

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.24,660/bale on Tuesday. ICE cotton futures closed green on Monday.

News: Cotton Association of India has urged the government to withdraw the import duty on cotton. Cotton Association of India has reiterated its request to withdraw import duty on cotton. As per CAI if the import duty is not removed the domestic prices will go up further and create more hardship to the domestic textile sector. Currently, the 10 percent import duty levied on cotton is not in the interest of the nation as it does more harm than good and also the interest of the domestic textile sector would be served better if 10% import duty on cotton is withdrawn immediately.

Cotton sowing in Rajasthan is behind 2 lakh hectares than the same period last year. Cotton was sown in 5.28 lakh hectares of area for the coming kharif season 2021-22 as against the 5.8 lakh hectares last year. The government has set a sowing target of 7.8 lakh hectares where as in the previous season cotton was sown in 8.08 lakh hectares.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over East Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand and Gangetic West Bengal, Odisha, Coastal Andhra Pradesh & Yanam, Telangana and Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfalls at isolated places over Assam & Meghalaya, and heavy to very heavy rainfall at isolated places over Sub- Himalayna West Bengal & Sikkim and heavy rainfall at isolated places over Arunachal Pradesh, and Nagaland, Manipur, Mizoram & Tripura and heavy rainfall at isolated places over Bihar, Gangetic West Bengal and Telangana.

International Fundamentals:

The ICE cotton Futures was higher by 23 points at 86.66 cents/lb. The Cotlook A index was 25 points higher at 95.95 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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Jun-21	28-Jun-21	
Gujarat	Ahmedabad	Shankar-6	7750	7750	Unch
	Gondal	Shankar-6	7780	7555	225
	Rajkot	B.T. Cotton	7795	7755	40
	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	7215	NR	-
	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	6970	7000	-30
	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	7389	-
	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	29-Jun-21	28-Jun-21	
Punjab	Bhatinda	J-34	5185	5180	5
	Abohar	J-34	5180	5180	Unch
	Mansa	J-34	5180	5180	Unch
Haryana	Sirsa	J-34	5130	5130	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jun-21	28-Jun-21	
Gujarat	Ahmedabad	Shankar-6	1700	1700	Unch
	Gondal	Shankar-6	245	204	41
	Rajkot	B.T. Cotton	550	950	-400
	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	255	NR	-
	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	2500	2200	300
	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	401	-
	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	29-Jun-21	28-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	29-Jun-21	28-Jun-21	
Gujarat	Rajkot	Rs. /10 Kg.	1340	1320	20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1270	1270	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1320	1350	-30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-Jun-21	28-Jun-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2864	2876	-12
Maharashtra	Akola	Rs./Qtl	2894	2897	-3

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

Index	Unit	29-Jun-21	28-Jun-21	Change
CCIndex(328)	RMB/Ton	16108	16105	3
CCIndex(527)	RMB/Ton	15224	15219	5
CCIndex(229)	RMB/Ton	16462	16460	2

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

China Foreign Cotton (FCE) Index :

Index	Unit	29-Jun-21	28-Jun-21	Change
FC Index (S)	Cents/lb	99.32	99.6	-0.28
FC Index (M)	Cents/lb	98.13	97.86	0.27
FC Index (L)	Cents/lb	97	96.73	0.27

Cotlook Index:

Cotlook Indices	Unit	25-Jun-21	23-Jun-21	Change
A-Index	Cents/Pound	96.2	95.95	0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Jun-21	23-Jun-21	Bales
Southeast	cents/lb.	86.79	88.63	349
North Delta	cents/lb.	85.79	87.63	0
South Delta	cents/lb.	85.79	87.63	0
East TX-OK	cents/lb.	83.29	85.63	77
West Texas	cents/lb.	83.29	85.63	8
Desert SW	cents/lb.	81.04	84.13	0
SJ Valley	cents/lb.	81.54	90.03	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 26-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 Monday, June 28th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210628	85.17	86.66	85.17	86.66	+0.23	99	81	-62
Oct-21	210628	88.27	88.70	88.11	88.27	+0.23	3	277	+0
Dec-21	210628	87.19	87.94	86.80	87.43	+0.25	13,082	144,308	+1,396
Mar-21	210628	86.56	87.35	86.41	87.03	+0.32	1,771	36,161	+373
May-22	210628	86.18	86.87	86.16	86.64	+0.38	360	7,218	+64
Jul-22	210628	85.19	85.71	85.04	85.57	+0.41	207	9,714	+44
Total Volume and Open Interest							15,637	210,003	+1,846

Source: MRCI

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