

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 higher at Rs.24,590/bale on Friday. ICE cotton futures closed red on Thursday.

News: Textile Minister calls for study on cotton yarn prices. Due to sudden spike in the cotton yarn prices, the Union Textile Minister Smriti Zubin Irani called a third party study of higher cotton yarn prices which affects the prospects across the value chain of Indian textiles.

Cotton growing regions may face severe climate risk. According to the global study, Climate change could expose half of all global cotton growing regions, including India, to high risk from temperature increases, change in rainfall pattern, and extreme weather events. Under a worst-case climate scenario, all global cotton-growing regions will be exposed to increased risk from at least one climate hazard by 2040.

Shanker -6 Cotton price may rise in coming months. Cotton price of Shanker-6 is currently the highest in the decade. It is expected to rise further in the coming months to reach Rs. 52,027 per candy by the end of 2021 from Rs. 49,012 per candy in June 2021. This can be attributed to increasing purchase by domestic cotton mills and demand from overseas market.

Indian government has urged to take action against illegal HTBT Cotton cultivation. The National Seed Association of India and the Federation of seed Industry in India has urged the government to act against a sudden surge in illegal cultivation of herbicide tolerant HTBT Cotton in the country. If the sale of unapproved HTBT seed is not stopped it would spell disaster for the industry and farmers.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, Andaman & Nicobar Islands and with lightening at isolated places over East Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Gangetic West Bengal, Odisha, Assam & Meghalaya, Telangana, and Coastal Andhra Pradesh & Yanam. Heavy to very heavy rainfalls at isolated places over Assam & Meghalaya, Bihar, Jharkhand, Odisha, Andaman & Nicobar Islands, Coastal Andhra Pradesh & Yanam.

International Fundamentals:

The ICE cotton Futures was higher by 25 points at 86.03 cents/lb. The Cotlook A index was 50 points higher at 94.95 cents/lb. The AWP for cotton was at 73.4 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	+290	23870	24190	23870	23890	1119	1218

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Jun-21	24-Jun-21	
Gujarat	Ahmedabad	Shankar-6	7750	7750	Unch
	Gondal	Shankar-6	7755	7780	-25
	Rajkot	B.T. Cotton	7740	7675	65
	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	7230	7250	-20
	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	25-Jun-21	24-Jun-21	
Punjab	Bhatinda	J-34	5170	5170	Unch
	Abohar	J-34	5170	5170	Unch
	Mansa	J-34	5150	5150	Unch
Haryana	Sirsa	J-34	5110	5100	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jun-21	24-Jun-21	
Gujarat	Ahmedabad	Shankar-6	2550	2550	Unch
	Gondal	Shankar-6	168	222	-54
	Rajkot	B.T. Cotton	600	400	200
	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	340	510	-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	3000	3000	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		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jun-21	24-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	25-Jun-21	24-Jun-21	
Gujarat	Rajkot	Rs. /10 Kg.	1370	1370	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1300	1300	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1410	1410	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Jun-21	24-Jun-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2930	2950	-20
Maharashtra	Akola	Rs./Qtl	2935	2959	-24

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

Index	Unit	25-Jun-21	24-Jun-21	Change
CCIndex(328)	RMB/Ton	16087	16067	20
CCIndex(527)	RMB/Ton	15208	15196	12
CCIndex(229)	RMB/Ton	16423	16423	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	25-Jun-21	24-Jun-21	Change
FC Index (S)	Cents/lb	98.6	98.82	-0.22
FC Index (M)	Cents/lb	97.32	97.82	-0.50

FC Index (L)	Cents/lb	96.13	96.63	-0.50
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Cotlook Index:

Cotlook Indices	Unit	21-Jun-21	18-Jun-21	Change
A-Index	Cents/Pound	94.45	93.2	1.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Jun-21	18-Jun-21	Bales
Southeast	cents/lb.	84.71	87.11	0
North Delta	cents/lb.	83.71	86.11	0
South Delta	cents/lb.	83.71	86.11	0
East TX-OK	cents/lb.	81.21	84.11	181
West Texas	cents/lb.	81.21	84.11	0
Desert SW	cents/lb.	78.96	82.61	0
SJ Valley	cents/lb.	79.46	88.51	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 24-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 Thursday, June 24th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210624	85.28	86.27	85.28	86.03	-0.43	2,797	2,203	-2,126
Oct-21	210624	87.17	87.59	87.17	87.53	-0.10	52	255	+35
Dec-21	210624	86.92	87.00	85.90	86.73	-0.21	12,455	141,386	+1,501
Mar-21	210624	86.03	86.60	85.54	86.39	-0.04	2,999	35,528	+858
May-22	210624	85.91	86.08	85.18	86.03	+0.07	355	6,853	+144
Jul-22	210624	84.90	85.12	84.25	85.07	+0.18	194	9,492	+111
Total Volume and Open Interest							19,024	207,866	+650

Source: MRCI

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