

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.24,780/bale on Monday. ICE cotton futures closed green on Friday.

News: Cotton cultivation area has been down by 48 percent due to erratic monsoon. Cotton cultivation is down by 48 percent at 37.14 lakh hectares as almost all the major producing states have seen a sluggish planting. Cotton sowing is down in Maharashtra (15.11 lakh hectares), in Gujarat (8.15 lakh hectares), Madhya Pradesh (3.70 lakh hectares), Telangana (3.40 lakh hectares), Punjab (1.98 lakh hectares), Karnataka (0.83 lakh hectares), Haryana (0.63 lakh hectares), and Rajasthan (0.60 lakh hectares) and in Andhra Pradesh (0.32 lakh hectares).

Cotton crop gets affected due to Pink Bollworm in Bathinda. The Cotton farmers and the officials of State Agriculture Department are worried as the infestation of pink bollworm was reported from 6 villages in Bhatinda. The agriculture Department is on its toes as it is for the second consecutive year that the pest attack has been reported in the southern Punjab.

The Ambala Railway Division of Northern Railway in collaboration with MGH Group has loaded a special parcel train for Beanpole in Bangladesh with cotton yarn at Ambala Cantonment railway station. The parcel train consists of 20 parcel vans each was loaded with 430 cartons weighing 23 tonnes. Earlier merchants in and around Punjab and Haryana were transporting these commodities by road to Bangladesh in small quantities but due to lockdown and the transportation turning costly they are now transporting it through railways. The cost per tonne comes out to be Rs. 5,491 which is very cheap as compared to road transport.

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than good and also the interest of the domestic textile sector would be served better if 10% import duty on cotton is withdrawn immediately.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.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over East Uttar Pradesh and Kerala & Mahe and with lightening at isolated places over Vidarbha, Chhattisgarh, Andaman & Nicobar Islands, Bihar, Jharkhand and West Bengal, Sikkim, Odisha, Gujarat region, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Tamil Nadu, Puducherry & Karikal, and Lakshadweep. Heavy to very heavy rainfalls at isolated places over Assam & Meghalaya, Bihar, Sub- Himalayan West Bengal & Sikkim, Arunachal Pradesh, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Tamil Nadu, Pondicherry & Karikal and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was higher by 102 points at 86.03 cents/lb. The Cotlook A index was 240 points lower at 94.30 cents/lb. The AWP for cotton was at 74.7 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	-30	24840	24870	24670	24820	364	6813

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	05-Jul-21	03-Jul-21	
Gujarat	Ahmedabad	Shankar-6	7750	7500	250
	Gondal	Shankar-6	7780	7755	25
	Rajkot	B.T. Cotton	8025	7900	125
	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	7300	7250	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	6600	6600	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	6679	-
	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	05-Jul-21	03-Jul-21	
Punjab	Bhatinda	J-34	5200	5200	Unch
	Abohar	J-34	5210	5200	10
	Mansa	J-34	5200	5200	Unch
Haryana	Sirsa	J-34	5150	5150	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Jul-21	03-Jul-21	
Gujarat	Ahmedabad	Shankar-6	1700	2040	-340
	Gondal	Shankar-6	343	148	195
	Rajkot	B.T. Cotton	425	300	125
	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	425	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	5000	3500	1500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-

Karnataka	Bijapur	Bunny	NA	30	-
	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	05-Jul-21	03-Jul-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	05-Jul-21	03-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1350	1345	5
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1320	1300	20
Maharashtra	Mumbai	Rs. /10 Kg.	1365	1330	35

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	05-Jul-21	03-Jul-21	
Gujarat	Maheana (Kadi)	Rs./Qtl	2927	2920	7
Maharashtra	Akola	Rs./Qtl	2938	2930	7

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	29-Jun-21	25-Jun-21	Change
CCIndex(328)	RMB/Ton	16108	16087	21
CCIndex(527)	RMB/Ton	15224	15208	16
CCIndex(229)	RMB/Ton	16462	16423	39
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	29-Jun-21	24-Jun-21	Change
FC Index (S)	Cents/lb	99.32	98.82	0.50
FC Index (M)	Cents/lb	98.13	97.82	0.31
FC Index (L)	Cents/lb	97	96.63	0.37

Cotlook Index:

Cotlook Indices	Unit	02-Jul-21	01-Jul-21	Change
A-Index	Cents/Pound	95.2	94.3	0.90

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		02-Jul-21	02-Jul-21	Bales
Southeast	cents/lb.	86.26	88.51	1
North Delta	cents/lb.	85.26	87.51	0
South Delta	cents/lb.	85.26	87.51	0
East TX-OK	cents/lb.	82.76	85.51	480
West Texas	cents/lb.	82.76	85.51	140
Desert SW	cents/lb.	80.51	84.01	0
SJ Valley	cents/lb.	81.01	89.91	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 01-July-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	13080
Equivalent	40 Kgs	10074	193	14018

Daily Futures Price Listing Friday, July 02nd , 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210702	86.03	86.03	86.03	86.03	+1.02	2	2	-2
Oct-21	210702	87.16	87.51	86.86	87.51	+1.02	40	271	-11
Dec-21	210702	86.00	87.15	85.87	86.97	+1.07	24,469	148,033	+593
Mar-21	210702	85.93	86.94	85.86	86.76	+0.97	5,121	38,416	+1,010
May-22	210702	85.86	86.45	85.75	86.29	+0.73	1,070	7,541	+127
Jul-22	210702	85.09	85.50	84.91	85.35	+0.52	431	9,953	+58
Total Volume and Open Interest							31,454	217,240	+1,792

Source: MRCI

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