

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.27,220/bale on Friday. ICE cotton futures closed green on Thursday.

News: Cotton sowing across India is expected to continue till August 2021. Cotton sowing has picked up with the revival of monsoon in several states after seeing a lull in the month of July due to dry spell cotton sowing has now picked up. According to ICAR-Central Institute of Cotton Research (CICR), Nagpur the overall acreage could be marginally 2-3% lower than the previous year. Cotton area coverage was reported on 130.37 lakh hectares area last season. The initial estimates were around 130 lakh hectares, but sowing has been completed on 110 lakh hectares until 29th July 2021. Sowing in the north is almost complete with Punjab reporting a slight dip. The sowing has been normal in Haryana while Rajasthan and Gujarat had reported dry spells. There has been a dip in Maharashtra since farmers shifted to other crops like soybean and groundnut, but some pick up is likely in Andhra Pradesh and Tamil Nadu. According to the agriculture ministry's data, cotton acreages till 29th July 21 was 110.73 lakh hectares compared with the previous year's 121.25 lakh hectares, lower by 8.68 %. In north India, the acreage is 17 %, while in central India the deficit is 5.33 %. In the south, the acreage is lower by 12.6%. The lower acreage is largely attributed to delayed rains. But with kapas prices ruling at Rs 8000 per quintal, sowing is expected to continue till August-end across various states including Andhra, Telangana, Gujarat, Karnataka and Tamil Nadu.

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.

Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds at isolated places over Jharkhand, Tamil Nadu, Bihar, and Pondicherry & Karikal. Heavy rain falls at isolated places over Uttarakhand, West Uttar Pradesh, West Madhya Pradesh, Bihar, Sub-Himalayana West Bengal & Sikkim, Assam & Meghalaya, Coastal Karnataka, Kerala & Mahe, Tamil Nadu, Pondicherry & Karikal.

International Fundamentals:

The ICE cotton Futures was higher by 37 points at 90.68 cents/lb. The Cotlook A index was 25 points higher at 98.40 cents/lb. The AWP for cotton was at 75.43 cents/lb.

Global production is expected to increase by 3 percent in 2021-22. According to the International Cotton Advisory Committee Report, after a 7 percent decrease in 2020-21, production is projected to increase by 3 percent in 2021-22 season to 25 million tonnes. Global Consumption has also recovered from 2019-20, to post a 12.4 percent increase to 25.5 million tonnes in 2020-21 and is projected to improve further to 25.8 million tonnes in 2021-22. Also, the concerns remain due to Covid 19 stubbornness with threats from factory closings and logistical problems looming in Bangladesh and Vietnam.

According to the Food and Agriculture Outlook Report, India is expected to be the world's largest cotton producer till 2030. Despite the challenges including land constraints, water shortage, climate change and crop's susceptibility to pest and disease attacks, India will continue to be the World's largest cotton producer till 2030. India's cotton production is expected to expand to 7.2 million tonnes (approximately 43 million bales of 170 kg each) compared with the current output of 6 MT equivalent to roughly 36 million bales. India will contribute to as much as 40 percent global increase in cotton production during the outlook period.

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.

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	06-Aug-21	05-Aug-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8675	8950	-275
	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	7650	7650	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	-
Andhra Pradesh	Adoni	Medium Staple	NA	7959	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	8133	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	06-Aug-21	05-Aug-21	
Punjab	Bhatinda	J-34	5490	5500	-10

	Abohar	J-34	5490	5500	-10
	Mansa	J-34	5490	5500	-10
Haryana	Sirsa	J-34	5430	5430	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Aug-21	05-Aug-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	200	250	-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	85	85	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	-
Andhra Pradesh	Adoni	Medium Staple	NA	48	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	228	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	06-Aug-21	05-Aug-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	06-Aug-21	05-Aug-21	
Gujarat	Rajkot	Rs. /10 Kg.	1460	1465	-5
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1455	1460	-5
Maharashtra	Mumbai	Rs. /10 Kg.	1495	1500	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	06-Aug-21	05-Aug-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3059	3093	-34
Maharashtra	Akola	Rs./Qtl	3100	3119	-19

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

Index	Unit	05-Aug-21	04-Aug-21	Change
CCIndex(328)	RMB/Ton	17515	17515	Unch
CCIndex(527)	RMB/Ton	16530	16530	Unch
CCIndex(229)	RMB/Ton	17921	17921	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	05-Aug-21	03-Aug-21	Change
FC Index (S)	Cents/lb	103.53	102.77	0.76
FC Index (M)	Cents/lb	102.47	101.74	0.73
FC Index (L)	Cents/lb	101.34	100.6	0.74

Cotlook Index:

Cotlook Indices	Unit	04-Aug-21	03-Aug-21	Change
A-Index	Cents/Pound	98.4	98.15	0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34 04-Aug-21	Leaf 3 to Staple 35 03-Aug-21	Arrivals Bales
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Southeast	cents/lb.	89.47	91.3	0
North Delta	cents/lb.	88.47	90.3	0
South Delta	cents/lb.	88.47	90.3	0
East TX-OK	cents/lb.	85.97	88.3	0
West Texas	cents/lb.	85.97	88.3	0
Desert SW	cents/lb.	83.72	86.8	0
SJ Valley	cents/lb.	84.22	92.7	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 04-Aug-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 05th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	210805	90.38	91.41	90.38	91.17	+0.45	17	358	+8
Dec-21	210805	90.06	90.90	90.01	90.68	+0.37	13,729	158,716	-1,764
Mar-22	210805	89.88	90.55	89.69	90.39	+0.38	3,044	51,772	+1,021
May-22	210805	89.49	89.86	89.11	89.79	+0.35	923	9,936	+192
Jul-22	210805	88.33	88.65	87.93	88.61	+0.32	644	12,009	+43
Oct-22	210805	83.79	83.79	83.79	83.79	+0.44	0	3	+0
Total Volume and Open Interest							18,794	249,315	-212

Source: MRCI

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