

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.25,100/bale on Thursday. ICE cotton futures closed green on Wednesday.

News: India's Export shipment at strong pace. The export shipment data has confirmed that the Indian cotton export has been much higher than most expected. The March shipments reached 182,591 tons which was highest since June 2017, the shipments data confirmed that china purchased a much larger volume than many had thought during the steep price discounts of February. China was the largest destination in March at 76,636 tons followed by Bangladesh at 72,428 tons whereas; Indonesia and Vietnam have also increased purchases from India.

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.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over Andaman & Nicobar Islands and with gusty winds at isolated places over Punjab, Haryana, Chandigarh, Delhi, East Rajasthan, and with lightening at isolated places over Himachal Pradesh, Uttarakhand, Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand and Gangetic West Bengal, Odisha, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfalls at isolated places over Konkan & Goa, Coastal & South Interior Karnataka, Kerala & Mahe, and heavy rainfalls at isolated places over Uttarakhand, East Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Odisha, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, & Tripura, Madhya Maharashtra, Marathwada, Telangana, North Interior Karnataka, Tamil Nadu, Pondicherry and Karikal.

International Fundamentals:

The ICE cotton Futures was higher by 23 points at 87.63 cents/lb. The Cotlook A index was 6 points lower at 96.20 cents/lb. The AWP for cotton was at 74.7 cents/lb.

Global Consumption has gained 12.5 percent in 2020-21. According to the International Cotton Advisory Committee Report, after a 7 percent decrease in 2020-21, production is projected to return to pre pandemic levels next year. Global Consumption has also recovered from 2019-20, to post a 12.5 percent increase to 25.59 million tonnes in 2020-21 and is projected to improve further to 25.8 million tonnes. Also, Lower production with higher demand will cause ending stock to decline for the first time in four years at 20.96 million tonnes. For 2021-22 ending stock are forecasted to decline further to 20.77 million tonnes as mill use is expected to exceed production. Exports have also increased by 11.75 percent in 2020-21 compared to 2019-20 season and should remain at the same level in 2021-22.

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.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+130	25190	25380	25080	25120	707	6252

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Jul-21	07-Jul-21	
Gujarat	Ahmedabad	Shankar-6	7750	7750	Unch
	Gondal	Shankar-6	7755	7680	75
	Rajkot	B.T. Cotton	8075	8100	-25
	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	7200	Unch
	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	6550	6550	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	7575	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	7486	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Mauud)		Change

State	Centre	Variety	08-Jul-21	07-Jul-21	
Punjab	Bhatinda	J-34	5280	5260	20
	Abohar	J-34	5280	5260	20
	Mansa	J-34	5250	5200	50
Haryana	Sirsa	J-34	5220	5200	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Jul-21	07-Jul-21		
Gujarat	Ahmedabad	Shankar-6	1700	1700	Unch	
	Gondal	Shankar-6	93	82	11	
	Rajkot	B.T. Cotton	370	350	20	
	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	340	Unch	
	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	2500	Unch	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-	
	Hathras	Desi	NA	NA	-	
Andhra Pradesh	Adoni	Medium Staple	NA	112	-	
Telangana	Adilabad	Un-Ginned	NA	NA	-	

Karnataka	Bijapur	Bunny	NA	191	-
	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	08-Jul-21	07-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	08-Jul-21	07-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1355	1365	-10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1320	1330	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1380	1385	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Jul-21	07-Jul-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2893	2884	9
Maharashtra	Akola	Rs./Qtl	2918	2925	-7

INTERNATIONAL PRICES AND INDICES
China Cotton Index:

Index	Unit	07-Jul-21	06-Jul-21	Change
CCIndex(328)	RMB/Ton	16576	16541	35
CCIndex(527)	RMB/Ton	15622	15623	-1
CCIndex(229)	RMB/Ton	16912	16891	21

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

China Foreign Cotton (FCE) Index :

Index	Unit	07-Jul-21	05-Jul-21	Change
FC Index (S)	Cents/lb	99.46	99.05	0.41
FC Index (M)	Cents/lb	98.42	98.02	0.40
FC Index (L)	Cents/lb	97.29	96.89	0.40

Cotlook Index:

Cotlook Indices	Unit	06-Jul-21	05-Jul-21	Change
A-Index	Cents/Pound	96.2	96.2	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		06-Jul-21	02-Jul-21	Bales
Southeast	cents/lb.	86.61	88.51	1
North Delta	cents/lb.	85.61	87.51	0
South Delta	cents/lb.	85.61	87.51	0
East TX-OK	cents/lb.	83.11	85.51	480
West Texas	cents/lb.	83.11	85.51	140
Desert SW	cents/lb.	80.86	84.01	0
SJ Valley	cents/lb.	81.36	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 07-July-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	13180
Equivalent	40 Kgs	10074	193	14125

Daily Futures Price Listing Wednesday, July 07th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Jul-21	210707	86.63	86.63	86.63	86.63	+0.25	0	2	+0
Oct-21	210707	88.20	88.38	87.17	88.08	+0.22	5	280	+0
Dec-21	210707	87.40	87.95	86.57	87.63	+0.23	15,106	148,366	+617
Mar-21	210707	87.21	87.70	86.53	87.41	+0.19	2,464	39,545	+639
May-22	210707	86.66	87.02	86.11	86.77	+0.10	856	7,181	-208
Jul-22	210707	85.67	85.98	85.08	85.66	+0.02	615	10,318	+259
Total Volume and Open Interest							19,605	218,923	+1,452

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.