

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 Saturday. ICE cotton futures closed green on Friday.

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 East Rajasthan with lightening and & gusty winds at isolated places over Gujarat state, East Madhya Pradesh, Vidarbha, Chhattisgarh, Andaman & Nicobar Islands and with lightening at isolated places over Tamil Nadu, Pondicherry & Karaikal, Kerala & Mahe and Lakshadweep, Telangana, Konkan & Goa, Madhya Maharashtra, West Uttar Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura. Heavy rainfall very likely at isolated places over Andaman & Nicobar Islands, Sub- Himalayan West Bengal, Nagaland, Manipur, Mizoram, Tripura, Konkan & Goa, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh, Telangana, Assam & Meghalaya.

International Fundamentals:

The ICE cotton Futures was up by 159 points at 85.8 cents/lb. The Cotlook A index was 50 points up at 91.70 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	05-Jun-21	04-Jun-21	
Gujarat	Ahmedabad	Shankar-6	7500	7500	Unch
	Gondal	Shankar-6	7555	7530	25
	Rajkot	B.T. Cotton	7650	7650	Unch
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6840	7000	-160
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7350	7300	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	6550	6500	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	7172	7121	51
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	7209	-
	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	05-Jun-21	04-Jun-21	
Punjab	Bhatinda	J-34	5010	5000	10
	Abohar	J-34	5000	4990	10
	Mansa	J-34	5000	5000	Unch
Haryana	Sirsa	J-34	4970	4960	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Jun-21	04-Jun-21	
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	599	400	199
	Rajkot	B.T. Cotton	1300	1600	-300
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	18	37	-19
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	255	765
	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	1700	1000	700
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	187	96	91
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	903	-

	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	05-Jun-21	04-Jun-21	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	170	-85
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	05-Jun-21	04-Jun-21	
Gujarat	Rajkot	Rs. /10 Kg.	1420	1420	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1410	1410	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1425	1425	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	05-Jun-21	04-Jun-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2867	2867	Unch
Maharashtra	Akola	Rs./Qtl	2860	2860	Unch

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

Index	Unit	31-May-21	28-May-21	Change
CCIndex(328)	RMB/Ton	15760	15772	-12
CCIndex(527)	RMB/Ton	15053	15058	-5
CCIndex(229)	RMB/Ton	16153	16163	-10
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	31-May-21	27-May-21	Change
FC Index (S)	Cents/lb	93.62	93.91	-0.29

FC Index (M)	Cents/lb	92.39	92.82	-0.43
FC Index (L)	Cents/lb	91.29	91.66	-0.37

Cotlook Index:

Cotlook Indices	Unit	03-Jun-21	02-Jun-21	Change
A-Index	Cents/Pound	91.7	92.2	-0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		03-Jun-21	03-Jun-21	Bales
Southeast	cents/lb.	82.96	85.21	0
North Delta	cents/lb.	81.96	84.21	0
South Delta	cents/lb.	81.96	84.21	0
East TX-OK	cents/lb.	79.21	81.96	88
West Texas	cents/lb.	79.21	81.96	0
Desert SW	cents/lb.	77.21	80.71	0
SJ Valley	cents/lb.	77.71	86.61	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 Friday, June 04th , 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210604	84.21	86.34	83.58	85.80	+1.59	14,992	70,821	-3,036
Oct-21	210604	85.19	86.28	84.63	85.93	+0.75	11	97	+2
Dec-21	210604	85.00	86.85	84.40	84.40	+0.84	14,116	116,180	+1,530
Mar-21	210604	84.82	86.50	84.39	84.39	+0.71	2,332	20,890	+713
May-22	210604	84.89	86.13	86.13	84.65	+0.57	783	3,836	+410
Jul-22	210604	84.40	85.40	85.40	84.23	+0.37	493	7,365	+301
Total Volume and Open Interest							33,093	230,386	+75

Source: MRCI

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