

### Domestic Fundamentals:

#### **Market Outlook:**

The cotton physical market showed a 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.23,380/bale Monday. ICE cotton futures closed red on Thursday.

**News: Punjab Agriculture Department has advised farmers to sow the cotton crop till 31<sup>st</sup> May 2021..** The sowing of cotton crop has registered a significant increase in South Punjab due to the incentives given to the farmers by the Punjab Agriculture Department. The Punjab Agriculture Department has issued a schedule for sowing of registered cotton varieties and advised the growers to complete the sowing of registered BT cotton varieties between 1<sup>st</sup> April 2021 and 31<sup>st</sup> May 2021.

**Cotton sowing has been delayed in Punjab for the coming 2021-22 season.** According to the Punjab Agriculture Department, sowing is been done on only 63,220 hectares till 10<sup>th</sup> May 2021, whereas the target is to cover 3.25 lakh hectares area and till now as less than 20 percent of the crop has been sown. The ideal time for sowing cotton is considered to be up to 15<sup>th</sup> May'2021. The late start of sowing is due to the unavailability of canal water for many days in the initial stage and also the late harvest of wheat crops in some areas.

**Cotton Association of India has maintained its cotton crop estimate for 2020-21 seasons at 360 lakh bales.** The CAI has an estimated cotton crop for the 2020-21 season at 360 lakh bales. The total supply from October 2020 – April 2021 is estimated at around 469.37 lakh bales which consist of arrivals of 336.37 lakh bales whereas imports were estimated at 8 lakh bales and opening stock at 125 lakh bales at the beginning of the season. Further, the cotton consumption was estimated at around 190 lakh bales, and exports up to 30<sup>th</sup> April'2021 was estimated to be 50 lakh bales, and stock at the end of April'2021 is estimated at 229.37 lakh bales.

**The US Department of Agriculture has increased the cotton crop estimate by 4 percent for the coming 2021-22 season.** According to USDA, India's cotton production for the next season is estimated at 378 lakh bales, up by 4 percent from its current season's estimate of 362.5 lakh bales but the Indian textile industry feels that it is too early to make any projection. The projection has been made despite the USDA pegging the area under cotton lower at 129 lakh hectares compared with 130 lakh hectares. Sowing of cotton is scheduled to begin shortly in states such as Punjab and Haryana, While in other states it will start next month.

**According to the Cotton Textile, Export Promotion Council Cotton Textile and Apparel export are 13 percent lower than the previous year.** The Textile and Apparel exports are 13 percent lower from the previous season; the exports are worth \$29 billion last year as against \$34 billion in 2019-20. Exports of the readymade garment have also declined 20.78 percent last fiscal year compared with the previous year, while exports for man-made textile items fell 21.20 percent. Export of cotton textile had declined 2.12 percent; it is mainly because of COVID spread.

**Cotton Consumption may drop by 8 percent due to the second wave of coronavirus.** 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 coronavirus. 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 the 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.

**Weather Forecast:**

Thunderstorm with lightning & gusty winds is very likely at isolated places over Uttarakhand, and with lightning & gusty winds at isolated places over Haryana, Chandigarh & Delhi, West Madhya Pradesh, Rayalaseema, Coastal & South Interior Karnataka, Kerala & Mahe, and Lakshwadeep and with lightning & gusty winds at isolated places over Uttar Pradesh, East Madhya Pradesh, Vidarbha, Jharkhand, Assam & Meghalaya and Kerala & Mahe and with lightening at isolated places over Himachal Pradesh, Punjab, West Bengal & Sikkim, Andaman & Nicobar Islands, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Gujarat State, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfall at a few place with extremely heavy falls very likely at isolated places over south Rajasthan and heavy to very heavy rainfall at isolated places over Gujarat Region and at isolated places over Assam & Meghalaya and Saurashtra & Kutuch and heavy rainfall at isolated places over Uttarakhand, West Madhya Pradesh, Sub- Himalayan West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, north Konkan, Coastal & South Interior Karnataka, Kerala & Mahe. Thunderstorm/ Dustorm is very likely at isolated places over Rajasthan.

**International Fundamentals:**

The ICE cotton Futures was down by 255 points at 82.43 cents/lb. The Cotlook A index was 50 points lower to 93.40 cents/lb. The AWP for cotton was at 72.91 cents/lb.

**According to USDA global cotton consumption may rise in 2021-22 season.** Global cotton Consumption may grow 3.5 percent to almost 122 million bales in 2021-22, higher than the pre pandemic 2018-19 level. According to the USDA first cotton forecast for 2021-22 shows recovery from COVID-19 pandemic but the consumption is still estimated to be below the 2017-18 level.

**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 a year-on-year basis but has slowed down on month on month basis by 6.5 percent. From 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 the 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 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 were 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 a 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	-210	22100	22150	21840	22260	997	6100

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-May-21	15-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	NR	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	Closed	Closed	-
	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	17-May-21	15-May-21	
Punjab	Bhatinda	J-34	4690	4640	50
	Abohar	J-34	4690	4640	50
	Mansa	J-34	4675	4625	50
Haryana	Sirsa	J-34	4610	4550	60
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-May-21	15-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	NR	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	Closed	Closed	-
	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	17-May-21	15-May-21	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	340	170	170
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	17-May-21	15-May-21	
Gujarat	Rajkot	Rs. /10 Kg.	1510	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1520	1530	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1525	1530	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-May-21	15-May-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2751	2769	-18
Maharashtra	Akola	Rs./Qtl	2776	2792	-16

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	17-May-21	14-May-21	Change
CCIndex(328)	RMB/Ton	15924	15912	12
CCIndex(527)	RMB/Ton	15183	15172	11
CCIndex(229)	RMB/Ton	16319	16306	13

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	17-May-21	14-May-21	Change
FC Index (S)	Cents/lb	93.14	95.39	-2.25
FC Index (M)	Cents/lb	91.9	94.02	-2.12
FC Index (L)	Cents/lb	90.77	93.02	-2.25

Cotlook Index:

Cotlook Indices	Unit	13-May-21	11-May-21	Change
A-Index	Cents/Pound	93.4	93.6	-0.20

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		13-May-21	11-May-21	Bales
Southeast	cents/lb.	83.73	88.75	0
North Delta	cents/lb.	82.73	87.75	0
South Delta	cents/lb.	82.73	87.75	0
East TX-OK	cents/lb.	79.98	85.5	1217
West Texas	cents/lb.	79.98	85.5	84
Desert SW	cents/lb.	77.98	84.25	0
SJ Valley	cents/lb.	78.48	90.15	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 08-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 Friday, May 14<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>	210514	84.98	86.25	82.10	82.43	-2.55	15,259	100,054	+79
<a href="#">Jul-21</a>	210514	84.33	84.33	81.61	81.61	-2.27	0	94	+0
<a href="#">Oct-21</a>	210514	83.13	84.10	80.99	81.22	-2.08	9,836	95,803	+964
<a href="#">Dec-21</a>	210514	82.80	83.73	80.80	80.90	-2.14	1,879	16,508	+377
<a href="#">Mar-22</a>	210514	82.35	83.37	80.56	80.63	-2.09	464	2,546	+9
<a href="#">May-22</a>	210514	81.88	82.80	80.12	80.17	-2.05	387	6,185	+69
Total Volume and Open Interest							28,477	229,779	+1940

Source: MRCI

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