

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.23,770/bale on Friday. ICE cotton futures closed green on Thursday.

News: According to the Punjab Agriculture Department, cotton sowing is delaying in many districts in Punjab. According to the data released by the state agriculture department the target for cotton sowing was around 3.25 lakh hectares for 2021-22 seasons. Despite the delay in cotton sowing the area under cotton sown has increased and till 02nd June'21, in Bhatinda cotton has been sown on an area of around 1.04 lakh hectares and in Muktsar around 39,676 hectares area. These two districts are close to the target of cotton sowing for 2020-21 season where else in other six districts the cotton sowing is stretching beyond the ideal time.

Cotton sowing may get delayed in India. Cotton sowing may get delayed in India as the southwest monsoon is set to reach the mainland two days later than usual. Cotton Corporation of India has increased prices by Rs. 200-500 per candy across all the zones for 2020-21 seasons. Although the cotton crop is at risk due to water shortage mainly in Sindh and Punjab. Also, the increasing trend in the rate of cotton was continuing in the international market.

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 TAUKTAE 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.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Rajasthan with lightening and & gusty winds at isolated places over Madhya Pradesh, Vidarbha, Chhattisgarh, and with lightening at isolated places over Jharkhand, Andaman & Nicobar Islands, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Madhya Maharashtra, Marathwada, Gujarat State, Rayalaseema, Karnataka, Tamil Nadu, Pondicherry & Karaikal, Kerala & Mahe and Lakshadweep. Heavy rainfall very likely at isolated places over Sub- Himalayan West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Konkan & Goa, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh, Telangana, & Yanam, Karnataka, Assam & Meghalaya, Tamil Nadu, Pondicherry & Karaikal and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was up by 44 points at 84.21 cents/lb. The Cotlook A index was 230 points up at 92.20 cents/lb. The AWP for cotton was at 69.78 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	04-Jun-21	03-Jun-21	
Gujarat	Ahmedabad	Shankar-6	7500	7500	Unch
	Gondal	Shankar-6	7530	7605	-75
	Rajkot	B.T. Cotton	7650	7625	25
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	7000	6805	195
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7300	7350	-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	0	-
	Khargaon	Mech-1	NA	0	-
Maharashtra	Amravati	Mech-1	6500	6500	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	7209	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	04-Jun-21	03-Jun-21	
Punjab	Bhatinda	J-34	5000	4990	10
	Abohar	J-34	4990	4990	Unch
	Mansa	J-34	5000	4990	10
Haryana	Sirsa	J-34	4960	4950	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Jun-21	03-Jun-21	
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	400	953	-553
	Rajkot	B.T. Cotton	1600	1800	-200
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	37	61	-24
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	170	85
	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	1000	2000	-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	903	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	04-Jun-21	03-Jun-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	04-Jun-21	03-Jun-21	
Gujarat	Rajkot	Rs. /10 Kg.	1420	1410	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1410	1400	10
Maharashtra	Mumbai	Rs. /10 Kg.	1425	1415	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Jun-21	03-Jun-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2867	2858	9
Maharashtra	Akola	Rs./Qtl	2860	2860	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	04-Jun-21	03-Jun-21	Change
CCIndex(328)	RMB/Ton	15992	15930	62
CCIndex(527)	RMB/Ton	15169	15145	24
CCIndex(229)	RMB/Ton	16359	16301	58
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	04-Jun-21	03-Jun-21	Change
FC Index (S)	Cents/lb	96.07	95.41	0.66

FC Index (M)	Cents/lb	94.95	94.38	0.57
FC Index (L)	Cents/lb	93.89	93.32	0.57

Cotlook Index:

Cotlook Indices	Unit	31-May-21	28-May-21	Change
A-Index	Cents/Pound	#N/A	89.7	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-May-21	28-May-21	Bales
Southeast	cents/lb.	80.87	83.12	0
North Delta	cents/lb.	79.87	82.12	0
South Delta	cents/lb.	79.87	82.12	0
East TX-OK	cents/lb.	77.12	79.87	88
West Texas	cents/lb.	77.12	79.87	55
Desert SW	cents/lb.	75.12	78.62	0
SJ Valley	cents/lb.	75.62	84.52	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 03-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 Thursday, June 03rd, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210603	83.94	84.62	83.55	84.21	+0.44	18,122	73,857	-1,258
Oct-21	210603	85.51	85.51	85.18	85.18	+0.34	12	95	-2
Dec-21	210603	84.75	85.43	85.04	85.04	+0.38	17,511	114,650	+3,457
Mar-21	210603	84.78	85.31	85.02	85.02	+0.41	2,854	20,177	+602
May-22	210603	84.75	85.10	84.94	84.94	+0.44	1,029	3,426	+373
Jul-22	210603	84.40	84.50	84.48	84.48	+0.46	2,004	7,064	+179
Total Volume and Open Interest							42,285	230,311	+3,818

Source: MRCI

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