

## Domestic market summary

### **Domestic Market Scenario:**

Cotton sowing has been progressing in different parts across the country for the coming 2021-22 season. Cotton price of Shanker-6 is currently the highest in the decade. It is expected to rise further in the coming months to reach Rs. 52,027 per candy by the end of 2021. This can be attributed to increasing purchase by domestic cotton mills and demand from overseas market. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood high around Rs.50,445/ candy in June'21

**Monthly Price Outlook :** The Kapas prices likely to remain firm between Rs. 6900-7900/q in the Rajkot market and the prices of medium staple length in Adoni market are likely to hover around Rs. 5900-6500/q in the coming month.

### **Major Market Highlights:**

Cotton prices have increased in Gujarat. Due to strong demand from domestic shipping mills, cotton prices have firmed up to reach a decadal high level. The demand from the international market has further supported the local prices of the natural fiber. The shanker-6 variety has reached Rs. 50,500 to Rs. 51,000 per candy in Gujarat local market, which is highest in 10 years.

Cotton sowing in Rajasthan is behind 2 lakh hectares than the same period last year. Cotton was sown in 5.28 lakh hectares of area for the coming kharif season 2021-22 as against the 5.8 lakh hectares last year. The government has set a sowing target of 7.8 lakh hectares where as in the previous season cotton was sown in 8.08 lakh hectares.

Cotton growing regions may face severe climate risk. According to the global study, Climate change could expose half of all global cotton growing regions, including India, to high risk from temperature increases, change in rainfall pattern, and extreme weather events. Under a worst-case climate scenario, all global cotton-growing regions will be exposed to increased risk from at least one climate hazard by 2040.

Indian government has urged to take action against illegal HTBT Cotton cultivation. The National Seed Association of India and the Federation of seed Industry in India has urged the government to act against a sudden surge in illegal cultivation of herbicide tolerant HTBT Cotton in the country. If the sale of unapproved HTBT seed is not stopped it would spell disaster for the industry and farmers.

Punjab area under cotton cultivation has crossed 3 lakh hectares mark. The cotton cultivation area has increased in Punjab to 3 lakh hectares after 6 years. This is an increase of 17 percent over 2020, when the cotton sown area was 2.5 lakh hectares. The state however is still 41 percent short of the golden phase in 2011-12 when the area under cotton crop was 5.2 lakh hectares. In 2015, cotton was sown on 3.25 lakh hectares after a devastating period of the worst whitefly attack on cotton that year, farmers then turned away from sowing cotton. This year Fazilka tops with nearly 96,000 hectares of area under cotton cultivation, Bhatinda has also progressed to 95,000 hectares, Mansa 64,000 hectares and in Muktsar 40,000 hectares.



HTBT cotton sales have doubled as the sowing progresses for the coming season. The illegal cultivation of herbicide tolerant (Ht) Bt cotton has seen a huge jump this year, seed manufactures are claiming that the sale of illegal seed packets has more than doubled from 30 lakh last year to 75 lakh this year. The seed Industry are demanding action to be taken to stop the sale of HTBT cotton.

Cotton acreages fallen in Haryana. The area under cotton cultivation has reduced in Haryana by over 90,000 hectares this year because of hampering of field activities during the second wave of the corona virus and shifting of farmers to other crops like groundnut. The crop has been sown in over 6.72 lakh hectares in Haryana against the target of 7.62 lakh hectares. In the previous season, 7.31 lakh hectares of area was sown under cotton crop while the normal area under cotton in Haryana is 6.82 lakh hectares.

Over 90 percent of the cotton from the current 2020-21 season has already arrived in the market. According to the Cotton Association of India, the total cotton supplies from October 2020 to May 2021 stood at 473.44 lakh bales. Besides the market arrivals, the supplies included 8.25 lakh bales of imports and a record opening stock of 125 lakh bales at the beginning of the season. Cotton Association of India has reduced its May estimate for 2020-21 cotton crop by 4 lakh bales to 356 lakh bales from its previous estimate of 360 lakh bales. Due to the lower production expected in central zone and southern zones. The Cotton production estimate for the central zone has been reduced by 1 lakh bales to 194 lakh bales from 195 lakh bales estimated during the previous month. Cotton crop estimate for southern zone has been reduced by 3 lakh bales as per the data provided by Telangana Cotton Millers and Traders Welfare Association. Further, the cotton consumption was estimated at around 220 lakh bales, and exports upto 31<sup>st</sup> May'2021 were estimated to be 58 lakh bales, and stock at the end of May'2021 was estimated at 195.44 lakh bales. Cotton arrivals from October 2020 to May 2021 are estimated at 340.19 lakh bales of 170kg each. Cotton arrivals in May have slowed down in the mandis as most of the crop has been marketed by now. Also, due to the second wave of coronavirus and lockdown restrictions in the major markets across the country, the residual arrivals are slow.

The government is planning to increase cotton yield and quality under Cotton Quality Improvement Mission. With cotton commanding higher prices in the market around 7,500 per quintal, both the Cotton Corporation of India and Cotton Association of India have come together to educate farmers to increase the area under cotton cultivation across the country and also to raise cotton yield for the coming 2021-22 season. Normally, around 110-120 lakh hectares of the area comes under cotton cultivation in India. The center has allocated Rs. 440 crore towards Cotton Quality Improvement Mission to improve the quality and yield of cotton in India. The Cotton Improvement Mission is currently under discussion and meetings have been held by the stakeholders with the textile Committee of India.

The government has announced the Minimum Support Price of Kharif crops for the 2021-22 marketing seasons. The government has increased the minimum support price of different Kharif crops to ensure remunerative prices to the growers for their produce. In the case of cotton, prices have increased by Rs. 211 per quintal to Rs. 5,726 for medium staple variety and by Rs. 200 per quintal to Rs. 6,025 for a long-staple variety of cotton for the 2021-22 crop years.

According to the market sources, the area under cotton cultivation in Telangana is likely to remain the same in the coming 2021-22 season. Cotton production in Telangana is estimated at 40 lakh bales in the 2020-21 season, out of that Cotton Corporation of India has procured around 34 lakh bales under minimum support price. The government is trying to bring more area under cotton cultivation in Telangana for the coming 2021-22 season, but farmers are more interested in sowing paddy instead of cotton as cotton production was affected due to pink bollworm infestation in recent few years.

### Cotton Production:

(Quantity in Lakh Bales)

Year	2017-18	2018-19	2019-20	2020-21*
State	Production			
Punjab	9.00	8.50	9.50	10.50
Haryana	23.60	23.00	25.50	23.50
Rajasthan	23.40	28.00	28.00	30.00
Gujarat	105.00	88.00	95.00	93.00
Maharashtra	83.00	74.09	87.00	88.00
Madhya Pradesh	21.50	23.05	18.00	22.00
Telangana	51.50	36.00	52.00	50.00
Andhra Pradesh	18.50	14.91	15.25	16.00
Karnataka	18.75	15.50	20.00	25.00
Tamil Nadu	5.75	5.00	5.00	5.00
Orissa	4.00	4.00	3.75	4.00
Others	1.00	1.00	1.00	1.00
<b>TOTAL</b>	<b>365</b>	<b>321.05</b>	<b>360.00</b>	<b>368.00</b>

As per the latest estimates by Agriwatch, cotton output in the country during the season 2019-20 would be around 360.0 lakh bales (of 170 kg each). The cotton output in the coming 2020-21 season is estimated to increase to around 368.0 lakh bales, as the area sown under cotton has increased.

Due to the good export parity in the 2019-20, exports are likely have increased to 50.7 lakh bales. Whereas, the imports in 2020-21 are likely to decline to around 10 lakh bales from 15 lakh bales in 2019-20.

The total cotton availability by the end of the season in 2019-20 is estimated at 402.4 lakh bales and even an even higher availability is expected in 2020-21 season of around 480.63 lakh bales.

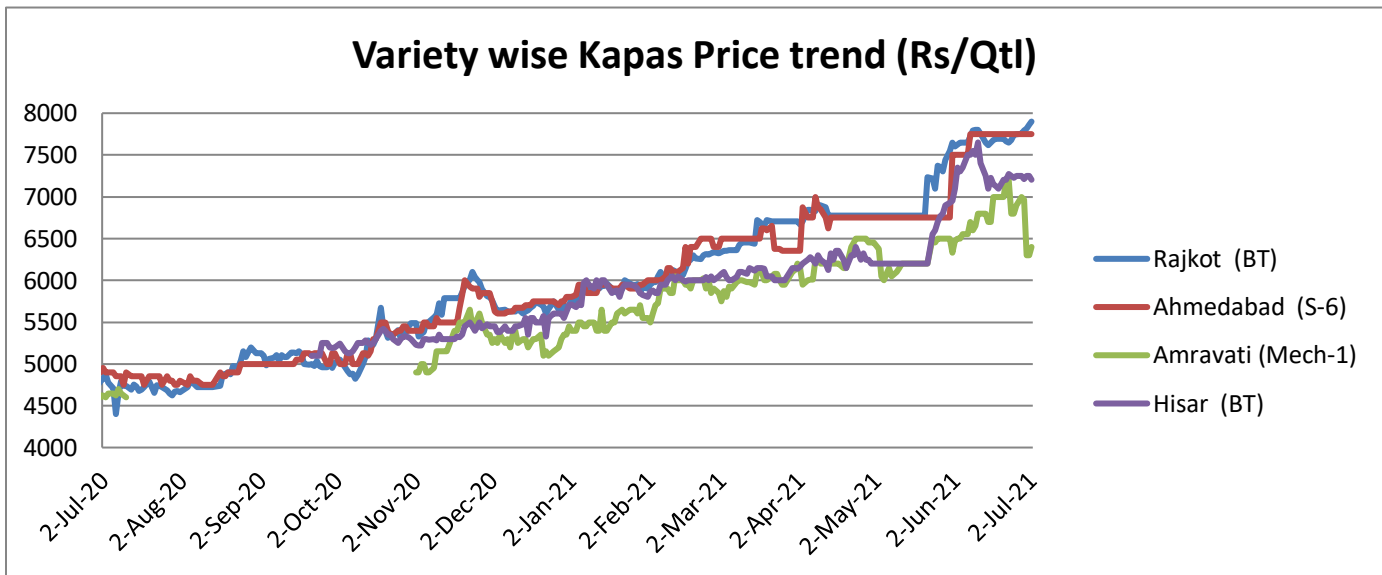
Total domestic mill consumption (excluding non- mill consumption) in 2020-21 is expected to decrease to 250.00 lakh bales in 2020-21, because of second wave of corona virus currently affecting the country.

So, the decline in consumption has result in higher ending stocks of around 102.63 lakh bales in 2019-20 and is likely to occur this year too, the endingstocks by the end of 2020-21 season is estimated to be 127.09 lakh bales.

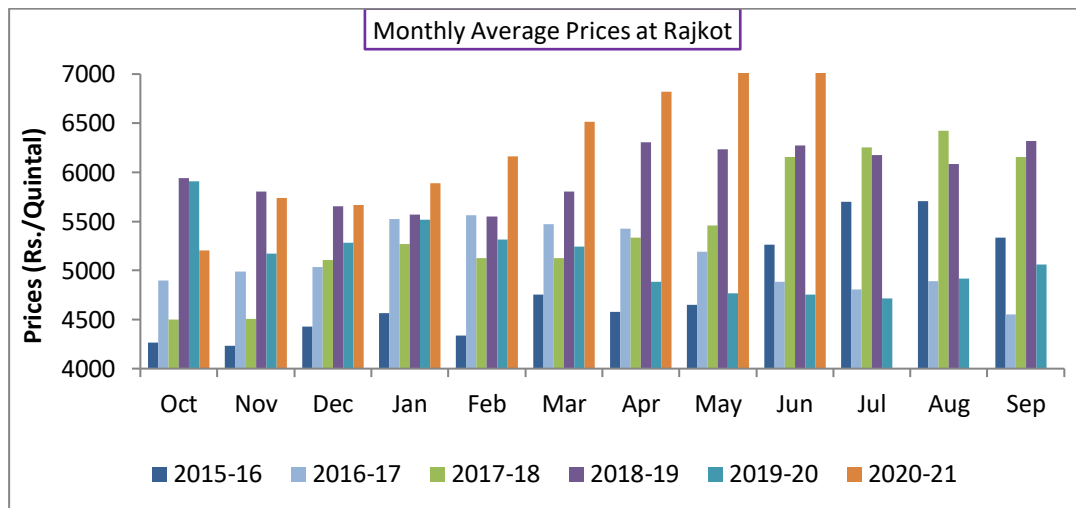
## Domestic Cotton Prices Scenario

### Kapas (Raw Cotton) Monthly Price Scenario

**Monthly Price Review:** Monthly kapas average price at Rajkot and other markets were significantly higher and stood at Rs.7700/quintal from previous month at Rs.6949/ quintal.



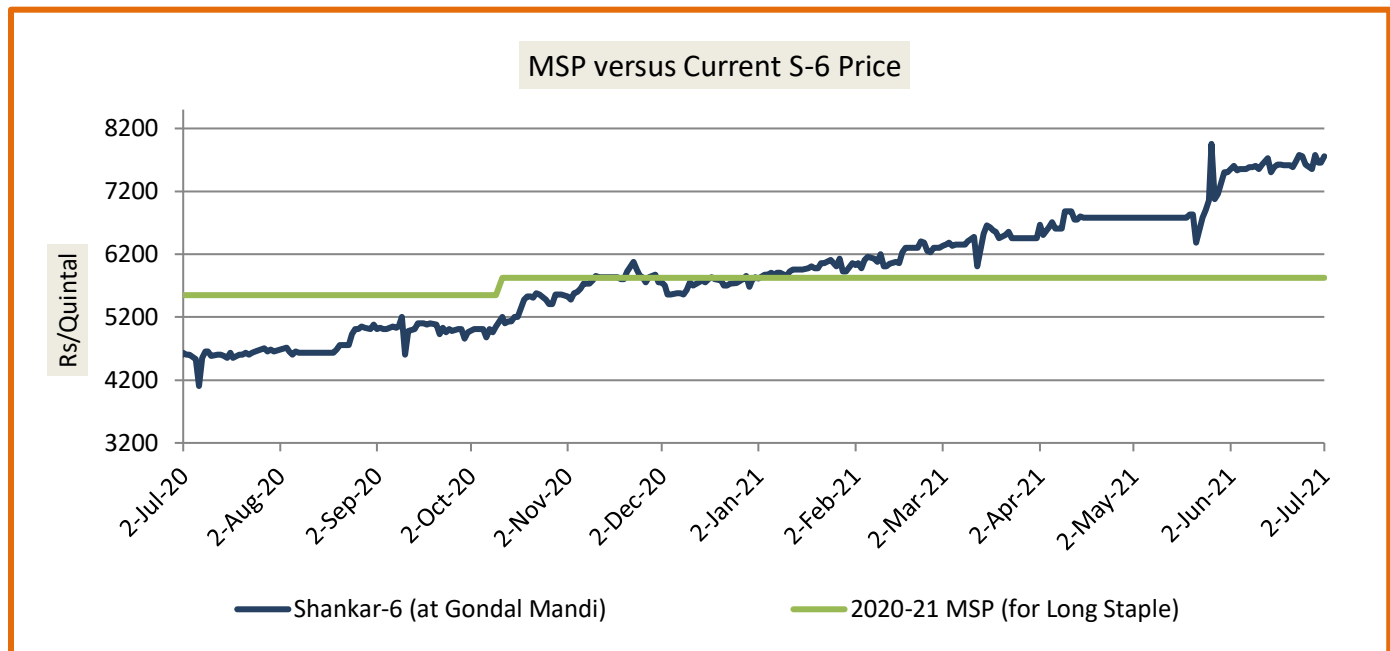
### Kapas Monthly M-o-M Price Scenario



The arrivals in the month of June were higher in the market and the monthly average price were also higher at Rs. 7701/q compared to the prices during the corresponding month of the previous season.(Rs. 4753/q)

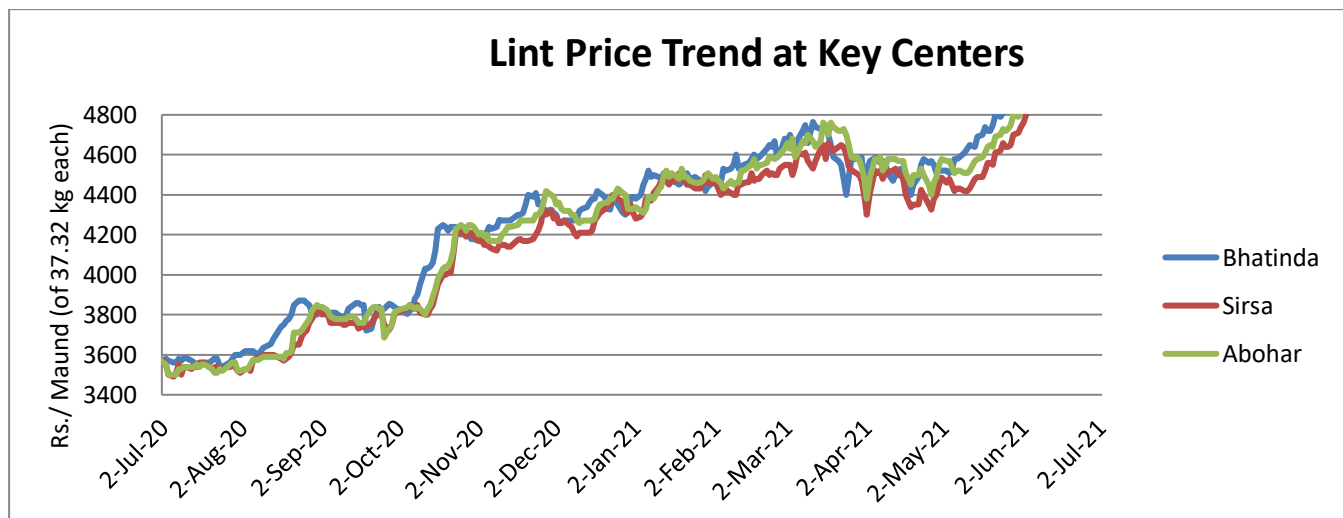
### Spot Price versus MSP

The average price in the Gondal market was higher in June month at Rs.7614/q compared to Rs. 6887/q in May. While the arrivals during the month have slowed down and were around 14,761 quintals.



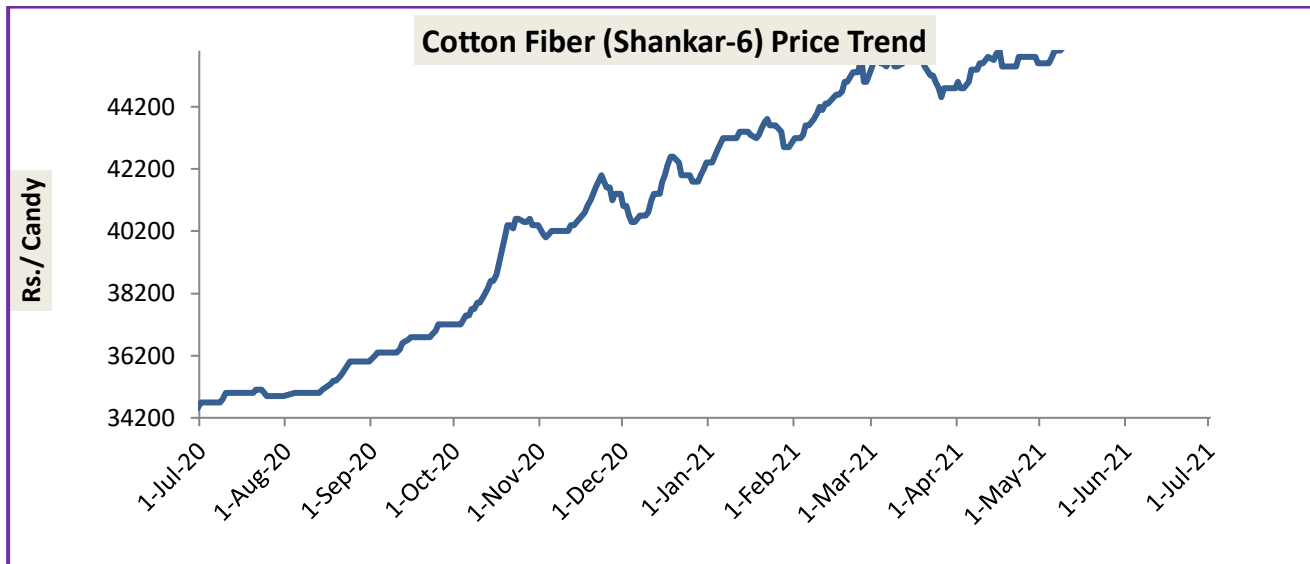
### Lint price Outlook

Monthly average price of Lint at Sirsa stood lower at Rs.5029 per maund of 37.32 kg each in June, compared to the average monthly price of Rs. 4600 per maund in May. The prices were hovering higher around Rs. 5081 per maund in Bhatinda in the month of May.



### Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.50445 per candy (of 355.6 kg each) during June, up by Rs.46682 per candy from previous month. While the prices during the same month last year were firm around Rs. 35034 per candy. Agriwatch expects cotton fiber to remain range-bound around of Rs.48,500-52,000 per candy in the coming month amid increase in kapas MSP.

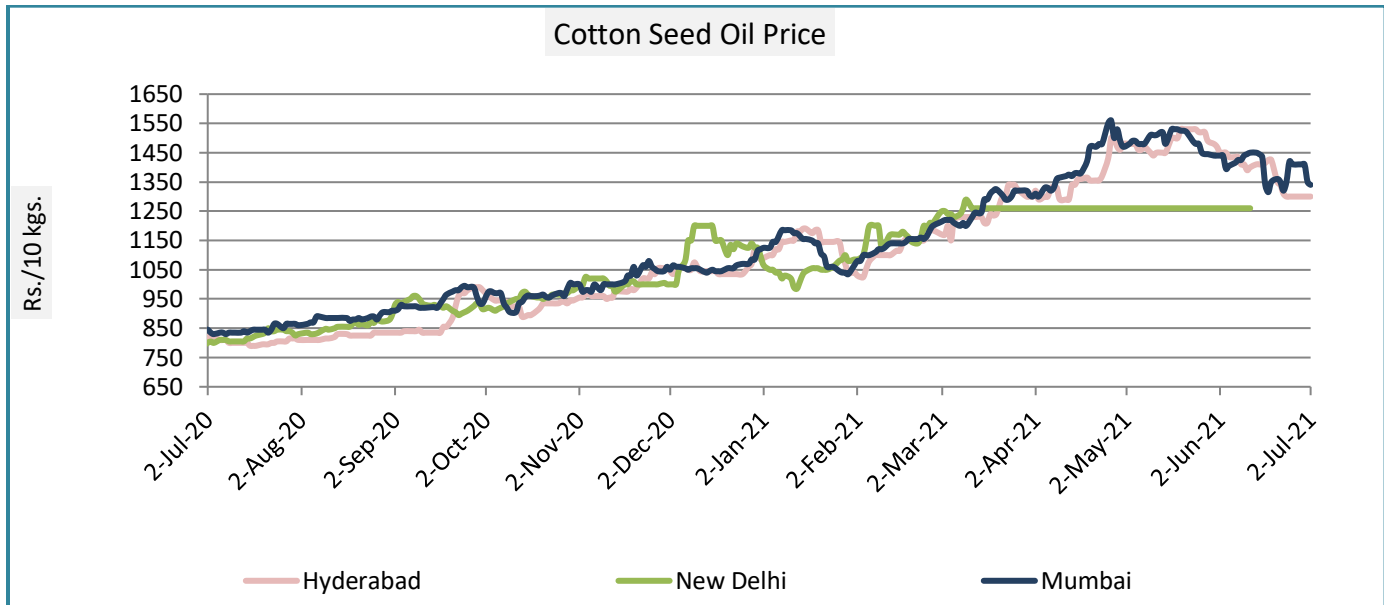


### Cotton Seed Oil and Cotton Seed Oil Cake

#### Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood lower at Rs.1340 per 10 Kg, and followed by Rs. 1363 kg in Rajkot and Rs.1260 per 10 kg in New Delhi.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	June	May	
New Delhi	1260	1260	-
Rajkot	1363	1426	-4.39
Hyderabad	1340	1480	-9.45
Mumbai	1393	1487	-6.32

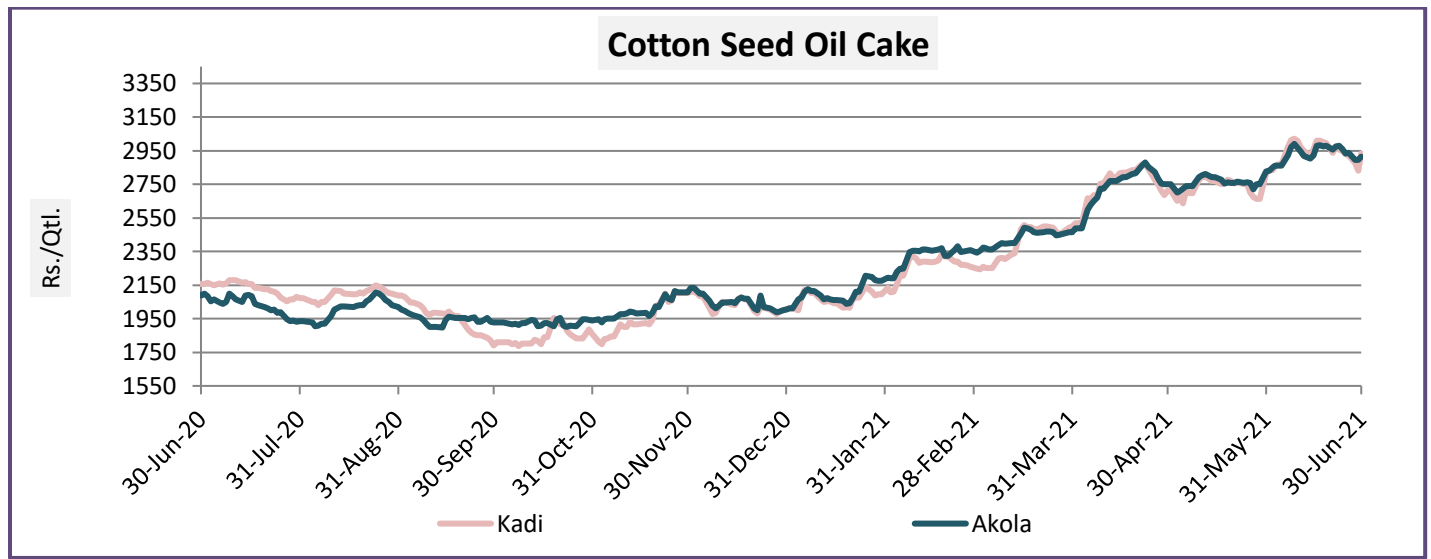


### Cotton Seed Oil Cake monthly Price Scenario

The cotton seed oil cake prices may increase in August month after the new demand for cattle feed comes in the market. The spot market showed an increasing trend during June month, with the average price in Kadi up by 7% at Rs.2939 per quintal and up by 6% around Rs.2929 per quintal in Akola.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	June	May	
Kadi	2939	2731	7.60
Akola	2929	2760	6.13

\*Source: NCDEX



### International Market Scenario

ICE front month futures were up by around 2 % in June'21 month compared in May'21. The average of ICE Jul contract stood low around 86.49 cents/lbs in June, up by 2.66 percent compared to the average price that stood in May around 84.25 cents/lbs.

### Major Market Highlights:

- According to the International Cotton Advisory Committee, global cotton production is expected to increase by 5 percent to 25.5 million tonnes in 2021-22 season. With the increase in planted area in the United States and West Africa, global production is expected to increase by 5 percent in 2021-22 season. Consumption is also expected to increase by 2 percent to 25.3 million tonnes as the global economy continues to recover from the pandemic. Trade may increase by 2 percent to 10 million tonnes with import increases expected in all major consuming countries.
- The cotton Business of Thailand has started to recover as the global economy recovers. With improving health condition and global economy the cotton business has started recovering, the cotton imports of the country were 700 thousand bales (each 480 lb) in 2019-20 which have dropped to 550 thousand bales in 2020-21 but are now likely to rise by 9.09 percent to 600 thousand bales in 2021-22.
- According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) report, export projection for US cotton for the season 2021-22 shows a 100,000 bales increase from the previous month, to 14.8 million bales. The U.S. production and consumption remain unchanged from last month and with lowering beginning stocks and higher exports, ending stocks are now 200,000 bales lower at 2.9 million bales.
- The US Department of Agriculture has increased the cotton crop estimate by 5 percent for the coming 2021-22 season. According to USDA's Cotton and Wool Outlook report, global cotton production in 2021-22 is forecasted at 118.9 million bales, 5 percent above the previous year's but 2 percent below the 2019-20 production. Larger cotton crops are forecasted for most of the major cotton-producing countries in 2021-22, led



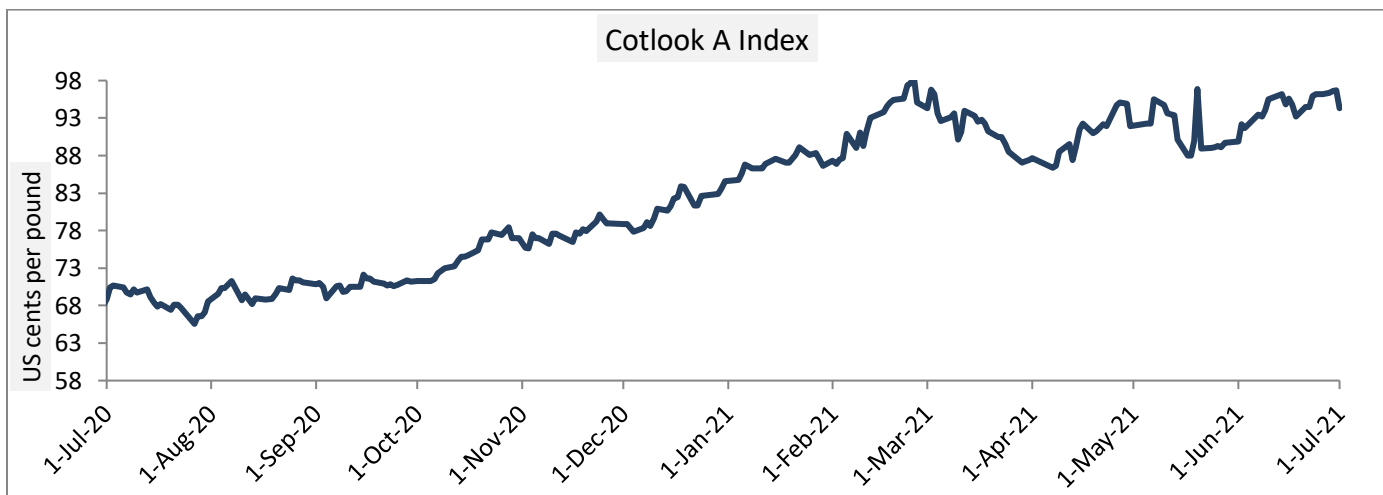
by the United States, Brazil, and Australia. For the 2021-22 season, India is expected to produce larger cotton crop accounting for more than 24 percent of the world's production. India's cotton crop is projected at 29.0 million bales and is 500,000 bales above the 2020-21 season. The area under cotton cultivation is forecasted at 13.0 million hectares for 2021-22 and an improvement in yield is expected to 486 kg per hectare.

- In USDA's June 2021 forecast report, for the 2020-21 season, global production and consumption have been raised marginally from May month. Global trade is boosted, led by the robust demand in China, Bangladesh, and Turkey. Exports have also been raised for India, Brazil, and United States in May 2021 and were estimated at 5,900 bales, 11,000 bales, and 16,400 bales respectively from previous month 5,500 bales, 10,700 bales and 16,240 bales.

### Cotlook A Index

The average Cotlook A Index stood higher at 94.55 US cents per lb in June month and increased by 3.58%.

Cotlook A Index	Monthly Average Price as on		% Change
	June	May	
Prices	94.55	91.28	3.58
Prices in US cents per Pound			



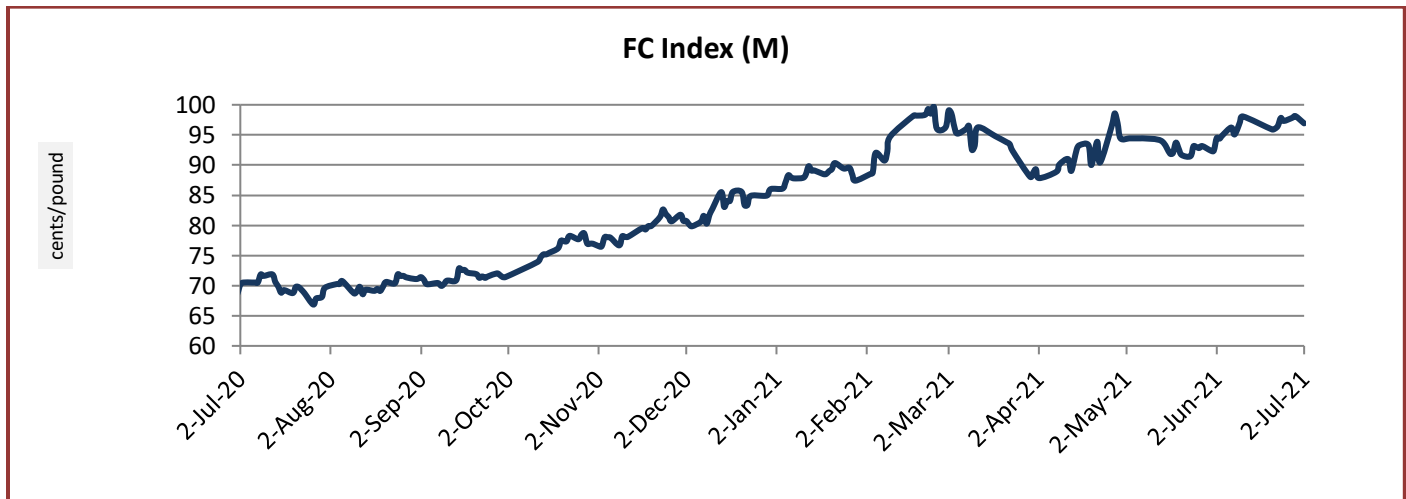
Source: Cotlook

### China Cotton Index and Foreign Cotton Index

The China cotton Index prices has increased from previous month around 2-3 percent.

Cotton Index	Monthly Average Price as on		% Change
	June	May	
FC (S)	97.26	94.56	2.86
FC (M)	96.14	93.30	3.04
FC (L)	95.05	91.84	3.49
Prices in US cents per Pound			

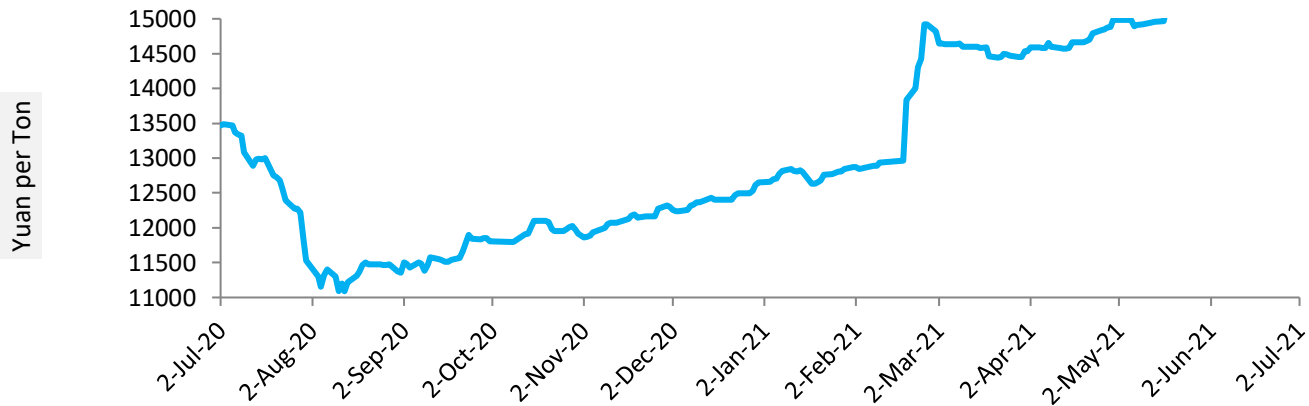
Source: China Cotton Association



Cotton Index	Monthly Average Price as on		% Change
	June	May	
CCIndex(328)	15990.00	15925.71	0.40
CCIndex(527)	15168.94	15186.48	-0.12
CCIndex(229)	16363.28	16306.81	0.35
Prices in Yuan per ton			

Source: China Cotton Association

China Cotton Index(328)



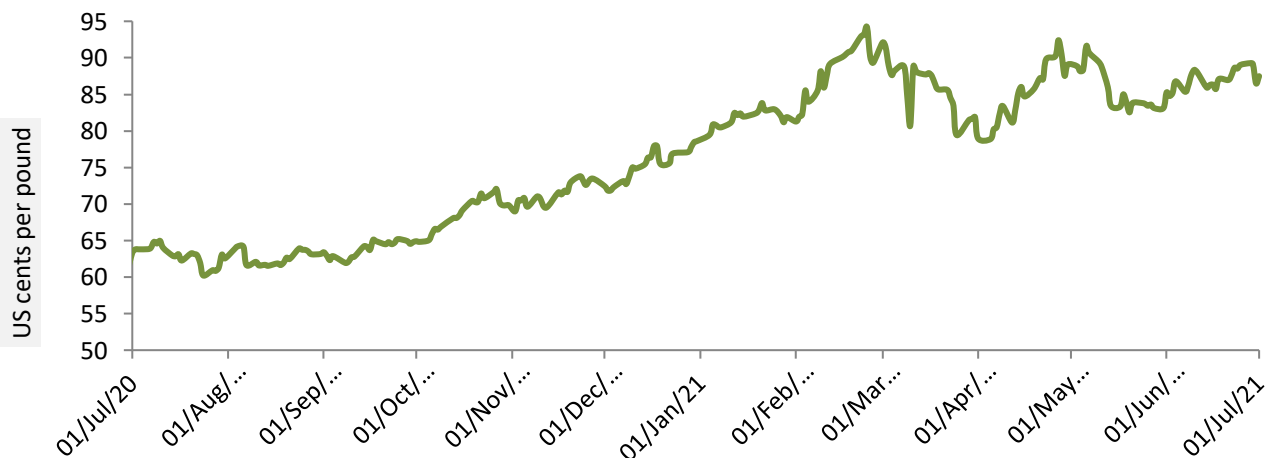
### USA Spot Prices

U.S.A Spot price for this month was at 87.03 cents/ pound higher from previous month price by 1.355 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	June	May	
Prices	87.03	85.87	1.35
Prices in US cents per Pound			

Source: USDA

Daily Movement of USA Spot Price

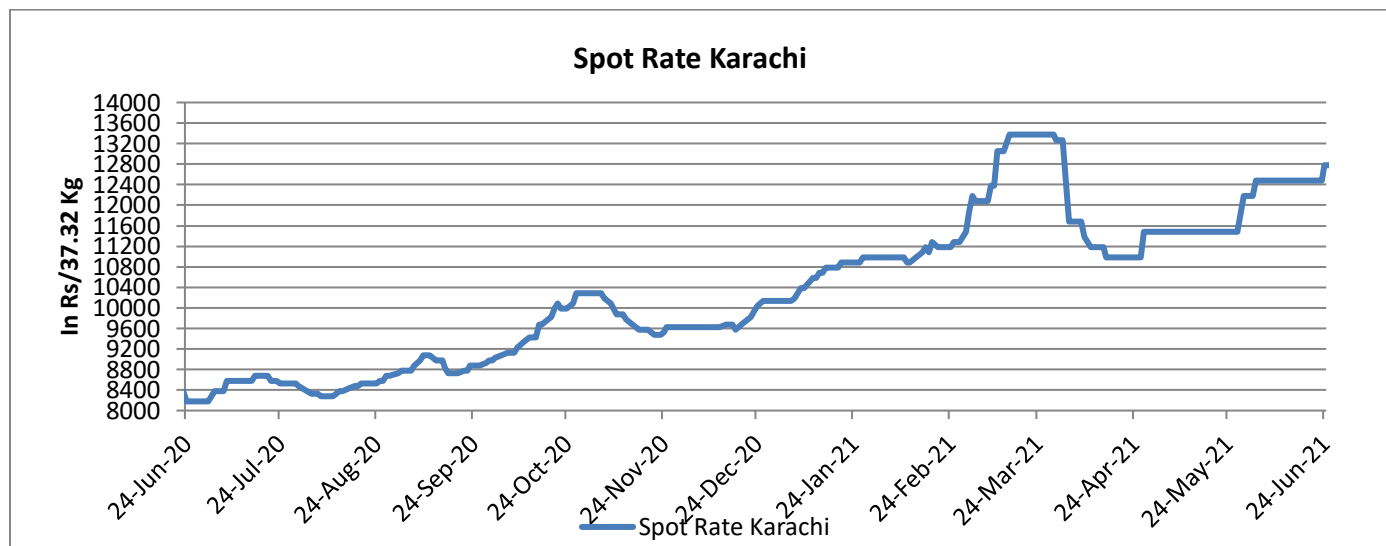


### Pakistan Spot Prices

The Karachi spot pricestood around Rs.12609/q higher than the previous month by 7 percent. (Rs. 12869/q).

Karachi Spot Prices	Monthly Average Price as on		% Change
	June	May	
Prices	12609	11780	7.03
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton

Exchange: MCX

Contract: Mar.

Expiry: July. 30, 2021

## Cotton



## Technical Commentary:

- Therecenttrendincottonhasbeenbullish.
- Asupportingtrendlineispassingthrough22000, while mild resistance is seen around24620.
- If the market tests the support at 23500, intraday long positions may be created.

## Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Mar	22500	23500	24820	24620	24640
			Call	Entry	T1	T2	SL
Cotton	MCX	Mar	Buy	24580	24580	24600	24560

\* Do not carry-forward the position next day.

Commodity: Cotton Seed oil Cake  
Contract: Mar

Exchange: NCDEX  
Expiry: July 30<sup>th</sup>, 2021

### Cottonseed Oilcake



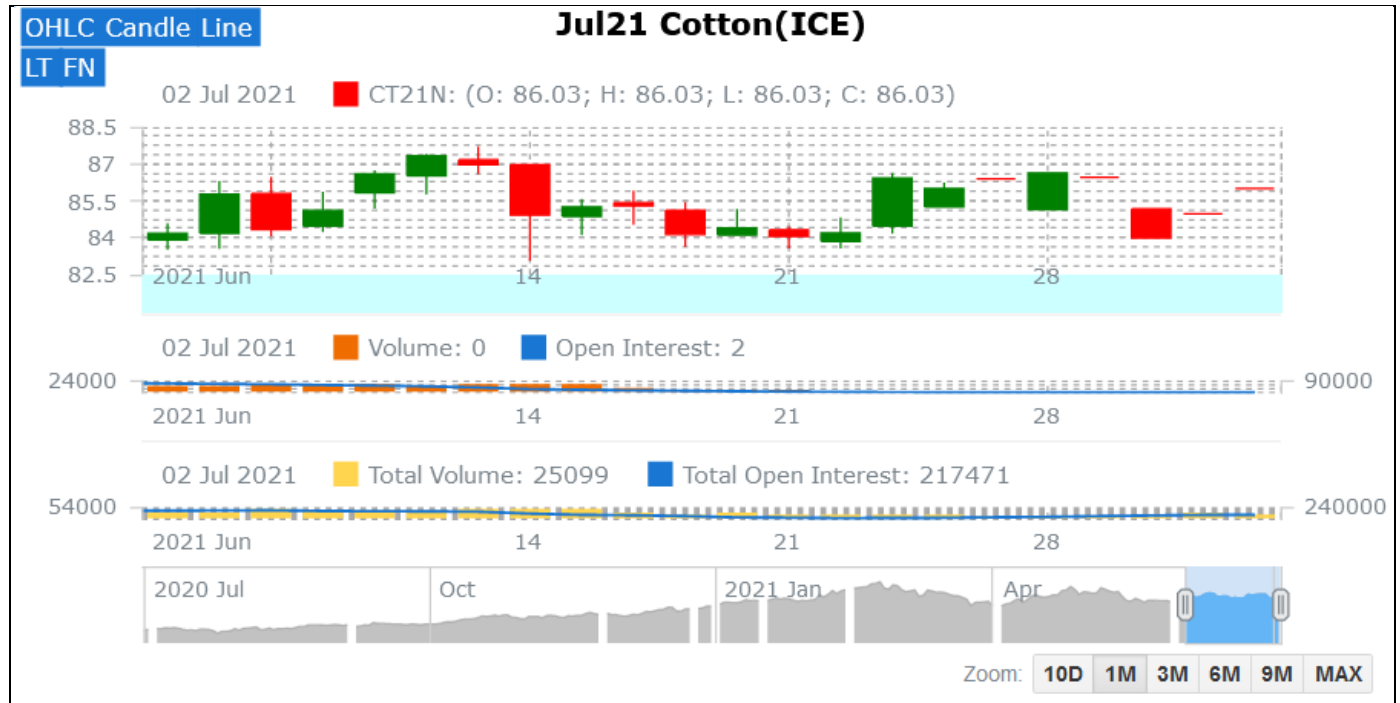
### Technical Commentary:

- Cottonseedoilcakeonthe weekly chartlooksbullish.
- Ontheintra-daychart,thereexistsaconsolidationzone(support)at 2860andthenatrendlinesupportat 2800. Strong resistance is seen at 3000.

### Strategy: **Sell**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	2860	2800	2862	3000	3020
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	<b>Sell</b>	2780	2800	2820	2790

\* Do not carry-forward the position next day.

**Monthly Technical Outlook:****Technical Analysis of Cotton Future (Jul'21 Contract) at ICE**

- Candlesticks showed firm trend in the market during June month.
- Volume&Open Interest have increased over a month.
- We expect cotton prices to remain steady to firm in the coming month.

**Expected Price Range During Coming month**

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	86-90

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
80	84	87	89

Figures in US cents/pound



### Cotton Future Prices at ICE

#### Future Price Trend (Active Contract):

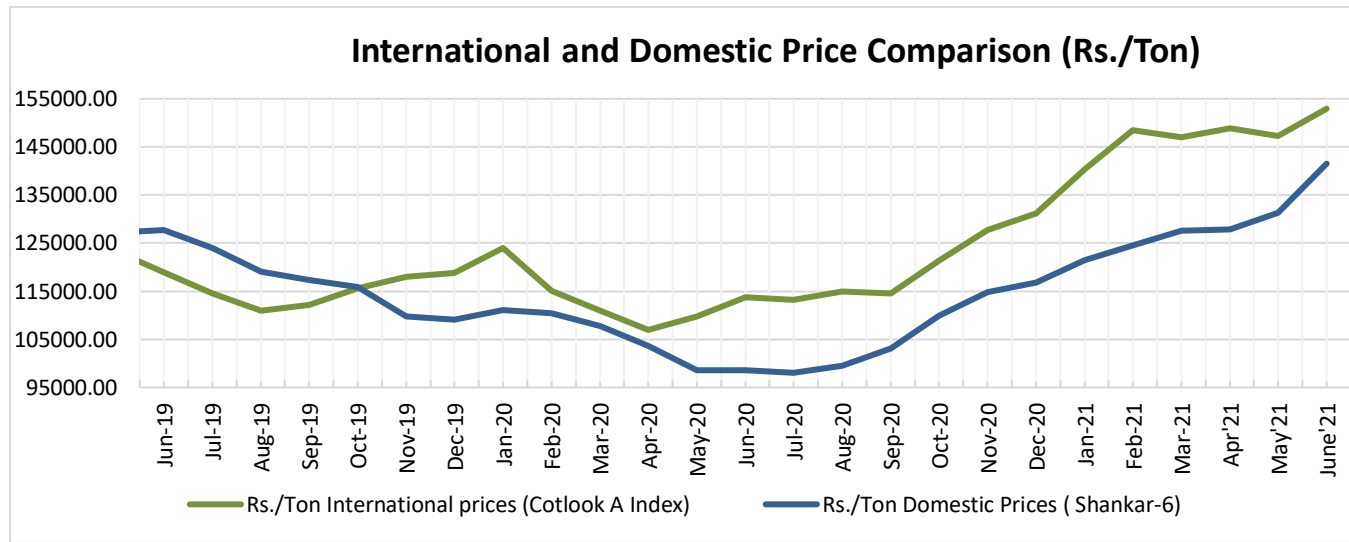
Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	01-Jul-21	01-June-21 (1 month ago)	02-Apr-20 (3 months ago)	02-Jan-20 (6 months ago)	01-Jul-20 (a year ago)	% Change over a month	% Change over previous year
Jul-21	85.01	83.77	77.95	78.12	63.45	1.48	33.98
Oct-21	86.49	84.84	79.27	78.70	63.81	1.94	35.54
Dec-21	85.9	84.66	78.22	79.17	62.58	1.46	37.26
Mar-22	85.79	84.61	77.91	76.57	63.08	1.39	36.00
May-22	85.56	84.5	77.61	74.87	62.76	1.25	36.33

Cotton Future Price Trend (Jul'21 Contract at ICE)





### International and Domestic Price Comparison



### Domestic Cotton Prices and Arrivals at Key Centers

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	June'21	May'21	
Gujarat	Ahmedabad	Shankar-6	7690	NA	-
	Gondal	Shankar-6	7614	7185	429
	Rajkot	B.T. Cotton	7701	7321	380
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6889	6565	324
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7279	6749	529
	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	6768	6235	533
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	7412	6061	1351
Karnataka	Bijapur	Bunny	7437	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	June'21	May'21	
Punjab	Bhatinda	J-34	5081	4686	396
	Abohar	J-34	5081	4686	396
	Mansa	J-34	5069	4666	403
Haryana	Sirsa	J-34	5030	4600	429
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	June'21	May'21	
Gujarat	Ahmedabad	Shankar-6	71060	NA	-
	Gondal	Shankar-6	14761	3796	10965
	Rajkot	B.T. Cotton	24400	13625	10775
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	273	30	243
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9010	1360	7650
	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	46900	55000	-8100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Medium Staple	2366	6061	-3695
Karnataka	Bijapur	Bunny	11403	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	June'21	May'21	
Punjab	Bhatinda	J-34	NA	85	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	1275	3995	-2720
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Cotton Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				June'21	May'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40563	38821	1742
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41063	39321	1742
J-34(202)	27mm	3.5 - 4.9	23	46738	42842	3896
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	48533	43400	5133
Shankar-6(105)	29mm	3.5 – 4.9	28	50446	46746	3700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	52617	49208	3408
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	53158	49554	3604
DCH-32(107)	34mm	3.0 - 3.8	33	81925	77654	4271

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