

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.24,260/bale on Monday. ICE cotton futures closed red on Friday.

News: Cotton Association of India has reduced its cotton crop estimate for 2020-21 season by 4 lakh bales at 356 lakh bales. The total supply from October 2020 – May 2021 is estimated at around 473.44 lakh bales which consist of arrivals of 340.19 lakh bales whereas imports were estimated at 8 lakh bales and opening stock at 125 lakh bales at the beginning of the season. Further, the cotton consumption was estimated at around 220 lakh bales, and exports upto 31st May'2021 were estimated to be 58 lakh bales, and stock at the end of May'2021 was estimated at 195.44 lakh bales.

Cotton prices have increased in Gujarat. Due to strong demand from domestic spinning mills, cotton prices have firmed up to reach a decadal high level. The demand from the international market has further supported the local prices of the natural fiber. The shanker-6 variety has reached Rs. 50,500 to Rs. 51,000 per candy in Gujarat local market, which is highest in 10 years.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Punjab, Haryana, Chandigarh & Delhi, and with lightening & gusty winds at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, Uttar Pradesh, East Rajasthan, Kerala & Mahe and with lightening at isolated places over Chhattisgarh, Bihar, Jharkhand, Sub- Himalayan West Bengal & Sikkim, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Coastal Andhra Pradesh & Yanam, Telangana, Karnataka, Tamil Nadu, Pondicherry, Karaikal and Lakshwadeep. Thunderstorm with squall at isolated places over West Rajasthan. Heavy to very heavy rainfalls at a few places with extremely heavy falls at isolated places over Konkan, Goa, Madhya Maharashtra, and Coastal Karnataka and heavy rainfall at isolated places over Punjab, Haryana, Chandigarh, Delhi, East Madhya Pradesh, Chhattisgarh, Jharkhand, and interior Karnataka and heavy rainfall at isolated places over over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, Uttar Pradesh, West Madhya Pradesh, Vidarbha, Bihar, West Bengal & Sikkim, Odisha, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, , Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was down by 36 points at 87.74 cents/lb. The Cotlook A index was 150 points up at 95.55 cents/lb. The AWP for cotton was at 72.36 cents/lb.

The cotton Business of Thailand has started to recover as global economy recovers. With improving health condition and global economy the cotton business has started recovering, the cotton imports of the country were 700 thousand 480 lb bales in 2019-20 which have dropped to 550 thousand 480 lb bales in 2020-21 but is now likely to rise by 9.09 percent to 600 thousand lb bales in 2021-22.

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 | 14-Jun-21 | 12-Jun-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 7750 | 7750 | Unch |
| | Gondal | Shankar-6 | 7730 | 7630 | 100 |
| | Rajkot | B.T. Cotton | 7650 | 7755 | -105 |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 6850 | NA | - |
| Haryana | Bhiwani | B.T. Cotton | NA | NA | - |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 7250 | 7400 | -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 | 6800 | 6800 | 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 | 14-Jun-21 | 12-Jun-21 | |

| | | | | | |
|-----------|----------------|------|------|------|-----|
| Punjab | Bhatinda | J-34 | 5070 | 5120 | -50 |
| | Abohar | J-34 | 5070 | 5120 | -50 |
| | Mansa | J-34 | 5050 | 5120 | -70 |
| Haryana | Sirsa | J-34 | 5030 | 5100 | -70 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 14-Jun-21 | 12-Jun-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 2550 | 2550 | Unch |
| | Gondal | Shankar-6 | 326 | 222 | 104 |
| | Rajkot | B.T. Cotton | 1150 | 1050 | 100 |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 11 | NA | - |
| Haryana | Bhiwani | B.T. Cotton | NA | NA | - |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 255 | 340 | -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 | NA | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 1500 | 1600 | -100 |
| | 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 | 14-Jun-21 | 12-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 | 14-Jun-21 | 12-Jun-21 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1300 | 1350 | -50 |
| Delhi | New Delhi | Rs. /10 Kg. | NR | NR | - |
| Telangana | Hyderabad | Rs. /10 Kg. | 1310 | 1340 | -30 |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1340 | 1435 | -95 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 14-Jun-21 | 12-Jun-21 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2921 | 2948 | -27 |
| Maharashtra | Akola | Rs./Qtl | 2902 | 2920 | -18 |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index | Unit | 11-Jun-21 | 10-Jun-21 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 16166 | 16111 | 55 |
| CCIndex(527) | RMB/Ton | 15349 | 15286 | 63 |
| CCIndex(229) | RMB/Ton | 16536 | 16472 | 64 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 11-Jun-21 | 10-Jun-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 99.07 | 98.16 | 0.91 |
| FC Index (M) | Cents/lb | 98.07 | 97.16 | 0.91 |



| | | | | |
|--------------|----------|-------|------|------|
| FC Index (L) | Cents/lb | 97.04 | 96.1 | 0.94 |
|--------------|----------|-------|------|------|

Cotlook Index:

| Cotlook Indices | Unit | 10-Jun-21 | 08-Jun-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 95.55 | 93.2 | 2.35 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 10-Jun-21 | 08-Jun-21 | Bales |
| Southeast | cents/lb. | 86.11 | 86.14 | 0 |
| North Delta | cents/lb. | 85.11 | 85.14 | 0 |
| South Delta | cents/lb. | 85.11 | 85.14 | 0 |
| East TX-OK | cents/lb. | 82.36 | 82.89 | 0 |
| West Texas | cents/lb. | 82.36 | 82.89 | 0 |
| Desert SW | cents/lb. | 80.36 | 81.64 | 0 |
| SJ Valley | cents/lb. | 80.86 | 87.54 | 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 12-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 11th, 2021

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Jul-21 | 210611 | 87.20 | 87.74 | 86.61 | 87.00 | -0.36 | 13,239 | 48,565 | -5,385 |
| Oct-21 | 210611 | 89.16 | 89.59 | 88.41 | 89.34 | +0.08 | 13 | 145 | +4 |
| Dec-21 | 210611 | 88.21 | 88.50 | 87.43 | 87.92 | -0.29 | 19,159 | 128,159 | +3,108 |
| Mar-21 | 210611 | 88.00 | 88.25 | 87.28 | 87.73 | -0.34 | 3,112 | 26,094 | +1,004 |
| May-22 | 210611 | 87.75 | 87.86 | 85.91 | 87.48 | -0.26 | 609 | 5,147 | +184 |
| Jul-22 | 210611 | 86.86 | 86.95 | 85.97 | 86.56 | -0.29 | 699 | 8,462 | +385 |
| Total Volume and Open Interest | | | | | | | 37,319 | 228,342 | -505 |

Source: MRCI

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