

**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 lower at Rs.27,390/bale on Monday. ICE cotton futures closed red on Friday.

**News: Cotton exporter's fears losing business to Bangladesh and Vietnam.** With the steep rise in local cotton and cotton yarn prices over the last six months has made Indian cotton products less competitive in global market. As a result garment exporter's fears that a portion of their Business may shift to countries like Bangladesh, Thailand and Vietnam.

**Cotton stocks drops down to 9 lakh bales.** According to the Cotton Corporation of India, it had exhausted all its stocks and is now left with only 9 lakh bales before the start of the season in October, due to strong demand for cotton in the market. As per CCI, the Corporation had an opening stock of 115 lakh bales of cotton at the start of the season in October 2020 and had procured 92 lakh bales since then. International cotton prices and MCX prices have also risen by Rs 7,500 and Rs 6,000 a candy, respectively, in the last one-and-a-half months. But CCI has been conservative in increasing prices and has raised prices by Rs 2,200 to Rs 2,500 a candy for the same period, except for one to two varieties, where it is higher. Also, in the last one month, 40% of the cotton sold by CCI has been purchased by textile mills directly.

**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.

### Weather Forecast:

Thunderstorm with lightening very likely at isolated places over Tamil Nadu, Pondicherry & Karikal. Heavy rain falls at isolated places over East Rajasthan, West Madhya Pradesh heavy to very heavy rainfalls at isolated places over Uttarakhand, Haryana, Chandigarh, Delhi, West Uttar Pradesh, East Madhya Pradesh, Gangetic West Bengal, Konkan & Goa.

### International Fundamentals:

The ICE cotton Futures was higher by 92 points at 89.39 cents/lb. The Cotlook A index was 25 points higher at 100.25 cents/lb. The AWP for cotton was at 78.47 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	02-Aug-21	31-Jul-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8855	8830	25
	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	7700	7550	150
	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	8110	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	02-Aug-21	31-Jul-21	
Punjab	Bhatinda	J-34	5530	5540	-10

	Abohar	J-34	5530	5540	-10
	Mansa	J-34	5515	5540	-25
Haryana	Sirsa	J-34	5470	5480	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	02-Aug-21	31-Jul-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	200	180	20
	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	510	-340
	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	255	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	02-Aug-21	31-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	02-Aug-21	31-Jul-21	
Gujarat	Rajkot	Rs. /10 Kg.	1480	1480	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1475	1475	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1500	1500	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	02-Aug-21	31-Jul-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3080	3006	74
Maharashtra	Akola	Rs./Qtl	3096	3035	61

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

Index	Unit	30-Jul-21	27-Jul-21	Change
CCIndex(328)	RMB/Ton	17731	17503	228
CCIndex(527)	RMB/Ton	16697	16460	237
CCIndex(229)	RMB/Ton	18072	17802	270

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

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

Index	Unit	30-Jul-21	26-Jul-21	Change
FC Index (S)	Cents/lb	103.04	102.7	0.34
FC Index (M)	Cents/lb	101.92	101.63	0.29
FC Index (L)	Cents/lb	100.79	100.5	0.29

**Cotlook Index:**

Cotlook Indices	Unit	29-Jul-21	27-Jul-21	Change
A-Index	Cents/Pound	100.25	99.3	0.95



### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-Jul-21	27-Jul-21	Bales
Southeast	cents/lb.	89.51	91.74	0
North Delta	cents/lb.	88.51	90.74	0
South Delta	cents/lb.	88.51	90.74	0
East TX-OK	cents/lb.	86.01	88.74	0
West Texas	cents/lb.	86.01	88.74	0
Desert SW	cents/lb.	83.76	87.24	0
SJ Valley	cents/lb.	84.26	93.14	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 31-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 Friday, July 30th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Oct-21</a>	210730	90.43	90.43	89.26	89.83	-0.93	41	340	+4
<a href="#">Dec-21</a>	210730	90.31	90.43	88.88	89.39	-0.92	14,068	161,957	+935
<a href="#">Mar-22</a>	210730	89.65	89.68	88.59	89.07	-0.85	2,320	48,024	+289
<a href="#">May-22</a>	210730	88.69	88.82	87.98	88.44	-0.77	1,491	9,399	+926
<a href="#">Jul-22</a>	210730	87.47	87.60	86.84	87.25	-0.69	320	11,863	+37
<a href="#">Oct-22</a>	210730	82.25	82.25	82.25	82.25	-0.49	0	3	+0
Total Volume and Open Interest							18,434	247,615	+2,239

Source: MRCI

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