

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.24,060/bale on Monday. ICE cotton futures closed green on Friday.

News: Spurious cotton seeds have arrived in old Adilabad district as the Kharif season is drawing to a close. According to the market sources, Adilabad Police have seized spurious seeds at various places during the raids on shop. Also the illegal transportation of spurious seeds is on the rise in interior villages despite the police and agriculture department trying their best to control the menace.

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 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.

Weather Forecast:

Thunderstorm with lightning & squall is very likely at isolated places over Andaman & Nicobar Islands with lightening and & gusty winds at isolated places over East Rajasthan and Bihar and with lightening at isolated places over Madhya Pradesh, Vidarbha, Chhattisgarh, Jharkhand, Gangetic West Bengal, Odisha, Kerala & Mahe and Lakshadweep, Telangana, , Assam & Meghalaya and Coastal Andhra Pradesh. Heavy rainfall very likely at isolated places over Sub-Himalayan West Bengal & Sikkim and Heavy rainfall at isolated places over Odisha, Andaman & Nicobar Islands, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, and 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 | 07-Jun-21 | 05-Jun-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 7500 | 7500 | Unch |
| | Gondal | Shankar-6 | 7555 | 7555 | Unch |
| | 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 | NA | 6840 | - |
| Haryana | Bhiwani | B.T. Cotton | NA | NA | - |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 7500 | 7350 | 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 | NA | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 6550 | 6550 | 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 | 7367 | 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 | 07-Jun-21 | 05-Jun-21 | |
| Punjab | Bhatinda | J-34 | 5010 | 5010 | Unch |
| | Abohar | J-34 | 5020 | 5000 | 20 |

| | | | | | |
|-----------|----------------|------|------|------|------|
| | Mansa | J-34 | 5000 | 5000 | Unch |
| Haryana | Sirsa | J-34 | 4980 | 4970 | 10 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 07-Jun-21 | 05-Jun-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 2550 | 3400 | -850 |
| | Gondal | Shankar-6 | 510 | 599 | -89 |
| | Rajkot | B.T. Cotton | 1200 | 1300 | -100 |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 18 | - |
| Haryana | Bhiwani | B.T. Cotton | NA | NA | - |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 510 | 1020 | -510 |
| | 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 | 1500 | 1700 | -200 |
| | 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 | 1321 | 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 | 07-Jun-21 | 05-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 | 07-Jun-21 | 05-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. | 1440 | 1425 | 15 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 07-Jun-21 | 05-Jun-21 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2970 | 2867 | 103 |
| Maharashtra | Akola | Rs./Qtl | 2922 | 2860 | 62 |

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

| Index | Unit | 07-Jun-21 | 04-Jun-21 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 16030 | 15992 | 38 |
| CCIndex(527) | RMB/Ton | 15202 | 15169 | 33 |
| CCIndex(229) | RMB/Ton | 16403 | 16359 | 44 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 07-Jun-21 | 04-Jun-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | NR | 96.07 | - |
| FC Index (M) | Cents/lb | NR | 94.95 | - |
| FC Index (L) | Cents/lb | NR | 93.89 | - |

Cotlook Index:

| Cotlook Indices | Unit | 03-Jun-21 | 01-Jun-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 91.7 | 89.9 | 1.80 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 03-Jun-21 | 01-Jun-21 | Bales |
| Southeast | cents/lb. | 82.96 | 85.25 | 0 |
| North Delta | cents/lb. | 81.96 | 84.25 | 0 |
| South Delta | cents/lb. | 81.96 | 84.25 | 0 |
| East TX-OK | cents/lb. | 79.21 | 82 | 0 |
| West Texas | cents/lb. | 79.21 | 82 | 0 |
| Desert SW | cents/lb. | 77.21 | 80.75 | 0 |
| SJ Valley | cents/lb. | 77.71 | 86.65 | 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 05-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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