

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.23,020/bale on Saturday. ICE cotton futures closed red on Friday.

News: Madurai Market Committee has urged cotton farmers to sell their cotton in secret auction. Farmers can bring their produce to Tirumangalam and Usilampatti regulated markets to sell cotton through secret auction during the complete lockdown period. Cotton harvest was under way in Usilampatti, Sedapatti, Tirumangalam, Kallikudi, Peraiyur and Chellampatti blocks, but due to complete lockdown, cotton farmers were finding it difficult to sell their produce in the market. Hence, the farmers can now sell their produce through secret auctions at Tirumangalam and Usilampatti regulated markets. Farmers could also keep their produce at the godowns in the regulated markets. Treating their produce as collateral, loans would be given to the farmers at a minimum rate of interest.

According to the market sources, area under cotton cultivation in Telangana is likely to remain same in the coming season 2021-22. Cotton production in telangana is estimated at 40 lakh bales in 2020-21 season, out of that Cotton Corporation of India has procured around 34 lakh bales under minimum support price. Government is planning to increase area under cotton cultivation in Telangana for the coming 2021-22 season, but farmers are interested in sowing paddy instead of cotton as in past 2-3 years cotton production was affected due to pink bollworm infestation.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Uttarakhand, Punjab, Haryana, Chandigarh, Delhi, West Uttar Pradesh, East Rajasthan, Vidarbha, Gangetic West Bengal, Madhya Maharashtra, Marathwada, Telangana, Kerala & Mahe, and with lightning at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, & Muzaffarabad, Himachal Pradesh, East Uttar Pradesh, East Madhya Pradesh, Chhattisgarh, Jharkhand, Sub-Himalayan West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa, Coastal Andhra Pradesh, Rayalaseema, Karnataka, Tamil Nadu, Pondicherry & Karaikal and Lakshadweep. Heavy rainfall very likely at isolated places over Arunachal Pradesh, Assam & Meghalaya, Coastal Andhra Pradesh & Yanam, and Kerala & Mahe. Thunderstorm is likely at isolated places over West Rajasthan.

International Fundamentals:

The ICE cotton Futures was down by 49 points at 82.12 cents/lb. The Cotlook A index was 20 points down at 89.10 cents/lb. The AWP for cotton was at 67.77 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	29-May-21	28-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	7155	7080	75
	Rajkot	B.T. Cotton	7440	7300	140
	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	6900	6800	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	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	29-May-21	28-May-21	
Punjab	Bhatinda	J-34	4900	4870	30
	Abohar	J-34	4900	4880	20
	Mansa	J-34	4880	4850	30
Haryana	Sirsa	J-34	4825	4800	25
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-May-21	28-May-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	507	666	-159
	Rajkot	B.T. Cotton	2050	1825	225
	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	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	29-May-21	28-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	29-May-21	28-May-21	
Gujarat	Rajkot	Rs. /10 Kg.	1430	1430	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1435	1435	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1440	1440	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-May-21	28-May-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2663	2663	Unch
Maharashtra	Akola	Rs./Qtl	2750	2750	Unch

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

Index	Unit	29-May-21	28-May-21	Change
CCIndex(328)	RMB/Ton	Closed	15772	-
CCIndex(527)	RMB/Ton	Closed	15058	-
CCIndex(229)	RMB/Ton	Closed	16163	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	29-May-21	28-May-21	Change
FC Index (S)	Cents/lb	Closed	94.23	-
FC Index (M)	Cents/lb	Closed	93.16	-
FC Index (L)	Cents/lb	Closed	92	-

Cotlook Index:

Cotlook Indices	Unit	25-May-21	24-May-21	Change
A-Index	Cents/Pound	89.15	89.05	0.10

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-May-21	24-May-21	Bales
Southeast	cents/lb.	81.46	83.82	0
North Delta	cents/lb.	80.46	82.82	0
South Delta	cents/lb.	80.46	82.82	0
East TX-OK	cents/lb.	77.71	80.57	0
West Texas	cents/lb.	77.71	80.57	0
Desert SW	cents/lb.	75.71	79.32	0
SJ Valley	cents/lb.	76.21	85.22	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 27-May-2021

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12480
Equivalent	40 Kgs	10074	193	13375

Daily Futures Price Listing Friday, May 28th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210528	82.61	82.91	81.93	82.12	-0.49	10,342	77,245	-1,085
Oct-21	210528	83.89	83.95	83.78	83.78	-0.17	1	96	+1
Dec-21	210528	83.46	83.68	82.99	83.32	-0.14	7,080	107,320	+839
Mar-21	210528	83.59	83.60	82.96	83.31	-0.10	1,349	18,424	+335
May-22	210528	83.52	83.52	82.93	83.27	-0.09	574	2,963	+27
Jul-22	210528	83.25	83.25	82.68	83.03	-0.10	532	6,798	+180
Total Volume and Open Interest							20,301	223,052	+386

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. The use of data and information contained in this report is at your own risk. This document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors, and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.