

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.27,080/bale on Saturday. ICE cotton futures closed green on Friday.

News: Maharashtra has completed sowing on 139.10 lakh hectares for the current kharif season. Farmers from Maharashtra have completed 92 % of the kharif sowing operations. The average area under Kharif is around 139.10 lakh hectares along with sugarcane in the state. The state had completed sowing on nearly 137.23 lakh hectares by 10th August 2021. Excluding sugarcane, the sown area was around 136.01 lakh hectares, accounting for nearly 95.80% of the total sowing operations. Due to long breaks in monsoon and subsequent heavy rains, there has been attack of various pests and diseases. Some cotton fields in Marathwada and Vidarbha have reported pest infestation.

Cotton Corporation of India may not require procuring more than 30 lakh bales in 2021-22 season. Cotton Corporation of India has procured around 92 lakh bales of cotton during the ongoing 2020-21 season. CCI may be required to procure minimal amount of cotton in the 2021-22 season, as kapas prices are likely to rule above the minimum support price (MSP) for a better part of the season. Cotton procurement may be required during the peak season if the prices drop below the MSP.

Gujarat textile sector expects boost in cotton exports. With the center announcing the new rate under the Rebate on Duties and Taxes on export Products (RoDTEP) scheme, textile exporter are expecting a boost in order volumes backed by better cost competitiveness. As per the new rates, RoDTEP extends incentives of 2.5% to 4.5% on the export of yarn and fabric of different kinds.

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 4th 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 13th 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).

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Uttarakhand, Uttar Pradesh, Rayalaseema, Coastal Andhra Pradesh & Yanam and Tamil Nadu, Pondicherry & Karikal. Heavy rainfall at isolated places over Uttarakhand, Sub-Himalayana West Bengal & Sikkim, Bihar, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Uttar Pradesh, Rayalaseema and Tamil Nadu, Pondicherry & Karaikal.

International Fundamentals:

The ICE cotton Futures was higher by 34 points at 93.1 cents/lb. The Cotlook A index was at 103.25 cents/lb. The AWP for cotton was at 79.3 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 | -320 | 25910 | 26140 | 25680 | 26090 | 760 | 2061 |

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|-------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 21-Aug-21 | 20-Aug-21 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | NA | NA | - |
| | Rajkot | B.T. Cotton | 8535 | 8540 | -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 | 7310 | 7310 | 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 | 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 | 21-Aug-21 | 20-Aug-21 | |
|-----------|----------------|---------|-----------|-----------|------|
| Punjab | Bhatinda | J-34 | 5465 | 5470 | -5 |
| | Abohar | J-34 | 5460 | 5450 | 10 |
| | Mansa | J-34 | 5460 | 5470 | -10 |
| Haryana | Sirsa | J-34 | 5360 | 5360 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 21-Aug-21 | 20-Aug-21 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | NA | NA | - |
| | Rajkot | B.T. Cotton | 120 | 100 | 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 | 170 | 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 | 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 | 21-Aug-21 | 20-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 | 21-Aug-21 | 20-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 | 1510 | Unch |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 21-Aug-21 | 20-Aug-21 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 3137 | 3136 | 1 |
| Maharashtra | Akola | Rs./Qtl | 3155 | 3144 | 11 |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index | Unit | 20-Aug-21 | 19-Aug-21 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 18497 | 18541 | -44 |
| CCIndex(527) | RMB/Ton | 17441 | 17509 | -68 |
| CCIndex(229) | RMB/Ton | 18797 | 18834 | -37 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 20-Aug-21 | 19-Aug-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 106.66 | 108.39 | -1.73 |
| FC Index (M) | Cents/lb | 105.41 | 107.05 | -1.64 |



| | | | | |
|--------------|----------|--------|--------|-------|
| FC Index (L) | Cents/lb | 104.27 | 105.92 | -1.65 |
|--------------|----------|--------|--------|-------|

Cotlook Index:

| Cotlook Indices | Unit | 19-Aug-21 | 17-Aug-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 103.35 | 102.75 | 0.60 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 19-Aug-21 | 17-Aug-21 | Bales |
| Southeast | cents/lb. | 92.72 | 97.2 | 0 |
| North Delta | cents/lb. | 91.72 | 96.2 | 0 |
| South Delta | cents/lb. | 91.72 | 96.2 | 0 |
| East TX-OK | cents/lb. | 88.72 | 93.7 | 0 |
| West Texas | cents/lb. | 88.72 | 93.7 | 16 |
| Desert SW | cents/lb. | 86.47 | 92.2 | 0 |
| SJ Valley | cents/lb. | 86.97 | 98.1 | 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 Friday, July 20th, 2021

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Oct-21 | 210820 | 92.78 | 94.54 | 92.78 | 93.90 | +0.43 | 41 | 335 | +3 |
| Dec-21 | 210820 | 92.74 | 93.58 | 91.80 | 93.10 | +0.34 | 18,052 | 158,727 | +660 |
| Mar-22 | 210820 | 91.95 | 92.60 | 91.08 | 92.26 | +0.31 | 4,921 | 61,521 | +1,337 |
| May-22 | 210820 | 91.66 | 91.89 | 90.58 | 91.69 | +0.29 | 1,942 | 15,486 | +573 |
| Jul-22 | 210820 | 90.10 | 90.35 | 89.10 | 90.20 | +0.32 | 1,228 | 13,623 | +107 |
| Oct-22 | 210820 | 85.45 | 85.45 | 85.45 | 85.45 | +0.78 | 0 | 3 | +0 |
| Total Volume and Open Interest | | | | | | | 27,026 | 267,752 | +3,134 |

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