

### 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.27,330/bale on Wednesday. ICE cotton futures closed green on Tuesday.

**News: Cotton has been purchased at Rs. 6,500 per quintal in Mansa.** Cotton arrivals have started coming in Mansa and has been purchased at a price of Rs. 6,500 per quintal against the minimum selling price of Rs. 6,025 per quintal. As per the market sources, the rise in prices is due to the competitive bidding amongst the private players including the cotton traders and factories which are placing bids and quoting higher price to purchase the produce.

The Cotton Textile Export Promotion Council (TEXPROCIL) has welcomed the issuance of government notification on the continuation of scheme for Refunding State and Central Taxes and Levies (RoSCTL) for the garments and madeup sectors.

**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 Levies 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.

**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 Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh, Delhi, Uttar Pradesh, East Rajasthan, Jharkhand, Coastal Andhra Pradesh, and Yanam. Heavy rain falls at isolated places over Uttarakhand, Madhya Pradesh, Uttar Pradesh, Jharkhand, Bihar, Vidarbha, Chhattisgarh, Gujarat region, Konkan & Goa, Odisha, West Bengal & Sikkim.

### International Fundamentals:

The ICE cotton Futures was higher by 59 points at 94.9 cents/lb. The Cotlook A index was 90 points higher at 102.75 cents/lb. The AWP for cotton was at 75.43 cents/lb.

**Cotton picking has started in Pakistan.** Cotton picking has commenced in Pakistan, as per the Agriculture Department, quality of cotton is good and no major pest attack was observed. The farmers are not only achieving good production but are also getting good price for their produce in the market.

**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	-20	26480	26910	26480	26620	510	2794

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Aug-21	17-Aug-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8555	8605	-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	7425	7480	-55
	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	8249	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	18-Aug-21	17-Aug-21	
Punjab	Bhatinda	J-34	5470	5450	20
	Abohar	J-34	5470	5450	20

	Mansa	J-34	5470	5440	30
Haryana	Sirsa	J-34	5350	5300	50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Aug-21	17-Aug-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	100	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	102	102	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	142	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	18-Aug-21	17-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	18-Aug-21	17-Aug-21	
Gujarat	Rajkot	Rs. /10 Kg.	1500	1500	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1505	1505	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1510	1520	-10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Aug-21	17-Aug-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3085	3167	-82
Maharashtra	Akola	Rs./Qtl	3143	3150	-7

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

Index	Unit	18-Aug-21	17-Aug-21	Change
CCIndex(328)	RMB/Ton	18542	18404	138
CCIndex(527)	RMB/Ton	17498	17378	120
CCIndex(229)	RMB/Ton	18831	18685	146

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

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

Index	Unit	18-Aug-21	17-Aug-21	Change
FC Index (S)	Cents/lb	108.44	107.81	0.63
FC Index (M)	Cents/lb	107.12	106.5	0.62
FC Index (L)	Cents/lb	105.98	105.36	0.62

**Cotlook Index:**

Cotlook Indices	Unit	16-Aug-21	13-Aug-21	Change
A-Index	Cents/Pound	102.75	101.85	0.90

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
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		16-Aug-21	13-Aug-21	Bales
Southeast	cents/lb.	94.1	96.71	0
North Delta	cents/lb.	93.1	95.71	0
South Delta	cents/lb.	93.1	95.71	0
East TX-OK	cents/lb.	90.1	93.21	1924
West Texas	cents/lb.	90.1	93.21	1605
Desert SW	cents/lb.	87.85	91.71	0
SJ Valley	cents/lb.	88.35	97.61	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 17-Aug-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	13980
Equivalent	40 Kgs	10074	193	14982

Daily Futures Price Listing Tuesday, July 17th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Oct-21</a>	210817	95.81	97.33	95.18	95.70	+0.85	35	329	+0
<a href="#">Dec-21</a>	210817	94.30	96.71	94.24	94.90	+0.59	20,754	157,148	-1,771
<a href="#">Mar-22</a>	210817	93.29	95.39	92.98	93.73	+0.47	7,497	58,393	+149
<a href="#">May-22</a>	210817	92.58	94.60	92.23	92.92	+0.34	1,810	13,990	+201
<a href="#">Jul-22</a>	210817	91.30	92.94	90.60	91.24	+0.12	930	13,025	+222
<a href="#">Oct-22</a>	210817	85.74	85.74	85.74	85.74	-0.11	0	3	+0
Total Volume and Open Interest							31,799	260,317	-1,093

Source: MRCI

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