

**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.25,960/bale on Tuesday. ICE cotton futures closed red on Monday.

**News: According to CRISIL, Farmers may change their Kharif cropping pattern especially in the northwest and central India due to rainfall deficit as high as 55 percent.** Farmers may shift from oilseed such as soybean & groundnut to crop which have lower water requirements such as cotton and maize. Kharif sowing was also lower this time as compared to last year, with a total acreage lagging behind 12 percent. Earlier, the south west monsoon arrived in the country on 3<sup>rd</sup> June this year, and had covered 93 percent of Kharif acreage by 23<sup>rd</sup> June 2021, a week before its usual onset but after that point the monsoon played truant, resulting in a 32 percent deficit compared with the long period average between 23<sup>rd</sup> June to 12<sup>th</sup> July 2021.

**The All India Crop Situation Report issued by the Ministry of Agriculture and Farmer's Welfare shows a decrease in sowing area this year.** A total of 611.89 lakh hectare of the area has been sown till 16<sup>th</sup> July'2021 against 691.93 lakh hectare same period last year. Cotton cultivation till 16<sup>th</sup> July 2021 and was at 98.38 lakh hectares compared with the normal of corresponding week at 90.33 lakh hectares. Thus 8.05 lakh hectares more area has been covered compared to normal of corresponding week. Higher area was reported from the states of Telangana (5.33 lakh hectares), Gujarat (0.08 lakh hectares), Karnataka (0.94 lakh hectares), Maharashtra (0.86 lakh hectares), Haryana (0.42 lakh hectares), and Rajasthan (0.57 lakh hectares) Madhya Pradesh (0.16 lakh hectares), Odisha ( 0.13 lakh hectares), and Tamil Nadu (0.01 lakh hectare). Less area was reported from the states of Andhra Pradesh (0.98 lakh hectares) and Punjab ( 0.62 lakh hectares).

**Cotton prices fell up to Rs. 700 per maund.** Cotton prices have fell by Rs. 400 to Rs. 700 per maund in local markets with the textile and spinning mills reluctant to buy rain affected commodities. According to the traders, monsoon rains in Sindh and Punjab has affected the cotton prices. In Sindh the prices have declined Rs. 400 to Rs. 600 per maund at Rs. 12600 to Rs. 12800 per maund. Seed cotton prices have also dropped by Rs. 300 to Rs. 400 per 40 kg to Rs. 5,200 to Rs. 5,700 per 40 kg. Cotton seed was sold for Rs. 1,700 to Rs. 1,800 per maund in Sindh.

**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.

### Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds very likely at isolated places over Coastal Andhra Pradesh & Yanam, Telangana and with lightening at isolated places over Bihar, Jharkhand, Sub- Himalayana West Bengal & Sikkim, and Andaman & Nicobar Islands. Heavy to very heavy rainfall at isolated places over Konkan & Goa, and heavy rainfall at isolated places over Ghat areas of Madhya Pradesh, Chhattisgarh, Telangana, Kerala & Mahe, Odisha, Coastal Andhra Pradesh, & Yanam, Coastal Karnataka, and Heavy rainfalls at isolated places over Uttarakhand, Uttar Pradesh, East Rajasthan, Madhya Pradesh, Vidarbha, Jharkhand, Nagaland, Manipur, Mizoram, & Tripura, Marathwada, Gujarat region, Interior Karnataka, and ghat areas of Tamil Nadu.

### International Fundamentals:

The ICE cotton Futures was lower by 35 points at 90.55 cents/lb. The Cotlook A index was 120 points higher at 98.70 cents/lb. The AWP for cotton was at 75.96 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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Jul-21	19-Jul-21	
Gujarat	Ahmedabad	Shankar-6	8250	8000	250
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	8535	-
	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	7350	7380	-30
	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	6825	6850	-25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	6711	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	7707	-
	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	20-Jul-21	19-Jul-21	

Punjab	Bhatinda	J-34	5390	5420	-30
	Abohar	J-34	5380	5420	-40
	Mansa	J-34	5385	5385	Unch
Haryana	Sirsa	J-34	5330	5370	-40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Jul-21	19-Jul-21	
Gujarat	Ahmedabad	Shankar-6	510	850	-340
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	620	-
	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	7000	5000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	44	7	37
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	301	-

	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	20-Jul-21	19-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	20-Jul-21	19-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1415	1415	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1395	1395	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1420	1420	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	20-Jul-21	19-Jul-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2865	2850	15
Maharashtra	Akola	Rs./Qtl	2900	2906	-6

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

Index	Unit	19-Jul-21	16-Jul-21	Change
CCIndex(328)	RMB/Ton	17111	17092	19
CCIndex(527)	RMB/Ton	16142	16116	26
CCIndex(229)	RMB/Ton	17444	17421	23

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

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

Index	Unit	19-Jul-21	15-Jul-21	Change
FC Index (S)	Cents/lb	96.69	102.23	-5.54

FC Index (M)	Cents/lb	95.53	101.12	-5.59
FC Index (L)	Cents/lb	94.39	100	-5.61

**Cotlook Index:**

Cotlook Indices	Unit	15-Jul-21	14-Jul-21	Change
A-Index	Cents/Pound	98.7	97.5	1.20

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Jul-21	14-Jul-21	Bales
Southeast	cents/lb.	88.59	91.57	0
North Delta	cents/lb.	87.59	90.57	0
South Delta	cents/lb.	87.59	90.57	0
East TX-OK	cents/lb.	85.09	88.57	308
West Texas	cents/lb.	85.09	88.57	197
Desert SW	cents/lb.	82.84	87.07	0
SJ Valley	cents/lb.	83.34	92.97	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 19-July-2021**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	12880
Equivalent	40 Kgs	10074	193	14125

**Daily Futures Price Listing Monday, July 19<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>	210719	90.55	90.55	86.94	87.11	-3.59	37	326	+8
<a href="#">Dec-21</a>	210719	89.90	89.93	86.35	86.11	-3.22	13,951	156	+1,197
<a href="#">Mar-22</a>	210719	89.36	89.36	86.00	86.35	-2.95	2,330	43,823	+316
<a href="#">May-22</a>	210719	88.50	88.50	85.66	85.85	-2.59	920	8,311	+142
<a href="#">Jul-22</a>	210719	87.02	87.02	84.45	84.91	-2.10	533	11,187	+181
<a href="#">Oct-22</a>	210719	81.18	81.18	80.56	80.56	-1.63	0	3	+0
Total Volume and Open Interest							18,063	235,907	+1,944

Source: MRCI

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