

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.26,060/bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: India's share in global exports of textile shrinks due to high cost. The share of the textile sector in the total Indian merchandise export declined from 24 percent in 2001 to 11 percent in 2020. Cotton yarn contribution in Indian export declined during the same period from 2 percent to approximately 1 percent and the readymade garments share of exports declined from 11 percent to 4 percent. As per the CRISIL report, lack of free trade agreement and significant improvement in peer competitiveness are the main cause for this dip.

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 3rd June this year, and had covered 93 percent of Kharif acreage by 23rd 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 23rd June to 12th 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 16th July'2021 against 691.93 lakh hectare same period last year. Cotton cultivation till 16th 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.

Weather Forecast:

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

International Fundamentals:

The ICE cotton Futures was higher by 180 points at 88.51 cents/lb. The Cotlook A index was 85 points lower at 98.80 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 30th 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	21-Jul-21	20-Jul-21	
Gujarat	Ahmedabad	Shankar-6	8250	8250	Unch
	Gondal	Shankar-6	Closed	NA	-
	Rajkot	B.T. Cotton	8625	8570	55
	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	7400	7350	50
	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	Closed	6825	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	7651	-
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	21-Jul-21	20-Jul-21	

Punjab	Bhatinda	J-34	5440	5390	50
	Abohar	J-34	5440	5380	60
	Mansa	J-34	5415	5385	30
Haryana	Sirsa	J-34	5370	5330	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jul-21	20-Jul-21	
Gujarat	Ahmedabad	Shankar-6	510	510	Unch
	Gondal	Shankar-6	Closed	NA	-
	Rajkot	B.T. Cotton	600	650	-50
	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	Closed	7000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	74	-
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	21-Jul-21	20-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	21-Jul-21	20-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1435	1415	20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1425	1395	30
Maharashtra	Mumbai	Rs. /10 Kg.	1460	1420	40

Cotton Seed Oil Seed Cake Prices:

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

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

Index	Unit	20-Jul-21	19-Jul-21	Change
CCIndex(328)	RMB/Ton	17096	17111	-15
CCIndex(527)	RMB/Ton	16122	16142	-20
CCIndex(229)	RMB/Ton	17429	17444	-15

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

China Foreign Cotton (FCE) Index :

Index	Unit	20-Jul-21	15-Jul-21	Change
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FC Index (S)	Cents/lb	99.58	102.23	-2.65
FC Index (M)	Cents/lb	98.46	101.12	-2.66
FC Index (L)	Cents/lb	97.32	100	-2.68

Cotlook Index:

Cotlook Indices	Unit	19-Jul-21	15-Jul-21	Change
A-Index	Cents/Pound	98.8	98.7	0.10

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		19-Jul-21	15-Jul-21	Bales
Southeast	cents/lb.	85.86	90.84	0
North Delta	cents/lb.	84.86	89.84	0
South Delta	cents/lb.	84.86	89.84	0
East TX-OK	cents/lb.	82.36	87.84	0
West Texas	cents/lb.	82.36	87.84	0
Desert SW	cents/lb.	80.11	86.34	0
SJ Valley	cents/lb.	80.61	92.24	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 Tuesday, July 20th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	210720	87.88	89.35	87.57	88.87	+1.76	7	332	+6
Dec-21	210720	86.75	89.32	86.55	88.51	+1.80	10,908	158,786	+2,023
Mar-22	210720	86.33	88.83	86.16	88.08	+1.73	1,716	43,881	+58
May-22	210720	85.93	88.08	85.93	87.35	+1.50	365	8,401	+90
Jul-22	210720	84.92	86.75	84.92	84.92	+1.19	245	11,249	+62
Oct-22	210720	81.49	81.49	81.49	81.49	+0.93	0	3	+0
Total Volume and Open Interest							13,772	238,336	+2,429

Source: MRCI

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