

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.24,940/bale on Tuesday. ICE cotton futures closed green on Friday.

News: Cotton sowing has been increased in Telangana for the coming 2021-22 kharif season. Encouraged by the monsoon rains and comfortable water levels in various irrigation projects, farmers have increased their Kharif sowing particularly for cotton, paddy and red gram. According to the data released by the Agriculture Department till 23rd June'21, a total of 1801482 acres of area has been sown under kharif cotton.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit -Baltistan & Muzzaffarabad and with lightening at isolated places over Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, East Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand and West Bengal, Sikkim, Odisha, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfalls at isolated places over Assam & Meghalaya, Bihar, Sub- Himalayan West Bengal & Sikkim, East Uttar Pradesh, East Madhya Pradesh, Chhattisgarh, Jharkhand, West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Arunachal Pradesh, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, 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	06-Jul-21	05-Jul-21	
Gujarat	Ahmedabad	Shankar-6	7750	7750	Unch
	Gondal	Shankar-6	7205	7780	-575
	Rajkot	B.T. Cotton	7940	8025	-85
	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	7300	-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	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	7570	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	7509	-
	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	06-Jul-21	05-Jul-21	
Punjab	Bhatinda	J-34	5220	5200	20
	Abohar	J-34	5220	5210	10
	Mansa	J-34	5220	5200	20
Haryana	Sirsa	J-34	5170	5150	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Jul-21	05-Jul-21	
Gujarat	Ahmedabad	Shankar-6	1700	1700	Unch
	Gondal	Shankar-6	43	343	-300
	Rajkot	B.T. Cotton	300	425	-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	255	510	-255
	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	5000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	192	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	290	-

	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	06-Jul-21	05-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	06-Jul-21	05-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1370	1350	20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1335	1320	15
Maharashtra	Mumbai	Rs. /10 Kg.	1390	1365	25

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	06-Jul-21	05-Jul-21	
Gujarat	Maheana (Kadi)	Rs./Qtl	2893	2927	-35
Maharashtra	Akola	Rs./Qtl	2916	2938	-22

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

Index	Unit	01-Jul-21	28-Jun-21	Change
CCIndex(328)	RMB/Ton	16091	16105	-14
CCIndex(527)	RMB/Ton	15229	15219	10
CCIndex(229)	RMB/Ton	16450	16460	-10
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	29-Jun-21	25-Jun-21	Change
FC Index (S)	Cents/lb	99.32	98.6	0.72

FC Index (M)	Cents/lb	98.13	97.32	0.81
FC Index (L)	Cents/lb	97	96.13	0.87

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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