

**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.25,380/bale on Wednesday. ICE cotton futures closed green on Tuesday.

**News: India is planning to sign MOU with Bangladesh to export 10 lakh bales of cotton annually.** The Indian government is planning to sign a memorandum of understanding (MOU) with Bangladesh to export 10 lakh bales of cotton every year. Bangladesh is one of the largest buyers of Indian cotton and for its expanding textile industry, particularly garments the Bangladesh government wanted India to ensure an uninterrupted supply of cotton. According to Cotton Corporation of India, the MOU will facilitate a government-to-government transaction and it is expected that the memorandum will be signed soon.

**Cotton cultivation area increases in Gujarat but reduces in other North Indian states.** As farmers are opting for other oilseeds and pulses the area under cotton cultivation has decreased in North India. According to the latest data, cotton has been planted on about 18.43 lakh hectares in Gujarat, a marginal increase from 18.25 lakh hectares in the same period a year ago. Over all across India the area is lower by 17 percent as of 9<sup>th</sup> July 2021 at 86.45 lakh hectare compared with 104.82 lakh hectares a year ago.

**According to the All India Crop Situation Report issued by the Ministry of Agriculture and Farmer's Welfare shows a decrease in sowing area this year,** around 499.87 lakh hectare of area has been sown against 558.11 lakh hectare last year, with area under almost all major crops including moong, soyabean, paddy and cotton reported a dip. In the absence of rains, farmers are either shifting to shorter-duration crops or waiting for enough soil moisture to commence sowing. However, as per the latest weather forecast, the monsoon is all set to revive as the easterly winds have started blowing along the lower levels from the Bay of Bengal. The monsoon is likely to advance into the remaining parts of West Uttar Pradesh, Delhi, Haryana, Chandigarh, Punjab and Rajasthan by 10<sup>th</sup> July 2021.

**Gujarat cotton akerages may increase by 10 percent for 2021-22 season.** Cotton cultivation area under Gujarat is likely to increase by 10 percent this kharif season as farmers are getting high price for the natural fiber last year. As per the State Agriculture Department, the area under cotton cultivation in the state has increased to 16.50 lakh hectares as on 5<sup>th</sup> July 2021 compared to previous years at 15.72 lakh hectares during the same period last year.

**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 23<sup>rd</sup> 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).

### Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Himachal Pradesh, Uttarakhand, Uttar Pradesh, Rajasthan, Bihar, Coastal Andhra Pradesh, Yanam and Telangana, Tamil Nadu, Pondicherry & Karikal. Heavy to very heavy rainfall at isolated places over Konkan & Goa and heavy rainfalls at isolated places over Madhya Maharashtra, Karnataka and heavy rainfalls at isolated places over Uttarakhand, Uttar Pradesh, South east Rajasthan, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Gujarat Region, Telangana, Kerala & Mahe, Tamil Nadu, Pondicherry and Karikal.

### International Fundamentals:

The ICE cotton Futures was higher by 30 points at 88.46 cents/lb. The Cotlook A index was 75 points higher at 96.80 cents/lb. The AWP for cotton was at 74.9 cents/lb.

**According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) report, export projection for US cotton for the season 2021-22 shows a higher production, exports and ending stock compared with last month.** While the 30<sup>th</sup> June 2021 U.S. cotton acreage report shows 300,000 fewer planted acres for U.S. cotton than NASS's previous survey, a rainfall driven reduction is projected. Texas abandonment means U.S. harvested area is projected 9 percent higher. While the 2021-22 production is estimated 800,000 bales higher, consumption is unchanged and exports and ending stock are each projected 400,000 bales higher.

**According to USDA's Cotton and Wool Outlook report, World 2021-22 ending stock of cotton are projected 1.6 million bales lower than in June** as largely offsetting changes in production and consumption do little to offset lower estimated beginning stocks. Beginning stocks are 1.5 million bales lower, largely due to reduced 2020-21 Brazilian and Indian production and higher Indian consumption. World production for 2021-22 is projected about 500,000 bales higher this month as a larger U.S. crop more than offsets a 300,000 bales decline for Pakistan. Although, consumption is slightly more than 600,000 bales higher largely due to an increase for India. World trade is projected 670,000 bales lower with China's import 1 million lower and Brazil's Export 1.1 million bales lower.

**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.

### 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	14-Jul-21	13-Jul-21	
Gujarat	Ahmedabad	Shankar-6	8000	8000	Unch
	Gondal	Shankar-6	7780	7755	25
	Rajkot	B.T. Cotton	8370	8120	250
	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	7240	7200	40
	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	6775	6700	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	7619	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	14-Jul-21	13-Jul-21	
Punjab	Bhatinda	J-34	5300	5290	10
	Abohar	J-34	5290	5300	-10
	Mansa	J-34	5280	5280	Unch
Haryana	Sirsa	J-34	5230	5230	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Jul-21	13-Jul-21	
Gujarat	Ahmedabad	Shankar-6	850	850	Unch
	Gondal	Shankar-6	55	73	-18
	Rajkot	B.T. Cotton	200	280	-80
	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	170	170	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	6000	4000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	133	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	14-Jul-21	13-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	14-Jul-21	13-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1375	1375	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1345	1345	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1370	1370	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	14-Jul-21	13-Jul-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2847	2886	-39
Maharashtra	Akola	Rs./Qtl	2911	2918	-7

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

Index	Unit	13-Jul-21	12-Jul-21	Change
CCIndex(328)	RMB/Ton	16653	16610	43
CCIndex(527)	RMB/Ton	15704	15680	24
CCIndex(229)	RMB/Ton	17009	16967	42

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	13-Jul-21	09-Jul-21	Change
FC Index (S)	Cents/lb	100.22	99.69	0.53
FC Index (M)	Cents/lb	99.14	97.89	1.25
FC Index (L)	Cents/lb	98.07	96.77	1.30

**Cotlook Index:**

Cotlook Indices	Unit	12-Jul-21	09-Jul-21	Change
A-Index	Cents/Pound	96.8	96.05	0.75

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Jul-21	08-Jul-21	Bales
Southeast	cents/lb.	87.22	88.33	0
North Delta	cents/lb.	86.22	87.33	0
South Delta	cents/lb.	86.22	87.33	0
East TX-OK	cents/lb.	83.72	85.33	965
West Texas	cents/lb.	83.72	85.33	164
Desert SW	cents/lb.	81.47	83.83	0
SJ Valley	cents/lb.	81.97	89.73	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 12-July-2021**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	13280
Equivalent	40 Kgs	10074	193	14125

**Daily Futures Price Listing Tuesday, July 13<sup>th</sup>, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">Jul-21</a>	210713	88.67	88.77	88.67	88.77	+0.30	11	289	-1
<a href="#">Oct-21</a>	210713	87.92	88.50	87.60	88.46	+0.30	12,230	148,129	-537
<a href="#">Dec-21</a>	210713	87.69	88.07	87.29	88.04	+0.19	1,873	41,824	-104
<a href="#">Mar-21</a>	210713	87.17	87.32	86.65	87.30	+0.12	466	7,675	+147
<a href="#">May-22</a>	210713	85.95	86.10	85.42	86.05	+0.12	400	10,951	+58
<a href="#">Jul-22</a>	210713	81.84	81.84	81.84	81.84	+0.11	0	2	+0
Total Volume and Open Interest							15,265	223,269	-262

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.