

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.27,250/bale on Friday. ICE cotton futures closed red on Thursday.

News: Despite the rise in area, cotton yield drops below 500kg per hectare in India. According to the Committee on Cotton Production and Consumption the area under cotton cultivation has increased to 130 lakh hectares since 2019, the yield per hectares have dropped below 500kg, four times out of the last six years. As per the industry officials, India's cotton yield is low since no new seed technology has been introduced since 2006.

Telangana becomes the largest supplier of cotton in the country during 2020-21 seasons. Telangana has supplied about 178.55 lakh quintals of cotton during the Kharif (Vaankalam) Marketing season 2020-21. According to the State the cotton procurement is almost double the cotton procured by Maharashtra which stood with 91.98 lakh quintals. The cotton crop was sold to Cotton Corporation of India which is in addition to the crop purchased by private businessmen. All the crops were purchased from farmers at Minimum Support Price as part of the Centre's Price Support Scheme aimed at eliminating middlemen and support farmers. All the payments to the farmers for their produce are made directly into their bank accounts by the concerned procuring agencies.

As the cotton prices rises, textile traders seek zero duty. The Southern India Mills Association has expressed its concern over rapidly rising cotton prices that have been increasing since January 2021 and have skyrocketed in July 2021 as well. The downstream export sectors and garments and made ups segments, which are already hit by lockdown induced disruptions, shortage of workers and high logistics costs, have been further affected by this price hike, making them uncompetitive. As per the SIMA press release, the increase of Rs. 3,800 a candy of cotton over the past 15 days by the Cotton Corporation of India and the 10 percent import duty on cotton were affecting the entire textile value chain and it has made textile exports expensive in the global market.

The Multi Commodity Exchange of India Limited will modify its cotton contract specification. As due to pink bollworm frequent attack is impacting the quality of cotton available in the market the MCX is planning to modify its Cotton contract specification. The industry has also changed the way it grades the cotton based on its reflectance and colour. The change in contract specification will lead to more delivery on the exchange and benefit the entire value chain.

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 access 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.

Weather Forecast:

Heavy rain falls at isolated places over East Rajasthan, Madhya Pradesh heavy to very heavy rainfalls at isolated places over East Uttar Pradesh, West Rajasthan, Jharkhand, Chhattisgarh, Bihar and heavy rain falls at isolated places over Himachal Pradesh, Uttarakhand, West Uttar Pradesh, Bihar, Odisha, Sub- Himalyana West Bengal & Sikkim, Assam & Meghalaya, Madhya Maharashtra and Konkan & Goa.

International Fundamentals:

The ICE cotton Futures was higher by 29 points at 90.52 cents/lb. The Cotlook A index was 20 points higher at 99.30 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	30-Jul-21	29-Jul-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8775	8665	110
	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	7550	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	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	8125	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	30-Jul-21	29-Jul-21	

Punjab	Bhatinda	J-34	5540	5510	30
	Abohar	J-34	5540	5520	20
	Mansa	J-34	5540	5510	30
Haryana	Sirsa	J-34	5500	5470	30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Jul-21	29-Jul-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	200	150	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	510	510	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	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	133	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	30-Jul-21	29-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	30-Jul-21	29-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1480	1470	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1475	1465	10
Maharashtra	Mumbai	Rs. /10 Kg.	1500	1495	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-Jul-21	29-Jul-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3025	2947	78
Maharashtra	Akola	Rs./Qtl	3015	2962	53

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

Index	Unit	30-Jul-21	29-Jul-21	Change
CCIndex(328)	RMB/Ton	17731	17753	-22
CCIndex(527)	RMB/Ton	16697	16709	-12
CCIndex(229)	RMB/Ton	18072	18073	-1

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

China Foreign Cotton (FCE) Index :

Index	Unit	30-Jul-21	29-Jul-21	Change
FC Index (S)	Cents/lb	103.04	103.25	-0.21

FC Index (M)	Cents/lb	101.92	102.12	-0.20
FC Index (L)	Cents/lb	100.79	100.99	-0.20

Cotlook Index:

Cotlook Indices	Unit	26-Jul-21	26-Jul-21	Change
A-Index	Cents/Pound	99.3	99.3	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		26-Jul-21	23-Jul-21	Bales
Southeast	cents/lb.	89.04	91.32	314
North Delta	cents/lb.	88.04	90.32	0
South Delta	cents/lb.	88.04	90.32	0
East TX-OK	cents/lb.	85.54	88.32	95
West Texas	cents/lb.	85.54	88.32	0
Desert SW	cents/lb.	83.29	86.82	0
SJ Valley	cents/lb.	83.79	92.72	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 29-July-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	13180
Equivalent	40 Kgs	10074	193	14125

Daily Futures Price Listing Thursday, July 29th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	210729	91.30	91.43	90.41	90.76	-0.15	35	336	+1
Dec-21	210729	90.47	90.90	90.01	90.31	-0.21	18,317	161,022	+2,166
Mar-22	210729	90.00	90.40	89.67	89.92	-0.16	3,490	47,735	+677
May-22	210729	89.20	89.58	89.00	89.21	-0.18	738	8,473	+50
Jul-22	210729	87.95	88.35	87.75	87.94	-0.22	781	11,826	+100
Oct-22	210729	82.74	82.74	82.74	82.74	-0.42	0	3	+0
Total Volume and Open Interest							23,946	245,376	+3,167

Source: MRCI

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