

**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.27,050/bale on Tuesday. ICE cotton futures closed red on Monday.

**News: According to the government textile industry should use local cotton.** According to the Minister of state for finance, 5% basic customs duty and a 5% agriculture infrastructure and development cess was imposed on raw cotton in Financial year 2022 budget to benefit domestic cotton farmers, whereas the cotton import 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 cotton farmer adversely. Cotton is domestically available in excess of demand. Therefore, the garment industry can source the domestically produced cotton including high quality and extra-long staple cotton.

**Around 116.17 lakh hectares of area has been sown under cotton.** For the coming season 2021-22, Cotton sowing is progressing in all the parts of the country across India. Till 06<sup>th</sup> Aug'2021, about 116.73 lakh hectares area was sown in India compared to normal of corresponding week 114.22 lakh hectares last year. Thus 1.95 lakh hectare more area has been covered as compared to corresponding week of last year. Higher area was reported from the states of Telangana (4.98 lakh hectares), Karnataka (0.74 lakh hectares), Rajasthan (0.59 lakh hectares), Haryana (0.42 lakh hectares), Odisha (0.36 lakh hectares), Madhya Pradesh (0.11 lakh hectares), and Tamil Nadu (0.01 lakh hectares). Less area was reported from the states of Andhra Pradesh (0.60 lakh hectares), Gujarat (2.39 lakh hectares), Punjab (0.62 lakh hectares) and Maharashtra (1.81 lakh hectares).

**ICAR-Cotton research center is going to set up in Adilabad.** The central government has said that the plans for setting up research center of ICAR All India Coordinated Research Project on cotton at Warangal and Adilabad has commenced. As per the Union State Textile Minister Darshana Jardosh, the center had initiated a step for the promotion of Indian cotton under the brand name "Kasturi cotton India" through the textile committee.

**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 29<sup>th</sup> 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 29<sup>th</sup> 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.

### Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds at isolated places over Gangetic West Bengal, Odisha, Coastal Andhra Pradesh, Tamil Nadu, and Pondicherry & Karikal. Heavy rain falls at isolated places over Uttarakhand, East Uttar Pradesh, Chhattisgarh, Arunachal Pradesh, Bihar, Jharkhand, Sub-Himalayana West Bengal & Sikkim, Assam & Meghalaya, Arunachal Pradesh, Nagaland, Manipur, Andaman & Nicobar Islands, Mizoram & Tripura, Tamil Nadu, Pondicherry & Karikal, Lakshadweep, Kerala & Mahe.

### International Fundamentals:

The ICE cotton Futures was lower by 80 points at 90.9 cents/lb. The Cotlook A index was 48 points higher at 99.30 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 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.

### 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       | 10-Aug-21            | 09-Aug-21 |        |
| Gujarat        | Ahmedabad   | Shankar-6     | NA                   | NA        | -      |
|                | Gondal      | Shankar-6     | NA                   | NA        | -      |
|                | Rajkot      | B.T. Cotton   | 8675                 | 8790      | -115   |
|                | 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   | 7600                 | 7650      | -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        | 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         | NA                   | 8121      | -      |
|                | 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       | 10-Aug-21            | 09-Aug-21 |        |

|           |                |      |      |      |     |
|-----------|----------------|------|------|------|-----|
| Punjab    | Bhatinda       | J-34 | 5470 | 5500 | -30 |
|           | Abohar         | J-34 | 5470 | 5500 | -30 |
|           | Mansa          | J-34 | 5470 | 5500 | -30 |
| Haryana   | Sirsa          | J-34 | 5400 | 5450 | -50 |
| Rajasthan | Sri-Ganganagar | J-34 | NA   | NA   | -   |

**Cotton Arrivals in Key Centers:**

| Commodity      | Kapas       |               | Arrivals (Quintal) |           | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State          | Centre      | Variety       | 10-Aug-21          | 09-Aug-21 |        |
| Gujarat        | Ahmedabad   | Shankar-6     | NA                 | NA        | -      |
|                | Gondal      | Shankar-6     | NA                 | NA        | -      |
|                | Rajkot      | B.T. Cotton   | 55                 | 60        | -5     |
|                | 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        | -      |
| Telangana      | Adilabad    | Un-Ginned     | NA                 | NA        | -      |
| Karnataka      | Bijapur     | Bunny         | NA                 | 111       | -      |
|                | 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     | 10-Aug-21          | 09-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        | 10-Aug-21 | 09-Aug-21 |        |
| Gujarat     | Rajkot          | Rs. /10 Kg. | 1450      | 1470      | -20    |
| Delhi       | New Delhi       | Rs. /10 Kg. | NR        | NR        | -      |
| Telangana   | Hyderabad       | Rs. /10 Kg. | 1445      | 1465      | -20    |
| Maharashtra | Mumbai          | Rs. /10 Kg. | 1475      | 1495      | -20    |

Cotton Seed Oil Seed Cake Prices:

| Commodity   | Cotton Seed Oil Seed Cake |         | Price     |           | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State       | Centre                    | Unit    | 10-Aug-21 | 09-Aug-21 |        |
| Gujarat     | Mahesana (Kadi)           | Rs./Qtl | 3019      | 3100      | -81    |
| Maharashtra | Akola                     | Rs./Qtl | 3049      | 2991      | 58     |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index                            | Unit    | 10-Aug-21 | 09-Aug-21 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328)                     | RMB/Ton | 17718     | 17694     | 24     |
| CCIndex(527)                     | RMB/Ton | 16708     | 16677     | 31     |
| CCIndex(229)                     | RMB/Ton | 18099     | 18077     | 22     |
| RMB -Renminbi, 1RMB =0.16 \$U.S. |         |           |           |        |

China Foreign Cotton (FCE) Index :

| Index        | Unit     | 06-Aug-21 | 05-Aug-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 103.9     | 103.53    | 0.37   |
| FC Index (M) | Cents/lb | 102.85    | 102.47    | 0.38   |

|              |          |        |        |      |
|--------------|----------|--------|--------|------|
| FC Index (L) | Cents/lb | 101.71 | 101.34 | 0.37 |
|--------------|----------|--------|--------|------|

**Cotlook Index:**

| Cotlook Indices | Unit        | 06-Aug-21 | 04-Aug-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index         | Cents/Pound | 99.3      | 98.4      | 0.90   |

**USDA Cotton Spot Rates:**

| Growth Area | Unit      | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
|             |           | 06-Aug-21           | 04-Aug-21           | Bales    |
| Southeast   | cents/lb. | 91.17               | 91.72               | 0        |
| North Delta | cents/lb. | 90.17               | 90.72               | 994      |
| South Delta | cents/lb. | 90.17               | 90.72               | 0        |
| East TX-OK  | cents/lb. | 87.67               | 88.72               | 0        |
| West Texas  | cents/lb. | 87.67               | 88.72               | 1219     |
| Desert SW   | cents/lb. | 85.42               | 87.22               | 0        |
| SJ Valley   | cents/lb. | 85.92               | 93.12               | 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 07-Aug-2021**

|            |          |              |                  | (in Pakistan Rupees) |
|------------|----------|--------------|------------------|----------------------|
| Product    | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi    |
| Cotton     | 37.32Kgs | 9400         | 180              | 13580                |
| Equivalent | 40 Kgs   | 10074        | 193              | 14125                |

**Daily Futures Price Listing Monday, July 09th, 2021**

| Most Recent Information        |        |       |       |       |       |        | Previous Day |          |        |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Month                          | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int | Change |
| Cotton(ICE)                    |        |       |       |       |       |        |              |          |        |
| <a href="#">Oct-21</a>         | 210809 | 92.14 | 92.14 | 90.70 | 91.30 | -1.12  | 35           | 351      | -18    |
| <a href="#">Dec-21</a>         | 210809 | 91.60 | 91.77 | 90.32 | 90.90 | -0.80  | 12,588       | 155,641  | -212   |
| <a href="#">Mar-22</a>         | 210809 | 91.40 | 91.40 | 89.99 | 90.54 | -0.79  | 4,084        | 56,585   | +2,388 |
| <a href="#">May-22</a>         | 210809 | 90.76 | 90.76 | 89.43 | 89.99 | -0.70  | 580          | 10,247   | +59    |
| <a href="#">Jul-22</a>         | 210809 | 89.56 | 89.56 | 89.23 | 88.76 | -0.66  | 357          | 12,199   | +4     |
| <a href="#">Oct-22</a>         | 210809 | 83.92 | 83.92 | 83.92 | 83.92 | -0.53  | 0            | 3        | +0     |
| Total Volume and Open Interest |        |       |       |       |       |        | 17,967       | 251,816  | +2,339 |

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