

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.23,610/bale on Tuesday. ICE cotton futures closed green on Tuesday.

News: According to the International Advisory Cotton Committee June report, global production has been reduced to 24.3 million tonnes. Production estimates for Brazil have been lowered since the starting of the season to 2.5 million tonnes. For India, as per the Committee on Cotton Production and Consumption, Cotton production for India is estimated at 6.12 million tonnes. With the second wave of corona virus currently affecting the country the mill use has been revised down to 5.15 million tonnes. Imports are also expected to decrease to 187,000 tonnes. Also, with the reduced supply and growth in exports, stocks in India are expected to decrease with the stock to use ratio falling to 0.54.

Cotton sowing is expected to be normal in the coming season. The cotton sowing is expected to reach at 130 lakh hectares in the current kharif season as good cotton prices were found throughout the year, with the monsoon also being normal cotton production is expected to increase. In the previous weeks TAUKEA storms caused rains in many states which are beneficial for kharif crops, Punjab and Haryana cotton crops will get the benefit from these rains as cotton sowing is progressing in these states.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over West Uttar Pradesh, Rajasthan, Jharkhand, Telangana and Kerala & Mahe and with lightening at isolated places over Uttarakhand, Madhya Pradesh, Vidarbha, Chhattisgarh, Konkan & Goa, Madhya Maharashtra, Marathwada, Gangetic West Bengal, Odisha, Gujarat State, Coastal Andhra Pradesh & Yanam, Rayalaseema, Interior Karnataka Lakshadweep, Tamil Nadu, Pondicherry & Karaikal. Heavy rainfall very likely at isolated places over Konkan & Goa, Madhya Maharashtra, Coastal Andhra Pradesh & Yanam, Rayalaseema, Coastal & South Interior Karnataka, Assam & Meghalaya, Tamil Nadu, Pondicherry & Karaikal, Lakshadweep and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was up by 213 points at 84.25 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.

Textile sector in turkey seeks global cooperation to boost production. As the global economy recovers from the pandemic, the Turkish textile sector wants to start a new era of collaboration with international companies and brands to exceed its \$ 100 billion production capacity. Turkey is the world's fifth largest supplier of textile, expects to export approximately \$12 billion worth of textile in 2021.

Myanmar is diverting export orders to Bangladesh. Myanmar's deepening political crisis and India's grave coronavirus situation are prompting international retailers and brands to divert work orders to Bangladesh as due to stability in the coronavirus situation; Bangladesh is witnessing a relatively calm situation than many other countries in the region.

Zimbabwe cotton marketing season has started amid high expectation from farmers of early payments from the crop upon delivery at the 773 buying points countrywide. Farmers are ready to deliver cotton bales at the buying points while the cotton-picking is also progressing.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+20	23650	23830	23610	23710	661	7305
MXCTNJ1	-120	21560	22360	21410	21590	110	156

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	02-Jun-21	01-Jun-21	
Gujarat	Ahmedabad	Shankar-6	7500	7500	Unch
	Gondal	Shankar-6	7555	7505	50
	Rajkot	B.T. Cotton	7600	7650	-50
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6725	6630	95
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7100	6950	150
	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	0	-
	Khargaon	Mech-1	NA	0	-
Maharashtra	Amravati	Mech-1	6475	6475	Unch
	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	02-Jun-21	01-Jun-21	
Punjab	Bhatinda	J-34	4990	4980	10
	Abohar	J-34	4990	4970	20
	Mansa	J-34	4990	4980	10
Haryana	Sirsa	J-34	4950	4900	50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	02-Jun-21	01-Jun-21	
Gujarat	Ahmedabad	Shankar-6	3400	5100	-1700
	Gondal	Shankar-6	966	432	534
	Rajkot	B.T. Cotton	1900	1500	400
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	30	62	-32
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	0	-
	Khargaon	Mech-1	NA	0	-
Maharashtra	Amravati	Mech-1	2000	3500	-1500
	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	02-Jun-21	01-Jun-21	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	85	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	02-Jun-21	01-Jun-21	
Gujarat	Rajkot	Rs. /10 Kg.	1380	1400	-20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1390	1410	-20
Maharashtra	Mumbai	Rs. /10 Kg.	1405	1395	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	02-Jun-21	01-Jun-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2836	2833	3
Maharashtra	Akola	Rs./Qtl	2850	2829	21

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

Index	Unit	02-Jun-21	01-Jun-21	Change
CCIndex(328)	RMB/Ton	15852	15780	72
CCIndex(527)	RMB/Ton	15097	15057	40
CCIndex(229)	RMB/Ton	16237	16167	70

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

China Foreign Cotton (FCE) Index :

Index	Unit	02-Jun-21	01-Jun-21	Change
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FC Index (S)	Cents/lb	95.63	93.62	2.01
FC Index (M)	Cents/lb	94.49	92.38	2.11
FC Index (L)	Cents/lb	93.43	91.29	2.14

Cotlook Index:

Cotlook Indices	Unit	28-May-21	27-May-21	Change
A-Index	Cents/Pound	89.7	89.1	0.60

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-May-21	26-May-21	Bales
Southeast	cents/lb.	80.87	83.44	0
North Delta	cents/lb.	79.87	82.44	0
South Delta	cents/lb.	79.87	82.44	0
East TX-OK	cents/lb.	77.12	80.19	151
West Texas	cents/lb.	77.12	80.19	0
Desert SW	cents/lb.	75.12	78.94	0
SJ Valley	cents/lb.	75.62	84.84	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 01-June-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 Tuesday, June 01st, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210601	82.39	84.85	82.30	84.25	+2.13	11,402	77,150	-95
Oct-21	210601	84.56	85.92	84.56	84.56	+1.58	2	94	-2
Dec-21	210601	83.41	85.44	83.32	84.81	+1.49	8,506	108,955	+1,635
Mar-21	210601	83.50	85.11	83.28	84.66	+1.35	2,224	19,039	+615
May-22	210601	83.48	84.77	83.15	84.49	+1.22	335	3,022	+59
Jul-22	210601	83.27	84.17	82.88	84.04	+1.01	480	6,915	+117
Total Volume and Open Interest							23,440	225,657	+2,605

Source: MRCI

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