their currencies and bond markets. And it's no different in the global equity market, where stocks and sectors are moving ever less in tandem. A maximum possible correlation of 1.0 would signify all sectors are moving in lockstep. The theme is going to give asset allocators a chance to earn their stripes this year, it's a great opportunity for active fund managers to outperform their benchmarks. But it could also mean a period of muted returns for those invested in passive funds, where the winning and losing sectors battle under the surface.

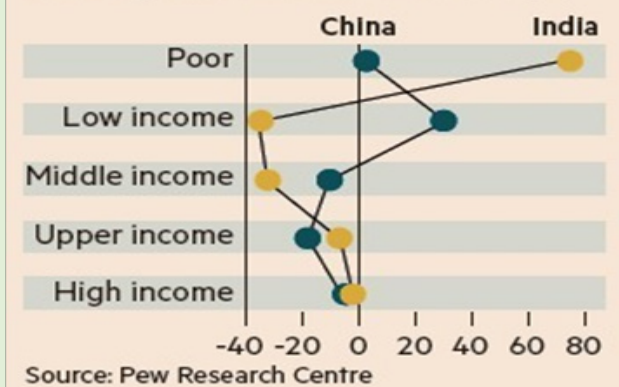
## The Dollar's Buoyant Run



Trading index records best performance in nearly three years despite analyst forecasts. The dollar has cranked higher in the opening months of the year, a poke in the eye for the bulk of Wall Street analysts who had predicted a decline. The U.S. Dollar index, which tracks its value against six other major currencies, jumped 3.6 per cent in the first quarter, its best run since 2018 and a sharp turnaround from the 6.8 per cent slide last year. It has since pulled back about 1 per cent. The still robust year-to-date gains have confounded analysts, whose expectation for a strong global recovery to pull the world's reserve currency 3 per cent lower this year was one of the strongest consensus call for 2021. Instead, signs that the U.S. will outperform other leading economies have pushed it up.

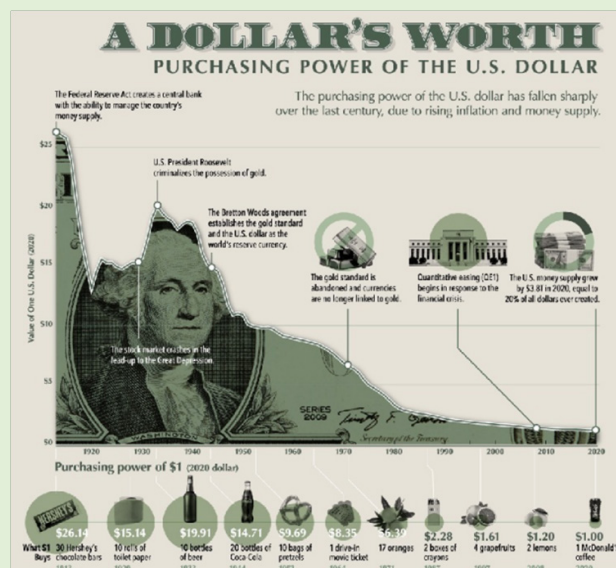
## India's sharp rise in poverty

Change of people in each income tier due to global recession in 2020 (m)

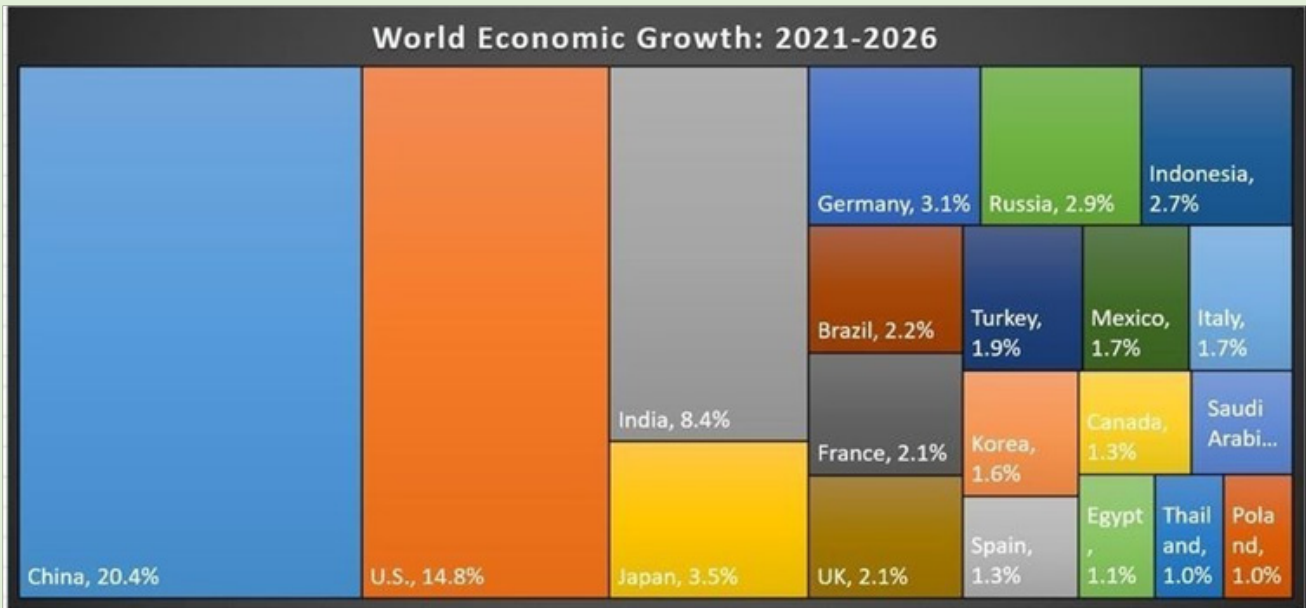


Last year an estimated 75 mio Indians fell into poverty, meaning they were living on less than \$2 a day, because of the Covid-led global recession. India's middle-class population meanwhile shrank by more than 30 mio.

## Purchasing Power of the U.S. Dollar Over Time



# China's Growth Set to Drive World Economy in Post-Pandemic Years



China will drive global economic growth in the coming years as the world recovers from a pandemic that's killed 2.9 million people, the International Monetary Fund predicts. China will contribute more than one-fifth of the total increase in the world's gross domestic product in the five years through 2026, according to Bloomberg calculations based on IMF forecasts. Global GDP is expected to rise by more than \$28 trillion to \$122 trillion over that

period, after falling \$2.8 trillion last year in the biggest peacetime shock to output since the Great Depression.

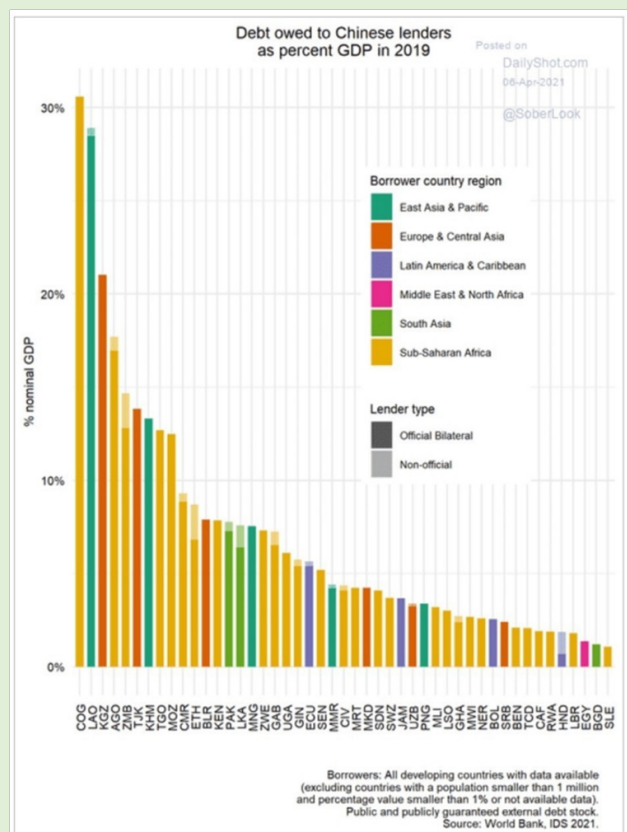
## Some Nations Owe China Quite a Bit of Money

### Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2020	2021	2022
<b>Advanced Economies</b>	<b>-4.7</b>	<b>5.1</b>	<b>3.6</b>
United States	-3.5	6.4	3.5
Euro Area	-6.6	4.4	3.8
Germany	-4.9	3.6	3.4
France	-8.2	5.8	4.2
Italy	-8.9	4.2	3.6
Spain	-11.0	6.4	4.7
Japan	-4.8	3.3	2.5
United Kingdom	-9.9	5.3	5.1
Canada	-5.4	5.0	4.7
Other Advanced Economies	-2.1	4.4	3.4

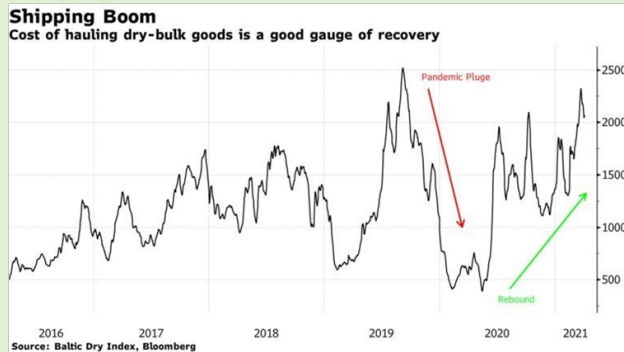
Source: IMF, World Economic Outlook, April 2021

INTERNATIONAL MONETARY FUND IMF.org



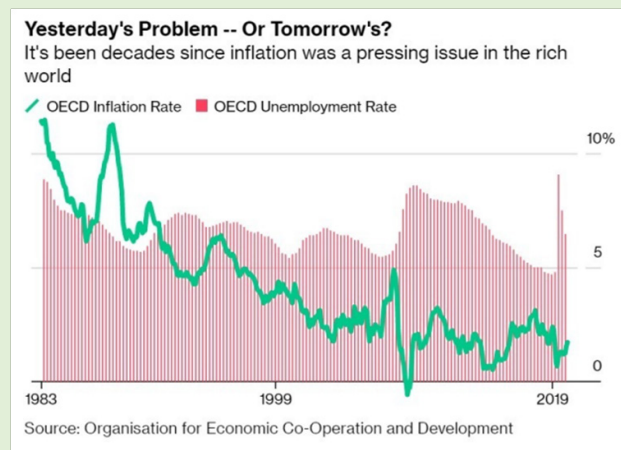


## Commodity Shipping Rates Are Surging



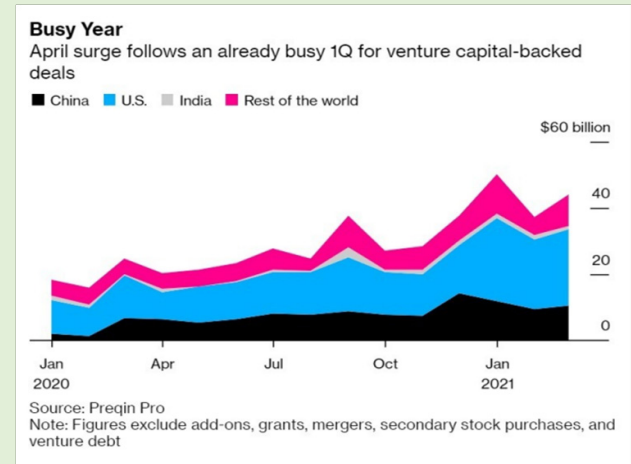
Rising demand for everything from soybeans to steel has sent the cost of hauling dry goods soaring more than 50% this year. Manufacturing, which first picked up in China, is now accelerating elsewhere, and countries are stepping up commodity purchases to rebuild stockpiles after running them down during lockdowns that slowed port operations and hit economic activity globally. Analysts say the rally isn't over, with rates to carry unpacked commodities like grains, iron ore and coal -- known as dry bulk -- expected to remain high this year and possibly into 2022.

## Anybody Worried About Inflation?



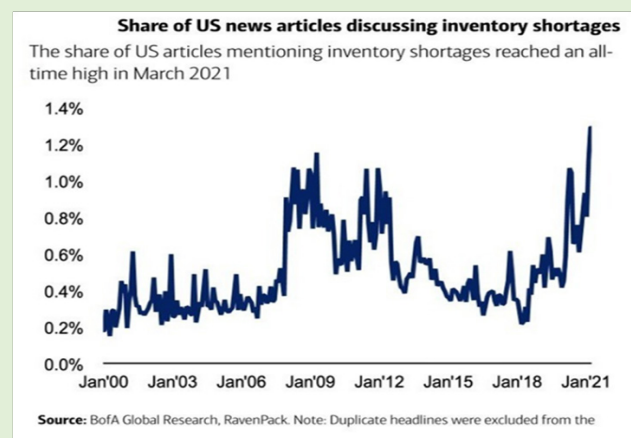
Inflation is the only signal that the post-covid boom will heed. Economics used to offer lots of metrics that claimed to show when growing economies were approaching some kind of speed limit. But increasingly, inflation is the only one that's taken seriously. A lasting surge in prices would likely convince policy makers that it's time to tap the brakes on expansionary measures adopted in the pandemic, like high public spending or low borrowing costs.

## Unicorns Rule the Roost



It was an historic week for India's technology industry. In the space of four days, the country minted at least six new start-ups with a valuation of \$1 billion or more -- what techies call unicorns because they're supposed to be such rarities. In rough order of size: The investment platform Groww raised money at a valuation of more than \$1 billion, messaging bots startupGupshup hit \$1.4 billion, digital pharmacy API Holdings Pvt. was valued at close to \$1.5 billion, app developer Mohalla Tech surpassed \$2.1 billion, social commerce start-up Meesho Inc. also reached \$2.1 billion and financial-technology provider Cred rounded out the blessing of unicorns at \$2.2 billion

## Share of U.S. News Articles Discussing Inventory Shortages



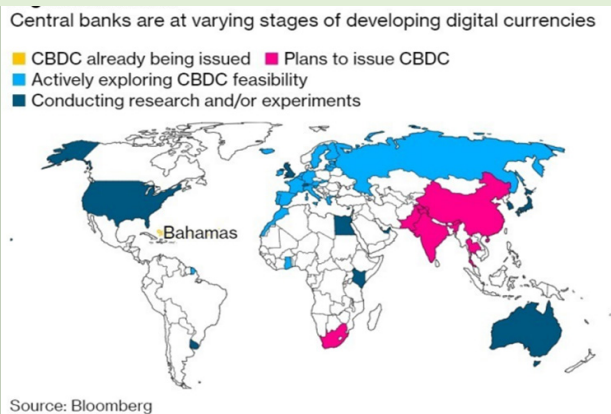
Word counting analysis shows that U.S. news mentions of inventory shortages have reached an all-time high, BofA has calculated. Global shipping container and auto chip shortages demonstrate scope of supply chain disruptions. Resulting inflation shocks should be transient but longer than expected.

# Bitcoin reaches \$1 trillion mark faster than Apple and Microsoft



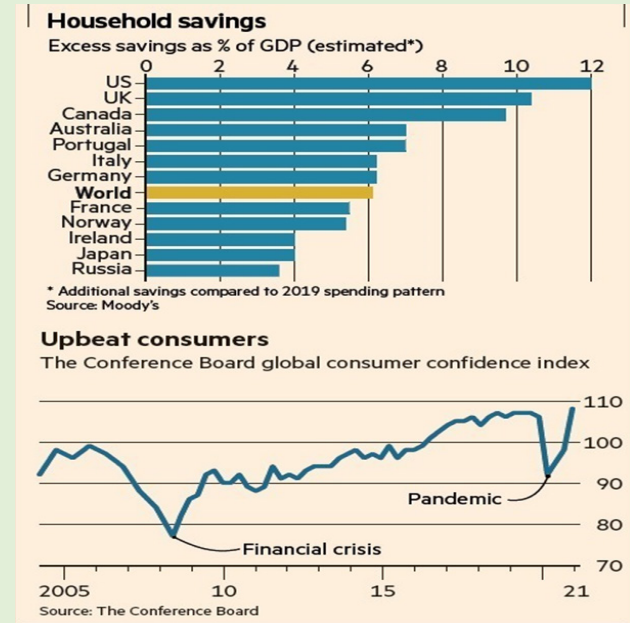
Bitcoin hit the \$1 trillion market cap milestone twice as fast as Amazon and three times faster than Apple. Microsoft took about 44 years to hit the same mark, and Apple took 42 years.

## Digital Ambitions



A senior Bank of Japan official downplayed the potential for China’s digital yuan to threaten the dollar’s position as the world’s main reserve currency. “The dollar’s status as the key global currency won’t change so easily,” said Kazushige Kamiyama, head of the BOJ’s payment systems department and the person in charge of looking into a virtual Japanese currency. “In fact, the dollar’s advantage may strengthen further if the U.S. goes with digitalization. No single digital currency from a central bank is likely to conquer the world as long as everyone continues to work on improving their settlement systems,” Kamiyama said.

## Save Now to Spend Later



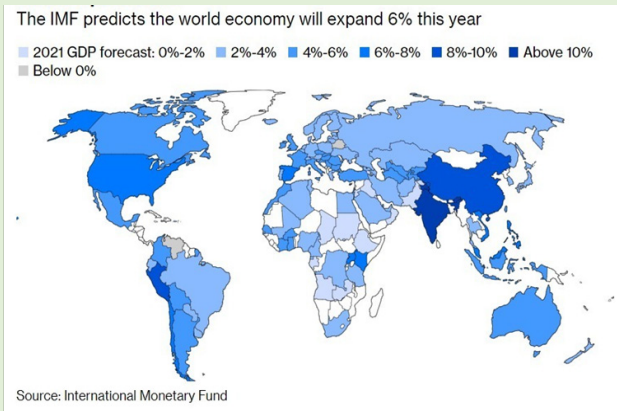
Consumers’ \$5.4 trillion of savings fuel rebound hope. World’s wealthy have biggest lock down reserves but experts fear much will be retained. Households around the globe accumulated the excess - defined as the additional savings compared with the 2019 spending pattern and equating to more than 6 per cent of global gross domestic product - by the end of the first quarter of this year, according to estimates by credit rating agency Moody’s. And booming consumer confidence suggests shoppers will be willing to spend again as soon as shops, bars and restaurants reopen when restrictions to control the spread of the virus are eased. In the first quarter of this year, the Conference Board global consumer confidence index hit its highest level since records began in 2005, with significant uplifts in all regions of the world.

**Net Zero – What are top polluters promising?**

	Share of global emissions (%)	Net zero target year	Renewables' share of power generation (%)	Share of global coal consumption (%)
China	27.9	2060	40.6	50.5
US	14.5	2050	25.4	8.5
EU	7.98	2050	49.3	7.8
India	7.2	?	30.9	11.3
Russia	4.6	?	19.8	2.7
Japan	3	2050	29.3	2.5
South Korea	1.7	2050	14.3	1.8
Canada	1.6	2050	67.7	0.5
Brazil	1.3	2060	83	0.3
UK	1	2050	45.2	0.5

Although most countries, including China, are setting targets to go Net Zero, India has yet to make a commitment on when it will stop burning fossil fuels.

## Great Expectations



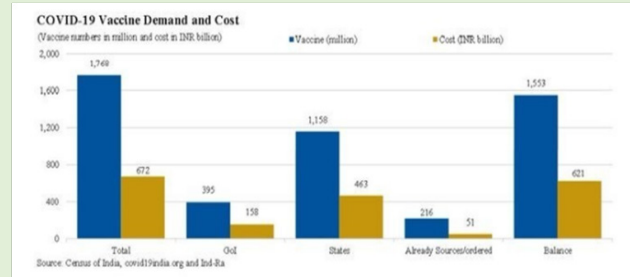
Just as some patients recovering from Covid-19 suffer long-lasting symptoms, it's becoming clear that the same will be true for the global economy once this year's V-shaped rebound fades. While \$26 trillion worth of crisis support and the arrival of vaccines have fuelled a faster recovery than many anticipated, the legacies of stunted education, the destruction of jobs, war-era levels of debt and widening inequalities between races, genders, generations and geographies will leave lasting scars, most of them in the poorest nations.

## Dollar Consensus Splinters as Investors Clash on U.S. Recovery



The most popular currency at the beginning of the year has splintered as Wall Street takes to opposing sides on the fate of the dollar in the world's pandemic recovery. JPMorgan Asset Management and T. Rowe Price see the dollar weakening as U.S. economic exceptionalism wanes, while PineBridge Investments expects it to strengthen. Currencies from the euro to the Brazilian real -- which suffered in the first quarter -- have attempted rallies this month leaving the greenback sitting at a closely-watched technical crossroads.

## Vaccinating Everyone Above 18 years to Cost Just 0.36% of GDP



As per Ind-Ra, it will cost Rs.672 billion, of which union government will incur Rs.209 billion and state governments will incur Rs.463 billion. The current restrictions in Maharashtra are costing India more than that.

## Euro on the Rise



The euro has climbed about 3% from a four-month low in March, and broke through the key \$1.20 level last week. Some favor other currencies to best the greenback. T. Rowe's Thomas Poullaouec sees more gains for Australia's risk-sensitive dollar as China's economy rebounds from the pandemic and demand for commodities rise.

Aberdeen Standard Investments' Edwin Gutierrez is watching for opportunities to boost exposure to riskier developing currencies as "the rest of the world catches up on the vaccine roll-out." The Brazilian real, Indian rupee and Colombian peso -- which have been pummeled as the coronavirus raged across those countries -- stand out for the head of emerging-market sovereign debt in London. "Beyond the near term, we continue to see a structurally negative outlook for the U.S. currency," wrote Goldman Sachs Group Inc. strategists including Zach Pandl in a note Tuesday. "The dollar is still substantially overvalued."





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The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research laboratories are strategically spread across major cotton centres in India and are equipped with:

- State-of-the-art technology & world-class Premier and MAG cotton testing machines
- HVI test mode with trash% tested gravimetrically

### LABORATORY LOCATIONS

**Current locations :** • **Maharashtra :** Mumbai; Yavatmal; Aurangabad; Jalgaon • **Gujarat :** Rajkot; Ahmedabad • **Andhra Pradesh :** Adoni  
• **Madhya Pradesh :** Khargone • **Karnataka :** Hubli • **Punjab :** Bathinda • **Telangana:** Warangal, Adilabad



### COTTON ASSOCIATION OF INDIA

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UPCOUNTRY SPOT RATES								(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]								Spot Rate (Upcountry) 2020-21 Crop April 2021					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	19th	20th	21st	22nd	23rd	24th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	4%	15	10826 (38500)	10770 (38300)		10798 (38400)	10826 (38500)	10854 (38600)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 - 7.0	4.5%	15	10967 (39000)	10911 (38800)		10939 (38900)	10967 (39000)	10995 (39100)
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	8295 (29500)	8295 (29500)	H	8295 (29500)	8295 (29500)	8295 (29500)
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	4.5%	21	9420 (33500)	9420 (33500)		9420 (33500)	9420 (33500)	9420 (33500)
5	M/M (P)	ICS-104	Fine	24mm	4.0 - 5.5	4%	23	10657 (37900)	10629 (37800)		10629 (37800)	10629 (37800)	10686 (38000)
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 - 4.9	4.5%	26	11782 (41900)	11614 (41300)	O	11614 (41300)	11642 (41400)	11670 (41500)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 - 3.4	4%	25	10854 (38600)	10826 (38500)		10826 (38500)	10826 (38500)	10854 (38600)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 - 4.9	4%	26	11810 (42000)	11698 (41600)		11698 (41600)	11726 (41700)	11754 (41800)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 - 3.4	4%	25	11135 (39600)	11107 (39500)	L	11107 (39500)	11135 (39600)	11192 (39800)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 - 4.9	3.5%	26	11529 (41000)	11529 (41000)		11529 (41000)	11585 (41200)	11614 (41300)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 - 4.9	4%	27	12007 (42700)	11895 (42300)	I	11923 (42400)	11979 (42600)	12035 (42800)
12	M/M(P)	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	12317 (43800)	12288 (43700)		12317 (43800)	12345 (43900)	12373 (44000)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	12345 (43900)	12317 (43800)		12345 (43900)	12373 (44000)	12401 (44100)
14	GUJ	ICS-105	Fine	28mm	3.7 - 4.5	3%	27	12513 (44500)	12485 (44400)	D	12485 (44400)	12513 (44500)	12513 (44500)
15	R(L)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	12288 (43700)	12176 (43300)		12204 (43400)	12288 (43700)	12317 (43800)
16	M/M(P)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	12766 (45400)	12738 (45300)		12766 (45400)	12795 (45500)	12851 (45700)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	12795 (45500)	12766 (45400)	A	12795 (45500)	12823 (45600)	12879 (45800)
18	GUJ	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	12795 (45500)	12795 (45500)		12795 (45500)	12823 (45600)	12879 (45800)
19	M/M(P)	ICS-105	Fine	30mm	3.7 - 4.5	3.5%	29	13413 (47700)	13413 (47700)		13413 (47700)	13441 (47800)	13498 (48000)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 - 4.5	3%	29	13441 (47800)	13441 (47800)	Y	13441 (47800)	13469 (47900)	13526 (48100)
21	M/M(P)	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	13610 (48400)	13610 (48400)		13610 (48400)	13638 (48500)	13638 (48500)
22	SA/TL/K / TN/O	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	13638 (48500)	13638 (48500)		13638 (48500)	13666 (48600)	13666 (48600)
23	SA/TL/K/ TN/O	ICS-106	Fine	32mm	3.5 - 4.2	3%	31	13779 (49000)	13779 (49000)		13779 (49000)	13779 (49000)	13779 (49000)
24	M/M(P)	ICS-107	Fine	34mm	3.0 - 3.8	4%	33	21090 (75000)	21090 (75000)		21090 (75000)	21090 (75000)	21090 (75000)
25	K/TN	ICS-107	Fine	34mm	3.0 - 3.8	3.5%	34	21652 (77000)	21652 (77000)		21652 (77000)	21652 (77000)	21652 (77000)

(Note: Figures in bracket indicate prices in Rs./Candy)