

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today as Cotton arrivals have slowed down in the market. MCX cotton spot price was higher at Rs.26,590/bale on Friday. ICE cotton futures closed green on Thursday.

News: India rejects industry demand to roll back 10 percent import duty on cotton. The finance ministry Nirmala Sitharaman has declined the industry demand to do away with 10 per cent import duty on cotton, saying the move was aimed at benefitting domestic cotton producers, which in turn would boost domestic value addition and reduce import dependence. Garment manufacturers however, have argued that the decision has made export of high quality clothing uncompetitive in the global market. The finance minister further said, that the Imports of cotton has surged significantly in last few years, even though India is the largest producer of cotton in the world. All varieties of cotton, including those which were produced in India were being imported in large quantities. This has impacted the Indian farmer adversely.

Punjab Agriculture University officials have advised the farmers to monitor the cotton crop against pest attack. Cotton for this Kharif season has been grown in 3.11 lakh hectares in Punjab. According to the survey conducted by the Punjab Agriculture University, so far the whitefly population in cotton has not reached the economic threshold level (ETL) so currently the situation is in control and farmers need not to fear. In case of Pink Bollworm infestation, some insects of pink bollworm and whitefly were noticed in the fields of Bhatinda and Mansa districts earlier but there is no fear so far, also farmers are advised to monitor their fields.

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.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Uttarakhand, Uttar Pradesh, West Rajasthan, and Telangana. Heavy to very heavy rainfall at isolated places over West Madhya Pradesh, Gujarat region, Konkan & Goa and Heavy rainfalls at isolated places over West Uttar Pradesh, East Rajasthan, East Madhya Pradesh, Odisha, Saurashtra & Kutch, Ghat areas of Madhya Maharashtra, Telangana, Coastal & South Interior Karantaka, and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was higher by 117 points at 89.86 cents/lb. The Cotlook A index was 180 points higher at 98 cents/lb. The AWP for cotton was at 76.58 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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Jul-21	22-Jul-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8680	8680	Unch
	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	7520	7500	20
	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	6975	6900	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	7679	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	7789	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	23-Jul-21	22-Jul-21	
Punjab	Bhatinda	J-34	5500	5470	30
	Abohar	J-34	5500	5480	20
	Mansa	J-34	5500	5450	50
Haryana	Sirsa	J-34	5460	5420	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jul-21	22-Jul-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	400	400	Unch
	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	425	255	170
	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	10000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	NA	134	-
Telangana	Adilabad	Un-Ginned	NA	NA	-

Karnataka	Bijapur	Bunny	178	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	23-Jul-21	22-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	23-Jul-21	22-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1435	1435	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1425	1425	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1470	1470	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Jul-21	22-Jul-21	
Gujarat	Maheana (Kadi)	Rs./Qtl	2868	2859	9
Maharashtra	Akola	Rs./Qtl	2888	2896	-8

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	22-Jul-21	21-Jul-21	Change
CCIndex(328)	RMB/Ton	17097	17034	63
CCIndex(527)	RMB/Ton	16089	16039	50
CCIndex(229)	RMB/Ton	17423	17370	53

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

China Foreign Cotton (FCE) Index :

Index	Unit	20-Jul-21	19-Jul-21	Change
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FC Index (S)	Cents/lb	99.58	96.69	2.89
FC Index (M)	Cents/lb	98.46	95.53	2.93
FC Index (L)	Cents/lb	97.32	94.39	2.93

Cotlook Index:

Cotlook Indices	Unit	21-Jul-21	20-Jul-21	Change
A-Index	Cents/Pound	98	96.2	1.80

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Jul-21	20-Jul-21	Bales
Southeast	cents/lb.	87.84	89.87	0
North Delta	cents/lb.	86.84	88.87	0
South Delta	cents/lb.	86.84	88.87	0
East TX-OK	cents/lb.	84.34	86.87	33
West Texas	cents/lb.	84.34	86.87	186
Desert SW	cents/lb.	82.09	85.37	0
SJ Valley	cents/lb.	82.59	91.27	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 Thursday, July 22nd, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	210722	89.31	90.63	89.31	90.27	+1.18	15	321	+4
Dec-21	210722	88.77	90.59	88.60	89.86	+1.17	19,348	154,212	-13
Mar-22	210722	88.39	89.95	88.27	89.41	+1.03	3,240	44,148	+274
May-22	210722	87.72	88.84	87.54	88.49	+0.79	883	8,025	-11
Jul-22	210722	86.58	87.38	86.29	87.07	+0.59	583	11,211	+203
Oct-22	210722	82.17	82.17	82.17	82.17	+0.37	0	3	+0
Total Volume and Open Interest							24,957	233,874	+824

Source: MRCI

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