

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.22,490/bale day. ICE cotton futures closed green on Tuesday.

News: According to the International Cotton Advisory Committee, Supply and Demand estimate report, India's cotton production is estimated at 6.1 million tonnes for the 2020-21 season. International Cotton Advisory Committee in its Supply and Demand May'21 Report has estimated India's cotton consumption around 5.15 million tonnes where as the imports are estimated at 187,000 tonnes and export around 1.2 million tonnes.

Punjab Agriculture Department has advised farmers to sow the cotton crop till 31st 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 1st April 2021 and 31st 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 10th 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 15th 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 30th 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.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Himachal Pradesh, Uttarakhand, Jharkhand, Assam & Meghalaya, Gangetic West Bengal, Kerala & Mahe and Lakshwadeep and with lightning & gusty winds at isolated places over Madhya Pradesh, Uttar Pradesh, Vidarbha, Chattisgarh, Bihar, Sub Himalaya West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Coastal & South Interior Karnataka, Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfall at a few place with extremely heavy falls very likely at isolated places over Uttarakhand, Sub-Himalaya West Bengal & Sikkim and heavy rainfall at isolated places over Arunachal Pradesh, West Uttar Pradesh and Assam & Meghalaya, Tamil Nadu, Puducherry and Karikal.

International Fundamentals:

The ICE cotton Futures was up by 169 points at 84.01 cents/lb. The Cotlook A index was 215 points lower to 88 cents/lb. The AWP for cotton was at 72.91 cents/lb.

In the latest report released by USDA in May'2021, for the 2020-21 season, global production and consumption have slightly changed from April month. Imports were projected higher in Vietnam(6%), China(13%), and Bangladesh(1%) and more than offset slower demand from Malaysia and Taiwan whereas exports were higher in the U.S(10%) and Brazil(16%). Global ending stock was projected down by 2 percent as larger exports in the United States and Brazil lower their stock and more than offset higher levels in China.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-100	22160	22230	22010	22190	1053	5228
MXCTNM1	-80	22460	22520	22320	22470	13	195

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-May-21	18-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	NR	NR	-
	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./Maunder)		Change
State	Centre	Variety	19-May-21	18-May-21	
Punjab	Bhatinda	J-34	4740	4700	40
	Abohar	J-34	4730	4700	30
	Mansa	J-34	4670	4700	-30
Haryana	Sirsa	J-34	4660	4620	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-May-21	18-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	NR	NR	-
	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	19-May-21	18-May-21	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	170	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	19-May-21	18-May-21	
Gujarat	Rajkot	Rs. /10 Kg.	1510	1510	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1520	1520	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1520	1525	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-May-21	18-May-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2776	2756	20
Maharashtra	Akola	Rs./Qtl	2762	2754	8

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	19-May-21	18-May-21	Change
CCIndex(328)	RMB/Ton	15925	15925	Unch
CCIndex(527)	RMB/Ton	15185	15180	5
CCIndex(229)	RMB/Ton	16322	16319	3

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

China Foreign Cotton (FCE) Index :

Index	Unit	19-May-21	18-May-21	Change
FC Index (S)	Cents/lb	94.94	93.22	1.72
FC Index (M)	Cents/lb	93.73	92	1.73
FC Index (L)	Cents/lb	92.48	90.87	1.61

Cotlook Index:

Cotlook Indices	Unit	14-May-21	13-May-21	Change
A-Index	Cents/Pound	90.15	93.4	-3.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-May-21	13-May-21	Bales
Southeast	cents/lb.	81.18	85.98	0
North Delta	cents/lb.	80.18	84.98	0
South Delta	cents/lb.	80.18	84.98	0
East TX-OK	cents/lb.	77.43	82.73	3249



West Texas	cents/lb.	77.43	82.73	86
Desert SW	cents/lb.	75.43	81.48	0
SJ Valley	cents/lb.	75.93	87.38	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 18-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 Tuesday, May 18 th , 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210518	82.32	84.30	82.32	84.01	+1.69	22,928	92,229	-2,832
Oct-21	210518	82.93	83.90	82.88	83.86	+1.57	4	89	+0
Dec-21	210518	81.65	83.46	83.30	83.30	+1.59	11,682	95,297	+810
Mar-21	210518	81.70	83.13	83.00	83.00	+1.65	1,759	17,411	+88
May-22	210518	81.64	82.92	82.81	82.81	+1.71	814	2,896	+175
Jul-22	210518	81.14	82.48	82.40	82.40	+1.76	515	6,368	+4
Total Volume and Open Interest							37,917	223,061	-1,703

Source: MRCI

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