

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 lower at Rs.24,110/bale on Monday. ICE cotton futures closed green on Friday.

News: Punjab area under cotton cultivation has crossed 3 lakh hectares mark. The cotton cultivation area has increased in Punjab to 3 lakh hectares after 6 years. This is an increase of 17 percent over 2020, when the cotton sown area was 2.5 lakh hectares. The state however is still 41 percent short of the golden phase in 2011-12 when the area under cotton crop was 5.2 lakh hectares. In 2015, cotton was sown on 3.25 lakh hectares after a devastating period of the worst whitefly attack on cotton that year, farmers then turned away from sowing cotton. This year Fazilka tops with nearly 96,000 hectares of area under cotton cultivation, Bhatinda has also progressed to 95,000 hectares, Mansa 64,000 hectares and in Muktsar 40,000 hectares.

HTBT cotton sales have doubled as the sowing progresses for the coming season. The illegal cultivation of herbicide tolerant (Ht) Bt cotton has seen a huge jump this year, seed manufactures are claiming that the sale of illegal seed packets has more than doubled from 30 lakh last year to 75 lakh this year. The seed Industry are demanding action to be taken to stop the sale of HTBT cotton.

Cotton acreages fallen in Haryana. The area under cotton cultivation has reduced in Haryana by over 90,000 hectares this year because of hampering of field activities during the second wave of the corona virus and shifting of farmers to other crops like groundnut. The crop has been sown in over 6.72 lakh hectares in Haryana against the target of 7.62 lakh hectares. In the previous season, 7.31 lakh hectares of area was sown under cotton crop while the normal area under cotton in Haryana is 6.82 lakh hectares.

The Southern India Mills Association has urged the Center to withdraw cotton import duty. According to Southern India mills Association, the cotton import duty is severely affecting the global competitiveness of Indian textile and clothing industry. The association said import duty on raw cotton would erode the competitiveness of value-added segments that have a business size of about Rs 50,000 crore in exports and Rs 25,000 crore in the domestic market. These segments provide jobs to about 12 lakh people. It has taken over a decade for the textile industry to build up the market share in these segments, and with the import duty, we will lose our competitiveness and market share to competing countries. Cotton prices are also trading at all time high even as there have been lockdown led restriction as the demand has been quite strong. The Indian mills are reported to be holding more than 100 days of inventory currently.

Cotton Cultivation area may increase to 5-10 percent in 2021-22 season. Cotton acreages may see a rise of 5-10 percent this Kharif season as a result of high cotton prices in the market for the ongoing 2020-21 season. With assured procurement through Cotton Corporation of India, good monsoon and groundnut cultivation turning costly are some of the other factors that are likely to aid higher coverage under cotton this year.

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 shipping 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.

Weather Forecast:

Thunderstorm with lightning very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Uttarakhand, East Uttar Pradesh, East Rajasthan, East Madhya Pradesh, Chhattisgarh, Bihar, Jharkhand, West Bengal & Sikkim, Assam & Meghalaya, Odisha, Andam & Nicobar Islands, Coastal & South Interior Karnataka and Tamil Nadu, Pondicherry & Karikal. Heavy to very heavy rainfalls at a few places with extremely heavy falls at isolated places over Chhattisgarh, Bihar, West Bengal & Sikkim, Odisha, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Tamil Nadu, Pondicherry & Karikal.

International Fundamentals:

The ICE cotton Futures was lower by 25 points at 84.42 cents/lb. The Cotlook A index was 75 points higher at 94.85 cents/lb. The AWP for cotton was at 74.16 cents/lb.

The US Department of Agriculture has increased the cotton crop estimate by 5 percent for the coming 2021-22 season. According to USDA's Cotton and Wool Outlook report, global cotton production in 2021-22 is forecasted at 118.9 million bales, 5 percent above the previous year's but 2 percent below the 2019-20 production. Larger cotton crops are forecasted for most of the major cotton-producing countries in 2021-22, led by the United States, Brazil, and Australia. For the 2021-22 season, India is expected to produce larger cotton crop accounting for more than 24 percent of the world's production. India's cotton crop is projected at 29.0 million bales and is 500,000 bales above the 2020-21 season. The area under cotton cultivation is forecasted at 13.0 million hectares for 2021-22 and an improvement in yield is expected to 486 kg per hectare.

According to USDA's World Agriculture Supply and Demand Estimate (WASDE) report, U.S. cotton production for the season 2021-22 shows a 100,000 bales increase in exports from the previous month, to 14.8 million bales. The U.S. production and consumption remain unchanged from last month and with lowering beginning stocks and higher exports, ending stocks are now 200,000 bales lower at 2.9 million bales.

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.

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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Jun-21	19-Jun-21	
Gujarat	Ahmedabad	Shankar-6	Closed	7750	-
	Gondal	Shankar-6	Closed	7615	-
	Rajkot	B.T. Cotton	Closed	7690	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7200	7100	100
	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	7000	7000	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	7529	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	21-Jun-21	19-Jun-21	
Punjab	Bhatinda	J-34	5050	5030	20
	Abohar	J-34	5050	5030	20
	Mansa	J-34	5030	5015	15
Haryana	Sirsa	J-34	4990	4970	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jun-21	19-Jun-21	
Gujarat	Ahmedabad	Shankar-6	Closed	3400	-
	Gondal	Shankar-6	Closed	205	-
	Rajkot	B.T. Cotton	Closed	600	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	340	170
	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	900	900	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	1051	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	21-Jun-21	19-Jun-21	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Jun-21	19-Jun-21	
Gujarat	Rajkot	Rs. /10 Kg.	1320	1310	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1300	1300	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1350	1320	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Jun-21	19-Jun-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2938	2993	-55
Maharashtra	Akola	Rs./Qtl	2957	2978	-21

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

Index	Unit	21-Jun-21	17-Jun-21	Change
CCIndex(328)	RMB/Ton	15831	15904	-73
CCIndex(527)	RMB/Ton	15039	15088	-49
CCIndex(229)	RMB/Ton	16237	16299	-62

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Jun-21	11-Jun-21	Change
-------	------	-----------	-----------	--------

FC Index (S)	Cents/lb	96.96	99.07	-2.11
FC Index (M)	Cents/lb	95.91	98.07	-2.16
FC Index (L)	Cents/lb	94.85	97.04	-2.19

Cotlook Index:

Cotlook Indices	Unit	17-Jun-21	15-Jun-21	Change
A-Index	Cents/Pound	94.85	94.85	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Jun-21	15-Jun-21	Bales
Southeast	cents/lb.	83.48	86.28	0
North Delta	cents/lb.	82.48	85.28	0
South Delta	cents/lb.	82.48	85.28	0
East TX-OK	cents/lb.	79.98	83.03	7
West Texas	cents/lb.	79.98	83.03	0
Desert SW	cents/lb.	77.73	81.78	0
SJ Valley	cents/lb.	78.23	87.68	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 19-June-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12780
Equivalent	40 Kgs	10074	193	13375

Daily Futures Price Listing Friday, June 18th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210618	84.14	85.20	84.11	84.42	+0.25	5,795	12,917	-3,580
Oct-21	210618	85.28	86.50	85.28	86.11	+1.38	46	168	+25
Dec-21	210618	84.05	85.68	84.05	85.18	+1.12	15,220	141,407	-341
Mar-21	210618	83.96	85.50	83.96	85.06	+1.12	2,958	31,534	+1,155
May-22	210618	84.40	85.27	84.23	84.87	+1.05	351	6,395	+45
Jul-22	210618	83.69	84.45	83.59	84.12	+0.98	157	9,258	+16
Total Volume and Open Interest							24,602	213,655	-2,683

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.