

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.26,880/bale on Tuesday. ICE cotton futures closed red on Monday.

News: Indian textile exports have become non competitive as the domestic cotton prices increases. According to the Southern Indian Mills Association, the steep rise in cotton prices in the domestic market has made Indian textile exports uncompetitive. The Southern Indian Mills Association has demanded removal of 10 percent duty on import of cotton as the prices in the domestic market has increased around 6 percent in July 2021.

Cotton farmers from Adilabad are demanding compensation after rains destroy the standing crop. The Incessant rains have destroyed the standing crop of cotton in thousands of acres. Also, the abundant weeding that has grown due to incessant rains in the fields has become a major problem. This will lead to additional financial burden on the farmers. As per the preliminary estimates, standing crop were damaged on over 5 lakh acres in the erstwhile Adilabad, Warangal, Karimnagar, Khammam and Nizamabad. Currently the Agriculture Department is trying to assess the crop loss that has occurred due to rains.

Cotton Corporation of India has opened more than 450 procurement centers in 2020-21. The Cotton Corporation of India has procured around 91.89 lakh bales of cotton so far during the current cotton season 2020-21 and has opened 450 procurement centers in the current season. This is equivalent to procurement of 482 lakh quintals. As per CCI, an amount of Rs. 26,700 crore has been disbursed to around 19 lakh cotton farmers.

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.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Himachal Pradesh and Uttarakhand and Heavy to very heavy rainfall at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, & Muzzafarabad, Punjab, Haryana, Uttar Pradesh, Jharkhand, Gangetic West Bengal, Odisha, Nagaland, Manipur, Mizoram, Tripura. Heavy rain falls at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, & Muzzafarabad, and heavy rain falls at isolated places over east Madhya Pradesh, Chhattisgarh, Bihar, Assam & Meghalaya, Madhya Maharashtra and Konkan & Goa.

International Fundamentals:

The ICE cotton Futures was higher by 32 points at 89.6 cents/lb. The Cotlook A index was 125 points higher at 98.25 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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Jul-21	26-Jul-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8750	8720	30
	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	7550	7500	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	7500	7500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	7751	6089	1662
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	7939	-
	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	27-Jul-21	26-Jul-21	
Punjab	Bhatinda	J-34	5490	5510	-20
	Abohar	J-34	5490	5510	-20
	Mansa	J-34	5500	5510	-10
Haryana	Sirsa	J-34	5450	5470	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jul-21	26-Jul-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	70	80	-10
	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	510	340	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	2000	3000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	46	147	-101
Telangana	Adilabad	Un-Ginned	NA	NA	-

Karnataka	Bijapur	Bunny	NA	335	-
	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	27-Jul-21	26-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	27-Jul-21	26-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1470	1450	20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1465	1445	20
Maharashtra	Mumbai	Rs. /10 Kg.	1495	1490	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Jul-21	26-Jul-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2915	2953	-38
Maharashtra	Akola	Rs./Qtl	2929	2950	-21

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

Index	Unit	26-Jul-21	23-Jul-21	Change
CCIndex(328)	RMB/Ton	17388	17292	96
CCIndex(527)	RMB/Ton	16369	16280	89
CCIndex(229)	RMB/Ton	17702	17626	76

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

China Foreign Cotton (FCE) Index :

Index	Unit	26-Jul-21	20-Jul-21	Change
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FC Index (S)	Cents/lb	102.7	99.58	3.12
FC Index (M)	Cents/lb	101.63	98.46	3.17
FC Index (L)	Cents/lb	100.5	97.32	3.18

Cotlook Index:

Cotlook Indices	Unit	23-Jul-21	22-Jul-21	Change
A-Index	Cents/Pound	99.5	98.25	1.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		23-Jul-21	19-Jul-21	Bales
Southeast	cents/lb.	89.07	88.11	0
North Delta	cents/lb.	88.07	87.11	0
South Delta	cents/lb.	88.07	87.11	0
East TX-OK	cents/lb.	85.57	85.11	0
West Texas	cents/lb.	85.57	85.11	0
Desert SW	cents/lb.	83.32	83.61	0
SJ Valley	cents/lb.	83.82	89.51	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 24-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 26th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	210726	89.57	90.38	88.65	90.29	-0.03	20	327	+6
Dec-21	210726	89.66	89.88	87.96	89.60	-0.06	19,101	159,208	+2,078
Mar-22	210726	89.23	89.50	87.70	89.25	Unch	4,928	46,119	+1,341
May-22	210726	88.20	88.72	87.09	88.49	+0.11	1,462	8,302	+287
Jul-22	210726	86.83	87.45	86.01	87.20	+0.22	1,157	11,560	+362
Oct-22	210726	82.30	82.30	82.30	82.30	+0.08	0	3	+0
Total Volume and Open Interest							28,268	241,378	+3,916

Source: MRCI

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