

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 down at Rs.22,780/bale on Tuesday. ICE cotton futures remain same on Monday.

News: The AI-Based solution will help India's cotton farmers to fight against pest attacks. According to the Wardhani Institute for Artificial Intelligence, cotton farmers in Maharashtra, Gujarat, and Telangana have seen a reduction in the damage due to pink bollworm attacks and quality improvement in the crop using artificial intelligence. The solution built by the institute works on a simple smart phone and provides real-time localized and accurate pest advisory to the farmers. This AI-Based solution works in 8 different languages and also gives a recommendation for use of pesticides based on the intensity of the pink bollworm attack. The AI Solution is deployed in 4 districts across three states across India.

Punjab Agriculture Department is planning to revive cotton in Moga district of Punjab. In an effort to revive cotton cultivation in Moga, the Punjab agriculture department has now started a unique project in the district under which farmers are being encouraged to sow cotton using 'bed plantation technique' which uses furrow irrigation to save water. Earlier the farmers have slowly weaned away from cotton and were shifted towards paddy. The cotton sowing season is currently underway in Punjab, According to the department officials, Till now 25 acres have been sown in this particular block in different villages with the same technique as a demonstration to encourage other farmers to adopt cotton cultivation instead of paddy.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Bihar, Andaman & Nicobar Islands and with lightning & gusty winds at isolated places over Coastal Andhra Pradesh, Telangana and Kerala and with lightening at isolated places over East Uttar Pradesh, Chhattisgarh, Sub- Himalayana West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura. Heavy to very heavy rainfall at isolated places very likely over Gangetic West Bengal, and Odisha and heavy rainfall very likely at isolated places over Jharkhand, Assam & Meghalaya, Sub- Himalayana West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura and Kerala.

International Fundamentals:

The ICE cotton Futures was unchanged at 82.82 cents/lb. The Cotlook A index was 125 points lower to 87.70 cents/lb. The AWP for cotton was at 67.91 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	+80.00	22090	22180	22080	22020	958	3902
MXCTNM1	+110	20470	20580	20470	20390	17	95

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-May-21	24-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	6905	6780	125
	Rajkot	B.T. Cotton	7095	7220	-125
	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	6600	6550	50
	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	6450	6500	-50
	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	25-May-21	24-May-21	

Punjab	Bhatinda	J-34	4790	4800	-10
	Abohar	J-34	4790	4800	-10
	Mansa	J-34	4775	4780	-5
Haryana	Sirsa	J-34	4710	4700	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-May-21	24-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	384	470	-86
	Rajkot	B.T. Cotton	1425	2400	-975
	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	170	340	-170
	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	5000	7000	-2000
	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	25-May-21	24-May-21	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-May-21	24-May-21	
Gujarat	Rajkot	Rs. /10 Kg.	1440	1440	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1450	1450	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1445	1450	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-May-21	24-May-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2755	2750	5
Maharashtra	Akola	Rs./Qtl	2762	2758	4

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	25-May-21	24-May-21	Change
CCIndex(328)	RMB/Ton	15869	15869	Unch
CCIndex(527)	RMB/Ton	15114	15112	2
CCIndex(229)	RMB/Ton	16255	16253	2

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

China Foreign Cotton (FCE) Index :

Index	Unit	25-May-21	24-May-21	Change
FC Index (S)	Cents/lb	94.2	91.67	2.53

FC Index (M)	Cents/lb	93.11	91.47	1.64
FC Index (L)	Cents/lb	91.95	85.43	6.52

Cotlook Index:

Cotlook Indices	Unit	21-May-21	19-May-21	Change
A-Index	Cents/Pound	88.95	89.95	-1.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-May-21	19-May-21	Bales
Southeast	cents/lb.	81.57	83.92	0
North Delta	cents/lb.	80.57	82.92	0
South Delta	cents/lb.	80.57	82.92	0
East TX-OK	cents/lb.	77.82	80.67	55
West Texas	cents/lb.	77.82	80.67	6
Desert SW	cents/lb.	75.82	79.42	1
SJ Valley	cents/lb.	76.32	85.32	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 24-May-2021

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12180
Equivalent	40 Kgs	10074	193	13053

Daily Futures Price Listing Monday, May 24th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210524	82.70	82.93	82.12	82.82	Unch	21,349	82,086	-3,183
Oct-21	210524	83.75	83.75	83.75	83.75	+0.11	11	89	+1
Dec-21	210524	83.00	83.35	82.60	83.29	+0.07	12,022	102,708	+1,735
Mar-21	210524	82.45	83.19	82.43	83.12	+0.15	1,302	17,680	-281
May-22	210524	83.00	83.14	82.34	83.07	+0.19	454	2,640	+8
Jul-22	210524	82.40	82.93	81.95	82.82	+0.23	405	6,530	+13
Total Volume and Open Interest							35,628	221,273	-1,642

Source: MRCI

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