

**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.25,710/bale on Friday. ICE cotton futures closed green on Thursday.

**News: Cotton sowing reduces in Marathwada.** The area under cotton cultivation has decreased during this kharif season as farmers are shifting towards soybean over the traditional cash crop, due to range of factors including lower cultivation cost, shorter harvesting period, and resistance to diseases and pests. As per the latest official data, cotton has been sown on 67% of the estimated area of 6.97 lakh hectares in Aurangabad Division and 65 percent of the estimated area around 3.58 lakh hectares in Latur Division.

**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 acerages 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.

### Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Andaman & Nicobar Islands, Kerala & Mahe and with lightening at isolated places over Jammu, Kashmir, Ladakh, Gilgit-Baltistan, & Muzaffarabad, Himachal Pradesh, Uttarakhand, Uttar Pradesh, Rajasthan, Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar Jharkhand, West Bengal & Sikkim, Odisha, Coastal Andhra Pradesh & Yanam, Telangana, Rayalseema, Tamil Nadu, Pondicherry and Karikal. Heavy to very heavy rainfall at isolated places over Coastal Karnataka and at isolated places over Bihar, Sub-Himalayana West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa, and south interior Karnataka and heavy rainfall at isolated places over Himachal Pradesh, Uttarakhand, Uttar Pradesh, East Rajasthan, Jharkhand, Andaman & Nicobar Islands, Madhya Maharashtra, Telangana, Rayalseema, North Interior Karnataka, Tamil Nadu, Pondicherry & Karikal and Kerala & Mahe.

### International Fundamentals:

The ICE cotton Futures was higher by 76 points at 89.05 cents/lb. The Cotlook A index was 25 points higher at 97.5 cents/lb. The AWP for cotton was at 74.96 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  | +230 | 25620 | 25850 | 25570 | 25580 | 1142   | 3392 |

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

| Commodity      | Kapas       |               | Prices (Rs./Quintal) |           | Change |
|----------------|-------------|---------------|----------------------|-----------|--------|
| State          | Centre      | Variety       | 16-Jul-21            | 15-Jul-21 |        |
| Gujarat        | Ahmedabad   | Shankar-6     | 8000                 | 8000      | Unch   |
|                | Gondal      | Shankar-6     | 7875                 | 7875      | Unch   |
|                | Rajkot      | B.T. Cotton   | 8605                 | 8425      | 180    |
|                | 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   | 7260                 | 7260      | 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        | 6800                 | 6775      | 25     |
|                | Jamner      | Medium Staple | NA                   | NA        | -      |
| Uttar Pradesh  | Hathras     | B.T. Cotton   | NA                   | NA        | -      |
|                | Hathras     | Desi          | NA                   | NA        | -      |
| Andhra Pradesh | Adoni       | Medium Staple | 7609                 | 7600      | 9      |
| Telangana      | Adilabad    | Un-Ginned     | NA                   | NA        | -      |
| Karnataka      | Bijapur     | Bunny         | 7640                 | 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 | 16-Jul-21 | 15-Jul-21 |    |
|-----------|----------------|---------|-----------|-----------|----|
| Punjab    | Bhatinda       | J-34    | 5340      | 5330      | 10 |
|           | Abohar         | J-34    | 5340      | 5330      | 10 |
|           | Mansa          | J-34    | 5330      | 5280      | 50 |
| Haryana   | Sirsa          | J-34    | 5280      | 5260      | 20 |
| Rajasthan | Sri-Ganganagar | J-34    | NA        | NA        | -  |

**Cotton Arrivals in Key Centers:**

| Commodity      | Kapas       |               | Arrivals (Quintal) |           | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State          | Centre      | Variety       | 16-Jul-21          | 15-Jul-21 |        |
| Gujarat        | Ahmedabad   | Shankar-6     | 850                | 850       | Unch   |
|                | Gondal      | Shankar-6     | 80                 | 80        | Unch   |
|                | Rajkot      | B.T. Cotton   | 500                | 300       | 200    |
|                | 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        | 8000               | 6000      | 2000   |
|                | Jamner      | Medium Staple | NA                 | NA        | -      |
| Uttar Pradesh  | Hathras     | B.T. Cotton   | NA                 | NA        | -      |
|                | Hathras     | Desi          | NA                 | NA        | -      |
| Andhra Pradesh | Adoni       | Medium Staple | 44                 | 74        | -30    |
| Telangana      | Adilabad    | Un-Ginned     | NA                 | NA        | -      |
| Karnataka      | Bijapur     | Bunny         | 256                | 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     | 16-Jul-21          | 15-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        | 16-Jul-21 | 15-Jul-21 |        |
| Gujarat     | Rajkot          | Rs. /10 Kg. | 1405      | 1395      | 10     |
| Delhi       | New Delhi       | Rs. /10 Kg. | NR        | NR        | -      |
| Telangana   | Hyderabad       | Rs. /10 Kg. | 1375      | 1365      | 10     |
| Maharashtra | Mumbai          | Rs. /10 Kg. | 1400      | 1390      | 10     |

**Cotton Seed Oil Seed Cake Prices:**

| Commodity   | Cotton Seed Oil Seed Cake |         | Price     |           | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State       | Centre                    | Unit    | 16-Jul-21 | 15-Jul-21 |        |
| Gujarat     | Mahešana (Kadi)           | Rs./Qtl | 2862      | 2881      | -19    |
| Maharashtra | Akola                     | Rs./Qtl | 2933      | 2919      | 14     |

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

| Index                            | Unit    | 15-Jul-21 | 14-Jul-21 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328)                     | RMB/Ton | 17066     | 16779     | 287    |
| CCIndex(527)                     | RMB/Ton | 16114     | 15916     | 198    |
| CCIndex(229)                     | RMB/Ton | 17414     | 17137     | 277    |
| RMB -Renminbi, 1RMB =0.16 \$U.S. |         |           |           |        |

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

| Index        | Unit     | 15-Jul-21 | 13-Jul-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 102.23    | 100.22    | 2.01   |
| FC Index (M) | Cents/lb | 101.12    | 99.14     | 1.98   |
| FC Index (L) | Cents/lb | 100       | 98.07     | 1.93   |

**Cotlook Index:**

| Cotlook Indices | Unit        | 14-Jul-21 | 13-Jul-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index         | Cents/Pound | 97.5      | 97.25     | 0.25   |

**USDA Cotton Spot Rates:**

| Growth Area | Unit      | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
|             |           | 14-Jul-21           | 13-Jul-21           | Bales    |
| Southeast   | cents/lb. | 89.32               | 89.77               | 326      |
| North Delta | cents/lb. | 88.32               | 88.77               | 0        |
| South Delta | cents/lb. | 88.32               | 88.77               | 0        |
| East TX-OK  | cents/lb. | 85.82               | 86.77               | 414      |
| West Texas  | cents/lb. | 85.82               | 86.77               | 1001     |
| Desert SW   | cents/lb. | 83.57               | 85.27               | 0        |
| SJ Valley   | cents/lb. | 84.07               | 91.17               | 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 15-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              | 14125                |

**Daily Futures Price Listing Thursday, July 15<sup>th</sup>, 2021**

| Most Recent Information        |        |       |       |       |       |        | Previous Day |          |        |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Month                          | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int | Change |
| Cotton(ICE)                    |        |       |       |       |       |        |              |          |        |
| <a href="#">Oct-21</a>         | 210715 | 90.43 | 90.73 | 89.84 | 89.84 | -0.73  | 11           | 299      | +10    |
| <a href="#">Dec-21</a>         | 210715 | 89.71 | 89.95 | 88.94 | 89.05 | -0.76  | 15,107       | 150,371  | +2,725 |
| <a href="#">Mar-22</a>         | 210715 | 89.08 | 89.33 | 88.48 | 88.60 | -0.58  | 3,448        | 42,531   | +311   |
| <a href="#">May-22</a>         | 210715 | 88.26 | 88.42 | 87.79 | 87.87 | -0.39  | 594          | 7,857    | +96    |
| <a href="#">Jul-22</a>         | 210715 | 86.76 | 87.03 | 86.51 | 86.57 | -0.26  | 689          | 10,914   | -33    |
| <a href="#">Oct-22</a>         | 210715 | 82.10 | 82.10 | 82.10 | 82.10 | -0.02  | 0            | 2        | +0     |
| Total Volume and Open Interest |        |       |       |       |       |        | 20,520       | 226,738  | +3,335 |

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