

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.24,460/bale on Thursday. ICE cotton futures closed green on Wednesday.

News: Government comes up with Cotton Quality Improvement Mission. With cotton commanding higher prices in the market around 7,500 per quintal, both the Cotton Corporation of India and Cotton Association of India have come together to educate farmers to increase area under cotton cultivation for the coming 2021-22 season. Around 110-120 lakh hectares area comes under cotton cultivation in India. The center has allocated Rs. 440 crore towards Cotton Quality Improvement Mission to improve the quality and yield of cotton in India.

Telangana Government is considering a policy on cotton solvent to encourage ginning mills in the state. According to the Telangana Agriculture Department, the government is committed to encourage ginning mills in the wake of increase in raw cotton production. The by-products of cotton like cotton seed oil, cottonseed oilcake and solvents have a sound demand at the national and international levels.

Government has raised Minimum Support Price for the 2021-22 seasons. The government has increased minimum support price of cotton by Rs. 211 per quintal to Rs. 5,726 for medium staple variety and by Rs. 200 per quintal to Rs. 6,025 for long staple variety of cotton for the 2021-22 crop year.

Cotton cultivation area has increased in Muktsar. According to the State Agriculture Department, area under cotton cultivation has increased in Muktsar from nearly 28,000 hectares last year to 40,000 hectare in this season. The main reason behind the increase in the area is Minimum Support Price on cotton and direct purchase of cotton by Cotton Corporation of India.

Telangana government has set the target of cultivating cotton in over 75 lakh acres. The Telangana Agriculture Department has set a target of cultivating the cotton crop in 75 lakh acres during Vaanakalam (Kharif) season. As per government, it is decided to extend complete cooperation to cotton farmers and promote the crop cultivation on a massive scale, besides bringing the cotton solvent policy to encourage ginning mills in the state. Cotton Corporation of India has already recognized the telagana cotton as a top quality in the country as well as in the International market. Earlier Telangana has cultivated cotton in over 60 lakh acres during Yasangi (Rabi) season this year.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Uttarakhand and Uttar Pradesh with lightening and & gusty winds at isolated places over Punjab, Haryana, Chandigarh & Delhi, West Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, West Bengal, Andaman & Nicobar Islands, Kerala & Mahe and with lightening at isolated places over East Madhya Pradesh, Sub Himalayan West Bengal & Sikkim, Assam & Meghalaya and Coastal Andhra Pradesh & Yanam and South Interior Karnataka, Telangana and Lakshwadeep. Heavy rainfall very likely at isolated places over Chhattisgarh, Konkan, Goa & Odisha and heavy rainfall at isolated places over Gangetic West Bengal and Telangana, Uttarakhand, East Uttar Pradesh, Madhya Pradesh, Vidarbha, Bihar, Jharkhand, Assam & Meghalaya, Madhya Maharashtra, Coastal Andhra Pradesh & Yanam, Coastal Karnataka, Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was up by 148 points at 86.62 cents/lb. The Cotlook A index was 130 points down at 93.20 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	-350	24490	24560	24140	24500	1349	5118

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Jun-21	09-Jun-21	
Gujarat	Ahmedabad	Shankar-6	7750	7750	Unch
	Gondal	Shankar-6	7605	7580	25
	Rajkot	B.T. Cotton	7800	7795	5
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	7025	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7500	7550	-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	6650	6600	50
	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	7469	-
	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	10-Jun-21	09-Jun-21	
Punjab	Bhatinda	J-34	5150	5100	50

	Abohar	J-34	5160	5100	60
	Mansa	J-34	5140	5100	40
Haryana	Sirsa	J-34	5100	5050	50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Jun-21	09-Jun-21	
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	408	540	-132
	Rajkot	B.T. Cotton	950	1100	-150
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	27	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	850	-595
	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	1300	1500	-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	NA	1208	-
	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	10-Jun-21	09-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	10-Jun-21	09-Jun-21	
Gujarat	Rajkot	Rs. /10 Kg.	1435	1435	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1425	1425	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1450	1450	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Jun-21	09-Jun-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3010	3021	-11
Maharashtra	Akola	Rs./Qtl	2967	2990	-23

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

Index	Unit	10-Jun-21	09-Jun-21	Change
CCIndex(328)	RMB/Ton	16111	16117	-6
CCIndex(527)	RMB/Ton	15286	15288	-2
CCIndex(229)	RMB/Ton	16472	16474	-2

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

China Foreign Cotton (FCE) Index :

Index	Unit	10-Jun-21	09-Jun-21	Change
FC Index (S)	Cents/lb	98.16	96.85	1.31
FC Index (M)	Cents/lb	97.16	95.85	1.31
FC Index (L)	Cents/lb	96.1	94.7	1.40

Cotlook Index:

Cotlook Indices	Unit	07-Jun-21	04-Jun-21	Change
-----------------	------	-----------	-----------	--------

A-Index	Cents/Pound	93.5	92.2	1.30
----------------	-------------	------	------	-------------

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		07-Jun-21	04-Jun-21	Bales
Southeast	cents/lb.	83.11	86.8	0
North Delta	cents/lb.	82.11	85.8	0
South Delta	cents/lb.	82.11	85.8	0
East TX-OK	cents/lb.	79.36	83.55	42
West Texas	cents/lb.	79.36	83.55	141
Desert SW	cents/lb.	77.36	82.3	0
SJ Valley	cents/lb.	77.86	88.2	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 09-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 Wednesday, June 09th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210609	85.86	86.77	85.22	86.62	+1.48	15,772	58,534	-5,995
Oct-21	210609	87.72	88.53	87.46	88.18	+1.65	79	167	+19
Dec-21	210609	86.00	87.50	86.00	87.34	+1.35	17,743	122,806	+2,630
Mar-21	210609	86.00	87.34	86.00	87.22	+1.26	2,474	23,600	+976
May-22	210609	85.80	87.03	85.80	86.92	+1.12	680	4,845	+190
Jul-22	210609	85.21	86.21	85.21	86.15	+0.94	925	8,031	-101
Total Volume and Open Interest							38,093	229,470	-2,171

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.