

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.22,830/bale on Wednesday. ICE cotton futures closed red on Tuesday.

News: Cotton production is estimated at 36.49 million bales for the 2020-21 season. According to the Third Advance Estimate released by the government on Production Oilseed & Commercial crops. Cotton production is estimated at 36.49 million bales higher by 4.59 million bales than the average cotton production. In the previous season 2019-20 cotton production was estimated at 36.07 million bales.

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.

Weather Forecast:

Thunderstorm with lightning & squall is very likely at isolated places over East Uttar Pradesh and with lightning & gusty winds at isolated places over Andaman & Nicobar Islands, With lightening & gusty winds at isolated places over East Rajasthan, Chhattisgarh, Kerala & Mahe and with lightening at isolated places over East Madhya Pradesh, West Bengal & Sikkim, Telangana, Coastal & South Interior Karnataka, Pondicherry & Karaikal and Lakshadweep. Heavy to very heavy rainfall at isolated places very likely over Bihar, Jharkhand, and heavy rainfall very likely at isolated places over East Uttar Pradesh, Chhattisgarh, West Bengal & Sikkim, North Interior Odisha, Andaman & Nicobar Islands, Tamil Nadu, Pondicherry & Karaikal, Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was down by 11 points at 82.71 cents/lb. The Cotlook A index was 135 points lower to 89.05 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	+40	22650	22650	22580	22540	163	1228
MXCTNM1	+60	22850	22900	22760	22770	545	7104

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-May-21	25-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	7055	6905	150
	Rajkot	B.T. Cotton	7375	7095	280
	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	6700	6600	100
	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	6500	6450	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./Maund)		Change
State	Centre	Variety	26-May-21	25-May-21	
Punjab	Bhatinda	J-34	4810	4790	20
	Abohar	J-34	4820	4790	30

	Mansa	J-34	4810	4775	35
Haryana	Sirsa	J-34	4740	4710	30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-May-21	25-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	456	384	72
	Rajkot	B.T. Cotton	1550	1425	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	170	170	Unch
	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	6000	5000	1000
	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	26-May-21	25-May-21	

Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	340	-170
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	26-May-21	25-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	1445	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	26-May-21	25-May-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2700	2755	-55
Maharashtra	Akola	Rs./Qtl	2758	2762	-4

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	26-May-21	25-May-21	Change
CCIndex(328)	RMB/Ton	15835	15869	-34
CCIndex(527)	RMB/Ton	15090	15114	-24
CCIndex(229)	RMB/Ton	16230	16255	-25

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	20-May-21	Change
A-Index	Cents/Pound	88.95	96.91	-7.96

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 25-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 Tuesday, May 25th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210525	82.60	83.53	82.40	82.71	-0.11	15,495	79,484	-2,602
Oct-21	210525	83.83	84.54	83.67	83.67	-0.08	2	89	+0
Dec-21	210525	83.29	83.82	82.79	83.09	-0.20	11,098	105,373	+2,665
Mar-21	210525	83.25	83.57	82.69	83.02	-0.10	1,690	17,558	-122
May-22	210525	83.20	83.44	82.62	83.04	-0.03	557	2,806	+166
Jul-22	210525	82.95	83.11	82.30	82.88	+0.06	280	6,565	+35
Total Volume and Open Interest							29,505	221,693	+420

Source: MRCI

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