

### 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 Monday. ICE cotton futures closed green on Friday.

**News: Cotton exporters may get duty refund scheme this week.** The government is set to notify the new duty refund scheme for exporters by this week, with a final clearance from commerce and industry. The scheme is meant to replace the World Trade Organization non-compliant incentives, that was implemented in January but exporters have been waiting to get their dues for taxes paid by them for the last eight months. In the last week, the government had notified the Rebate of State and Central Taxes and Levis scheme.

**According to the Ministry of Agriculture advance estimate for 2020-21 season.** Total food grain production in the country is estimated at 308.65 million tonnes which is higher by 11.14 million tonnes than the 2019-20 season. The production during 2020-21 is higher by 29.77 million tonnes than the previous five years' (2015-16 to 2019-20) average production of foodgrains. As per the 4<sup>th</sup> advance estimate the estimated production for cotton is around 35.38 million bales higher by 3.49 million bales than the average cotton production.

**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 13<sup>th</sup> Aug'2021, about 116.17 lakh hectares area was sown in India compared to normal of corresponding week 116.38 lakh hectares last year. Thus 0.21 lakh hectare less area has been covered as compared to corresponding week of last year. Higher area was reported from the states of Telangana (4.71 lakh hectares), Karnataka (0.60 lakh hectares), Haryana (0.42 lakh hectares), Rajasthan (0.59 lakh hectares), Odisha (0.36 lakh hectares), and Tamil Nadu (0.01 lakh hectares). Less area was reported from the states of Andhra Pradesh (1.07 lakh hectares), Madhya Pradesh (0.23 lakh hectares), Gujarat (2.79 lakh hectares), Punjab (0.62 lakh hectares) and Maharashtra (2.31 lakh hectares).

**Cotton Association of India has reduced its July estimate for 2020-21 cotton crop by 1.50 lakh bales to 354.50 lakh bales from its previous estimate of 356 lakh bales.** The Cotton production estimate for the central zone has been reduced by 0.50 lakh bales to 193.50 lakh bales from 194 lakh bales estimated during the previous month. Cotton crop estimate for the southern zone has been reduced by 1 lakh bales to 90.50 lakh bales compared to the previous estimate of 91.50 lakh bales. Further, the cotton consumption was estimated at around 275 lakh bales, and exports up to 31<sup>st</sup> July'2021 were estimated to be 70 lakh bales, cotton imports have reached 9 lakh bales till 31<sup>st</sup> July'2021 and stock at the end of July'2021 was estimated at 137.61 lakh bales.

**According to USDA'S Cotton Products update report, For the 2021-22 season India's cotton production is forecasted at 29.0 million bales, unchanged from the last month and up by around 2 percent from the previous year (28.0 million bales).** The area harvested is forecasted at 12.9 million hectares marginally down from last month due to the slow progression of the southwest monsoon and competition with other crops such as soybean and pulses. Kharif cotton planting is underway in central and southern India as the two week monsoon delay has been followed by intense rains across the cotton producing states. Mill consumption is good at 25.5 million bales buoyed by strong export orders.

**Around 3000 containers are stuck at Indian port.** Over 3000 TEU (twenty foot equivalent units) of import containers bound for Bangladesh are stranded at the Indian port of Krishnapatnam as the route's two sole vessels no longer had permission to berth at the Chittogong port. As per the officials, the permission was expired last March and the feeder vessel operator has not applied for renewal.

**Cotton crop gets infected with parawilt in Mansa district.** Due to the sudden change in the temperature cotton crop in some villages of Mansa district was affected by parawilt diseases. The disease is mainly caused due to rains when the temperature was high. As per agricultural experts, parawilt is also caused when the crop is sown in saline water. Cotton crops in villages like Jatana Kalan, Naharan, Karandi, Khaira Khurd, Khaira Kalan, Jhanda Khurd, Jhanda Kalan in Mansa

district has shown signs of parawilt. The Agriculture Department has asked farmers not to panic over the attack as it could be controlled by spraying insecticides which are distributed free of cost by the government.

### Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Uttarakhand, Uttar Pradesh, East Madhya Pradesh, Vidarbha, Jharkhand, Gangetic West Bengal, Gujarat region, Marathwada, Coastal Andhra Pradesh, Yanam and Telangana. Heavy rain falls at isolated places over Odisha, Madhya Pradesh, Vidarbha, Chhattisgarh, Jharkhand, Sub-Himalayana West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Konkan & Goa, ghat areas of Madhya Maharashtra, Telangana, Coastal Andhra Pradesh & Yanam.

### International Fundamentals:

The ICE cotton Futures was higher by 100 points at 94.32 cents/lb. The Cotlook A index was 100 points lower at 99.95 cents/lb. The AWP for cotton was at 75.43 cents/lb.

**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, For 2021-22 U.S. Cotton projection, World cotton production is forecasted 546,000 bales lower (118.84 million) as reduced production in Brazil (12.50 million bales), United States (17.26 million bales) offset higher projection for Australia, Mali and Tanzania. Consumption is forecasted slightly higher up by 170,000 bales and ending stocks are projected at 87.2 million bales, about 500,000 bales lower than in July and 4.6 million lower than in 2020-21.

**Pakistan cotton prices increases amid low yield and delayed imports.** The cotton prices are increasing in the local market amid a fall in the local production delay in cotton shipments from abroad and rising dollar rupee disparity. The Karachi cotton Association quoted Rs. 13,580 per maund as the spot rate for white lint, while the seed cotton prices were between Rs. 5200 – Rs. 6200 per maund.

**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.

### MCX Cotton Futures\*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+280	26150	26400	26020	26010	763	3455

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Aug-21	14-Aug-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8500	8400	100
	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	7500	7210	290
	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	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	16-Aug-21	14-Aug-21	

Punjab	Bhatinda	J-34	5440	5440	Unch
	Abohar	J-34	5440	5430	10
	Mansa	J-34	5430	5430	Unch
Haryana	Sirsa	J-34	5320	5340	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Aug-21	14-Aug-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	125	200	-75
	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	340	170	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	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	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	16-Aug-21	14-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	16-Aug-21	14-Aug-21	
Gujarat	Rajkot	Rs. /10 Kg.	1495	1475	20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1500	1480	20
Maharashtra	Mumbai	Rs. /10 Kg.	1510	1500	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Aug-21	14-Aug-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3178	3040	139
Maharashtra	Akola	Rs./Qtl	3154	3085	69

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	13-Aug-21	12-Aug-21	Change
CCIndex(328)	RMB/Ton	17903	17841	62
CCIndex(527)	RMB/Ton	16852	16787	65
CCIndex(229)	RMB/Ton	18283	18222	61
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	12-Aug-21	11-Aug-21	Change
FC Index (S)	Cents/lb	106.94	105.93	1.01
FC Index (M)	Cents/lb	105.66	104.72	0.94



FC Index (L)	Cents/lb	104.52	103.58	0.94
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**Cotlook Index:**

Cotlook Indices	Unit	12-Aug-21	11-Aug-21	Change
A-Index	Cents/Pound	99.95	100.95	-1.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Aug-21	10-Aug-21	Bales
Southeast	cents/lb.	93.02	93.74	0
North Delta	cents/lb.	92.02	92.74	0
South Delta	cents/lb.	92.02	92.74	0
East TX-OK	cents/lb.	89.02	90.74	46
West Texas	cents/lb.	89.02	90.74	0
Desert SW	cents/lb.	86.77	89.24	0
SJ Valley	cents/lb.	87.27	95.14	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 13-Aug-2021**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	13680
Equivalent	40 Kgs	10074	193	14125

**Daily Futures Price Listing Friday, July 13th, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Oct-21</a>	210813	93.20	95.50	93.20	95.21	+1.44	6	329	+0
<a href="#">Dec-21</a>	210813	93.30	94.70	92.65	94.32	+1.00	14,667	159,994	-39
<a href="#">Mar-22</a>	210813	92.49	93.51	91.77	93.19	+0.71	4,931	58,514	-2
<a href="#">May-22</a>	210813	91.86	92.67	91.24	92.41	+0.56	1,713	12,651	+524
<a href="#">Jul-22</a>	210813	90.36	91.09	89.82	90.82	+0.46	682	12,682	+53
<a href="#">Oct-22</a>	210813	85.42	85.42	85.42	85.42	+0.40	0	3	+0
Total Volume and Open Interest							22,226	261,497	+536

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