

Domestic market summary

Domestic Market Scenario:

Cotton sowing is progressing across India for the coming 2021-22 season. Till 29th July 2021 cotton sowing across India has reached 110.731 lakh hectares compared to previous season sowing at 121.251 lakh hectares during the same time. Cotton Corporation of India has opened more than 450 procurement centers in 2020-21 season. Indian physical market is doing well and crossed Rs. 57500 per candy mark for Shanker-6. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood high around Rs.54,004/ candy in July'21.

Monthly Price Outlook : The Kapas prices likely to remain firm between Rs. 6900-8800/q in the Rajkot market and the prices of medium staple length in Adoni market are likely to hover around Rs. 5700-7300/q in the coming month.

Major Market Highlights:

Cotton stocks drops down to 9 lakh bales. According to the Cotton Corporation of India, it had exhausted all its stocks and is now left with only 9 lakh bales before the start of the season in October, due to strong demand for cotton in the market. As per CCI, the Corporation had an opening stock of 115 lakh bales of cotton at the start of the season in October 2020 and had procured 92 lakh bales since then. International cotton prices and MCX prices have also risen by Rs 7,500 and Rs 6,000 a candy, respectively, in the last one-and-a-half months. But CCI has been conservative in increasing prices and has raised prices by Rs 2,200 to Rs 2,500 a candy for the same period, except for one to two varieties, where it is higher. Also, in the last one month, 40% of the cotton sold by CCI has been purchased by textile mills directly.

For the coming season 2021-22, Cotton sowing is progressing in all the parts of the country across India. Till 29th July'2021, about 110.73 lakh hectares area was sown in India compared to normal of corresponding week 107.29 lakh hectares last year. Thus 3.44 lakh hectare more area has been covered as compared to corresponding week of last year. Higher area was reported from the states of Telangana (3.69 lakh hectares), Karnataka (0.69 lakh hectares), Rajasthan (0.61 lakh hectares), Haryana (0.42 lakh hectares), Odisha (0.36 lakh hectares), Madhya Pradesh (0.29 lakh hectares), and Tamil Nadu (0.01 lakh hectares). Less area was reported from the states of Andhra Pradesh (0.82 lakh hectares), Gujarat (0.78 lakh hectares), Punjab (0.62 lakh hectares) and Maharashtra (0.55 lakh hectares).

Despite the rise in area, cotton yield drops below 500kg per hectare in India. According to the Committee on Cotton Production and Consumption the area under cotton cultivation has increased to 130 lakh hectares since 2019, the yield per hectares have dropped below 500kg, four times out of the last six years. As per the industry officials, India's cotton yield is low since no new seed technology has been introduced since 2006.

Telangana becomes the largest supplier of cotton in the country during 2020-21 seasons. Telangana has supplied about 178.55 lakh quintals of cotton during the Kharif (Vaankalam) Marketing season 2020-21. According to the State the cotton procurement is almost double the cotton procured by Maharashtra which stood with 91.98 lakh



quintals. The cotton crop was sold to Cotton Corporation of India which is in addition to the crop purchased by private businessmen. All the crops were purchased from farmers at Minimum Support Price as part of the Centre's Price Support Scheme aimed at eliminating middlemen and support farmers. All the payments to the farmers for their produce are made directly into their bank accounts by the concerned procuring agencies.

As the cotton prices rises, textile traders seek zero duty. The Southern India Mills Association has expressed its concern over rapidly rising cotton prices that have been increasing since January 2021 and have skyrocketed in July 2021 as well. The downstream export sectors and garments and made ups segments, which are already hit by lockdown induced disruptions, shortage of workers and high logistics costs, have been further affected by this price hike, making them uncompetitive. As per the SIMA press release, the increase of Rs. 3,800 a candy of cotton over the past 15 days by the Cotton Corporation of India and the 10 percent import duty on cotton were affecting the entire textile value chain and it has made textile exports expensive in the global market.

The Multi Commodity Exchange of India Limited will modify its cotton contract specification. As due to pink bollworm frequent attack is impacting the quality of cotton available in the market the MCX is planning to modify its Cotton contract specification. The industry has also changed the way it grades the cotton based on its reflectance and colour. The change in contract specification will lead to more delivery on the exchange and benefit the entire value chain.

The Cotton Association of India has urged the government to withdraw the import duty on cotton. Cotton Association of India has reiterated its request to withdraw 10% import duty on cotton. The cotton has been under Open General License (OGL) Scheme without any quantitative and qualitative restriction for the last several decades, but due to the imposition of 10 percent import duty on cotton, the raw material which is being imported in India has become costlier thus reducing the competitiveness of yarn and textile manufacturers with other countries like China, Bangladesh, Pakistan, and Vietnam. Moreover, the price of extra-long staple (ELS) cotton in India is very high and the range of ELS Kapas rate in the country is between Rs. 8500- Rs. 9000 per quintal in July 2021 which is higher by about 2500 per quintal i.e. 30 percent higher than the minimum support price. As per CAI if the import duty is not removed the domestic prices will go up further and create more hardship to the domestic textile sector.

India is planning to sign MOU with Bangladesh to export 10 lakh bales of cotton annually. The Indian government is planning to sign a memorandum of understanding (MOU) with Bangladesh to export 10 lakh bales of cotton every year. Bangladesh is one of the largest buyers of Indian cotton and for its expanding textile industry, particularly garments the Bangladesh government wanted India to ensure an uninterrupted supply of cotton. According to Cotton Corporation of India, the MOU will facilitate a government-to-government transaction and it is expected that the memorandum will be signed soon.

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
TOTAL	365	321.05	360.00	368.00

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.

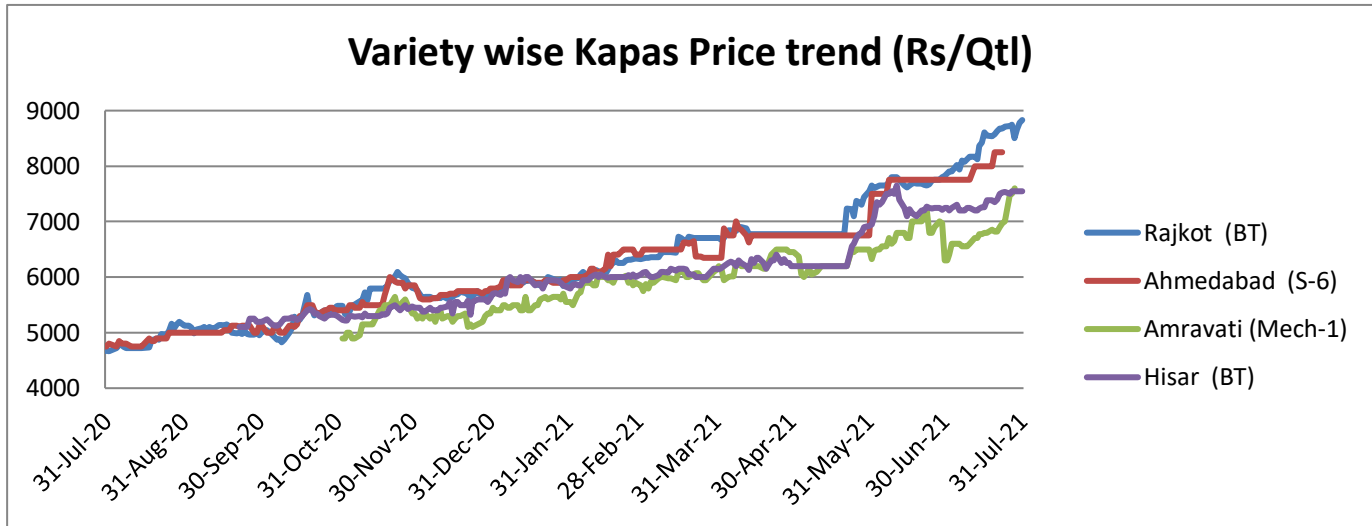
Total domestic mill consumption (excluding non- mill consumption) in 2020-21 is expected to increase to 263.00 lakh bales in 2020-21, with the coming of festivals in August month and also due to relaxation in lockdown restrictions in several states across the country.

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 ending stocks by the end of 2020-21 season is estimated to be 105.6 lakh bales. Although, as per Cotton Corporation of India the country had exhausted all its stocks and is now left with only 9 lakh bales before the start of the season in October, due to strong demand for cotton in the market but CCI and various government agencies data is yet to be released.

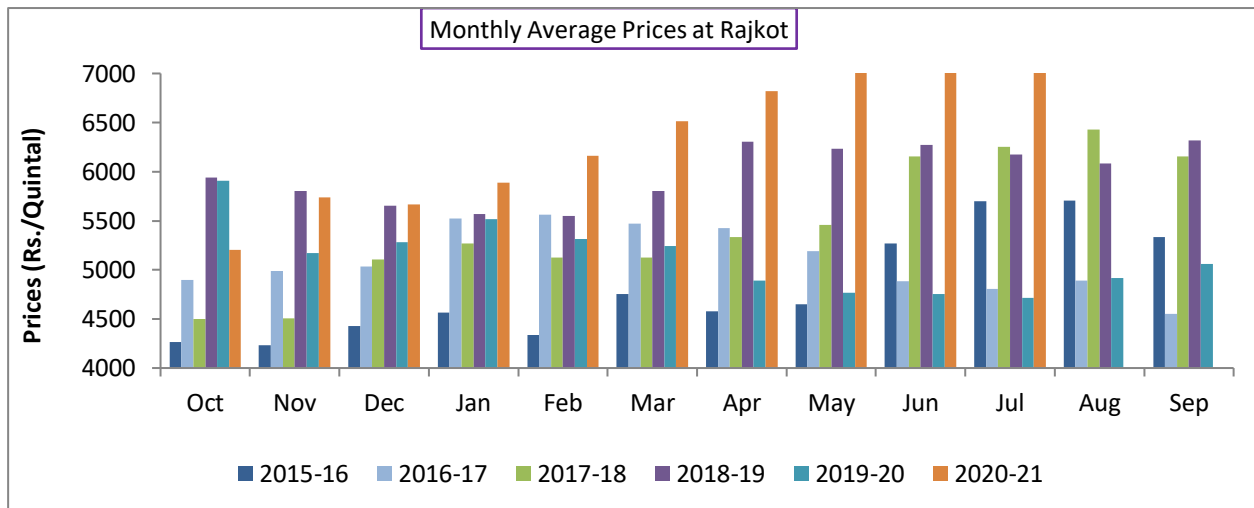
Domestic Cotton Prices Scenario

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.8673/quintal in Rajkot and Rs. 8250/quintal in Ahmedabad.



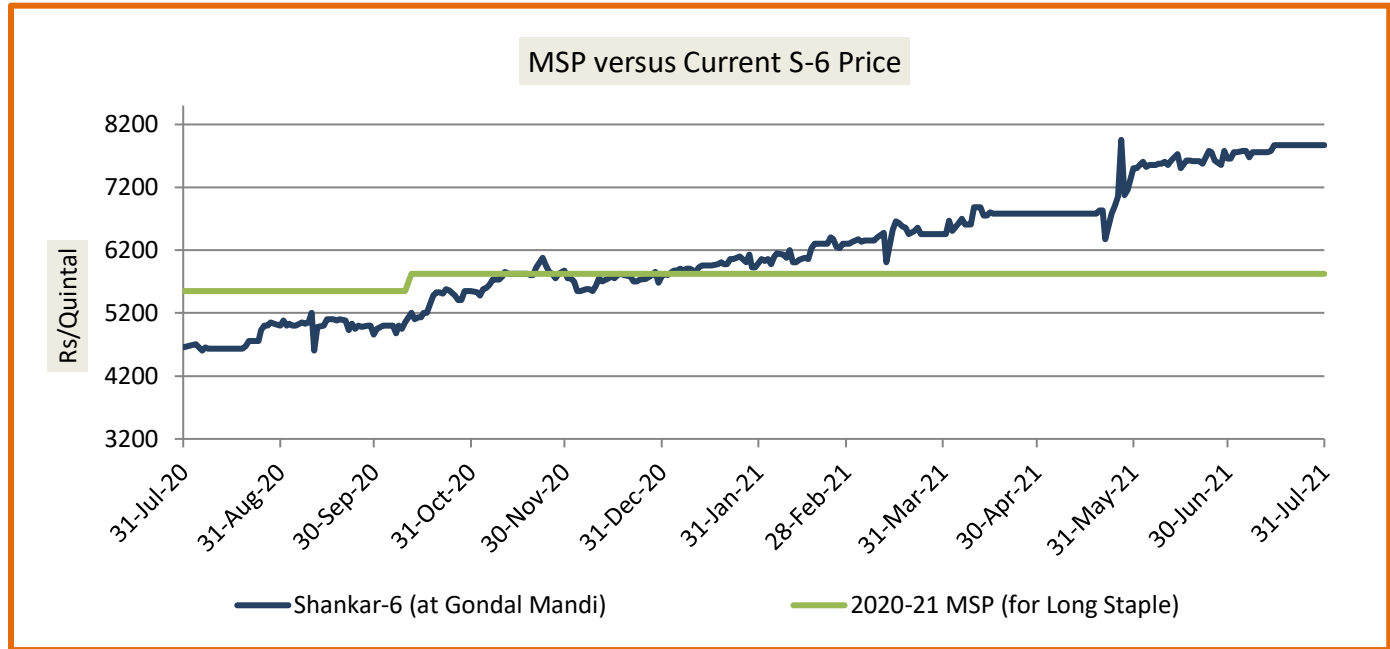
Kapas Monthly M-o-M Price Scenario



The arrivals in the month of June were higher in the market and the monthly average price were also higher at Rs. 8392/q compared to the prices during the corresponding month of the previous season.(Rs. 4713/q)

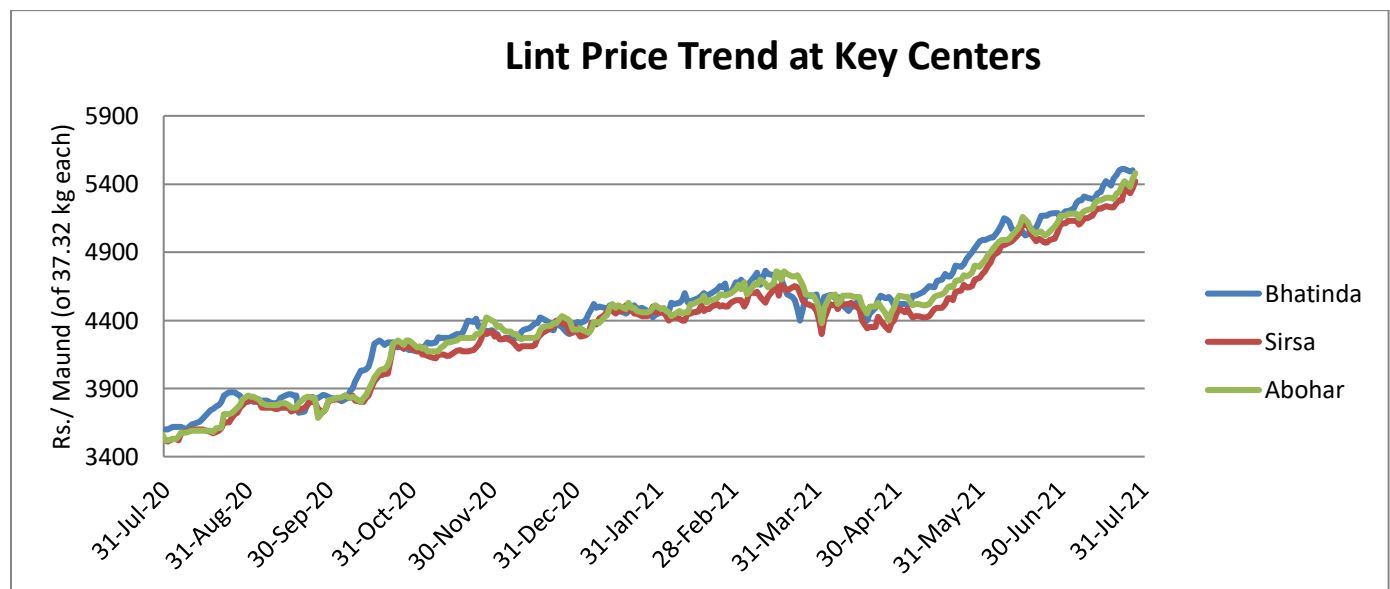
Spot Price versus MSP

The average price in the Gondal market was higher in July month at Rs.7817/q compared to Rs. 6728/q in June. While the arrivals during the month have slowed down and were around 1379 quintals.



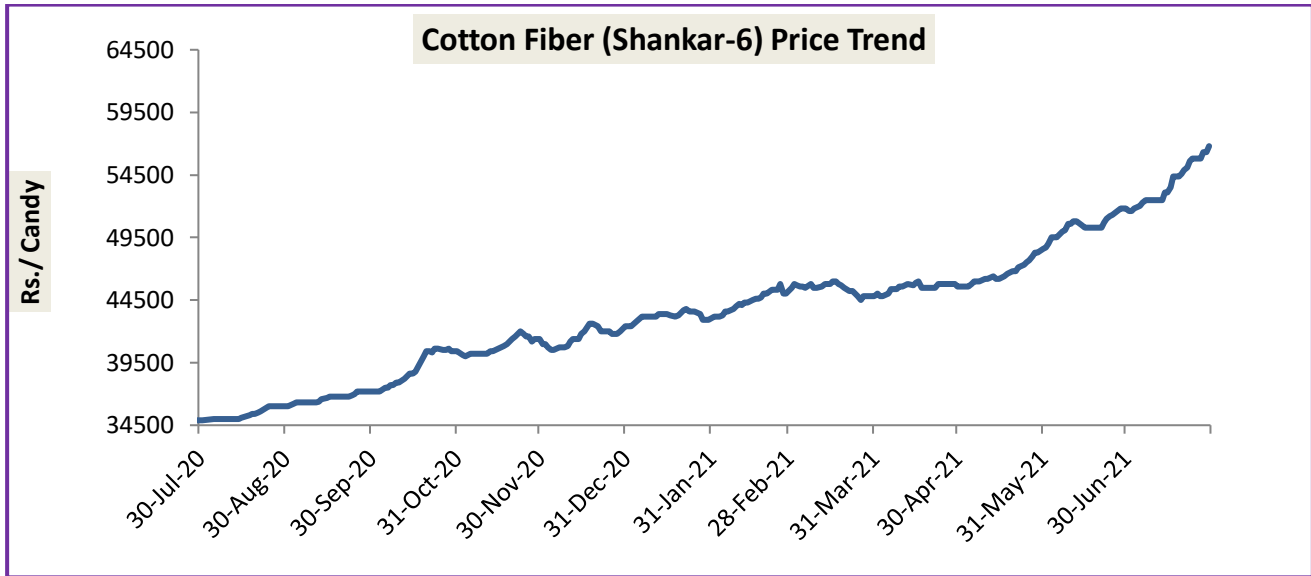
Lint price Outlook

The prices in the northern states were firm during July. Monthly average price of Lint at Sirsastood higher at Rs.5455 per maund of 37.32 kg each in July.



Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.54004 per candy (of 355.6 kg each) during July, up by Rs.40446 per candy from previous month. While the prices during the same month last year were firm around Rs. 34700 per candy. Agriwatch expects cotton fiber to remain range-bound around of Rs.54,500-60,000 per candy in the coming month amid increase in kapas MSP.

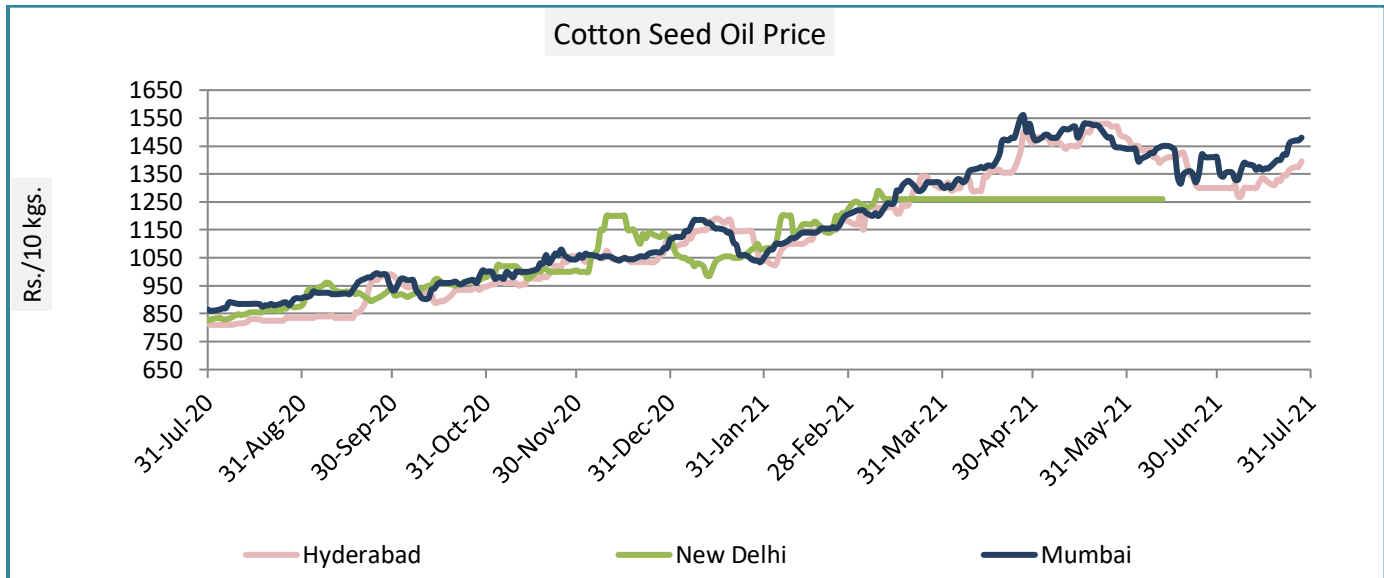


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1380 per 10 Kg, and followed by Rs. 1403 kg in Rajkot and Rs.1417 per 10 kg in Mumbai.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	July	June	
New Delhi	-	-	-
Rajkot	1403	1363	2.92
Hyderabad	1380	1340	3.00
Mumbai	1417	1393	1.74

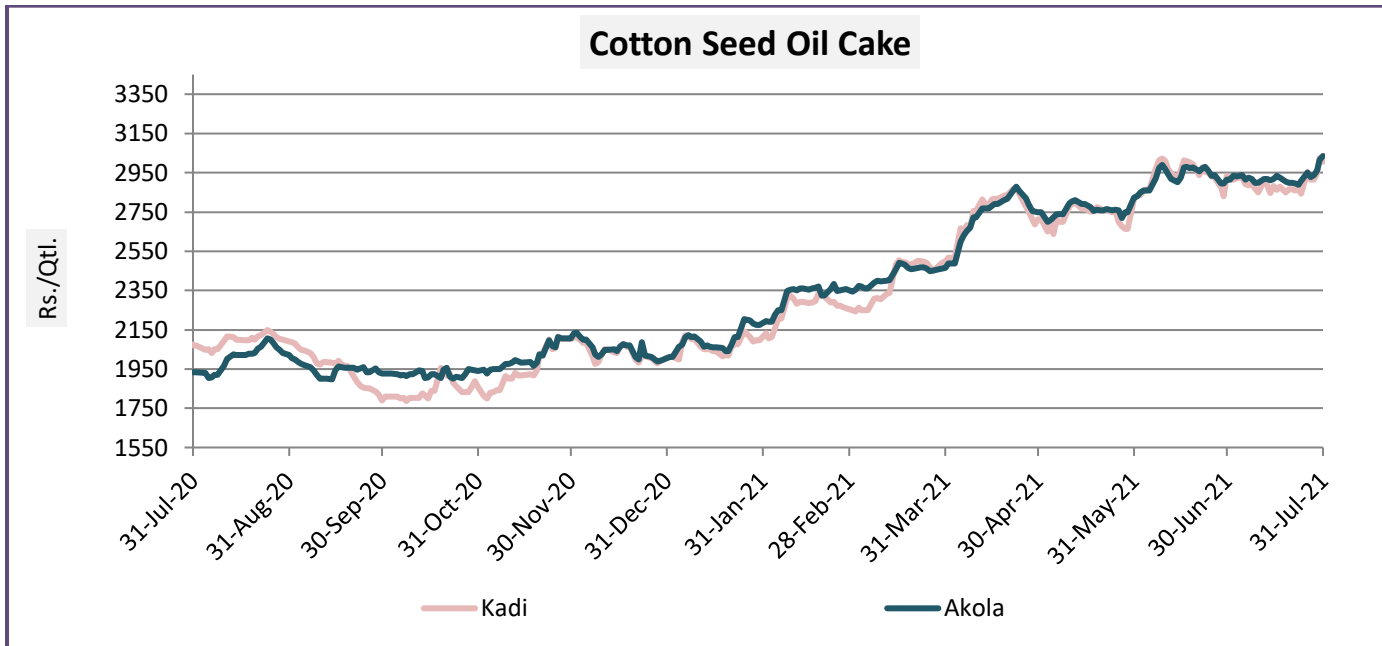


Cotton Seed Oil Cake monthly Price Scenario

The cottonseed oilcake prices have decreased from the month. The average price of cottonseed oilcake in the Kadi market was Rs. 2898 per quintal from Rs. 2839 per quintal and in Akola was at Rs. 2927 per quintal from Rs. 2929 per quintal the previous month. The cottonseed oilcake market is expected to see new demand in August and prices are also expected to rise in coming month.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	July	June	
Kadi	2898	2939	-1.40
Akola	2927	2929	-0.07

*Source: NCDEX



International Market Scenario

ICE front month futures were up by around 4 % in Aug'21 month compared in July'21. The average of ICE Oct contract stood high around 90.07 cents/lbs in Aug, up by 4.70 percent compared to the average price that stood in July around 86.03 cents/lbs.

Major Market Highlights:

- U.S. May textile and apparel imports were up 22 percent in May 2021. According to the CCF Group statistics, U.S. textile and apparel imports were up 22.6 percent in May 2021 compared with the same period in 2019, both U.S. apparel imports volume and value moved up sharply year on year and month on month but they were close to or lower than in 2019 level.
- According to an International Cotton Advisory Committee Report, after a 7 percent decrease in 2020-21, cotton production is projected to return to pre-pandemic levels next year. Global consumption has also recovered from 2019-20, to post a 12.5 percent increase to 25.59 million tonnes in 2020-21 and is projected to improve further to 25.8 million tonnes. Also, lower production with higher demand will cause ending stock to decline for the first time in four years at 20.96 million tonnes. For 2021-22 ending stock is forecast to decline further to 20.77 million tonnes as mill use is expected to exceed production. Exports have also increased by 11.75 percent in 2020-21 compared to the 2019-20 season and should remain at the same level in 2021-22.
- According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) report, the export projection for US cotton for the season 2021-22 shows a higher production, exports, and ending stock compared with last month. Based on USDA's acreage report released on 30th June 2021, U.S. producers planted or

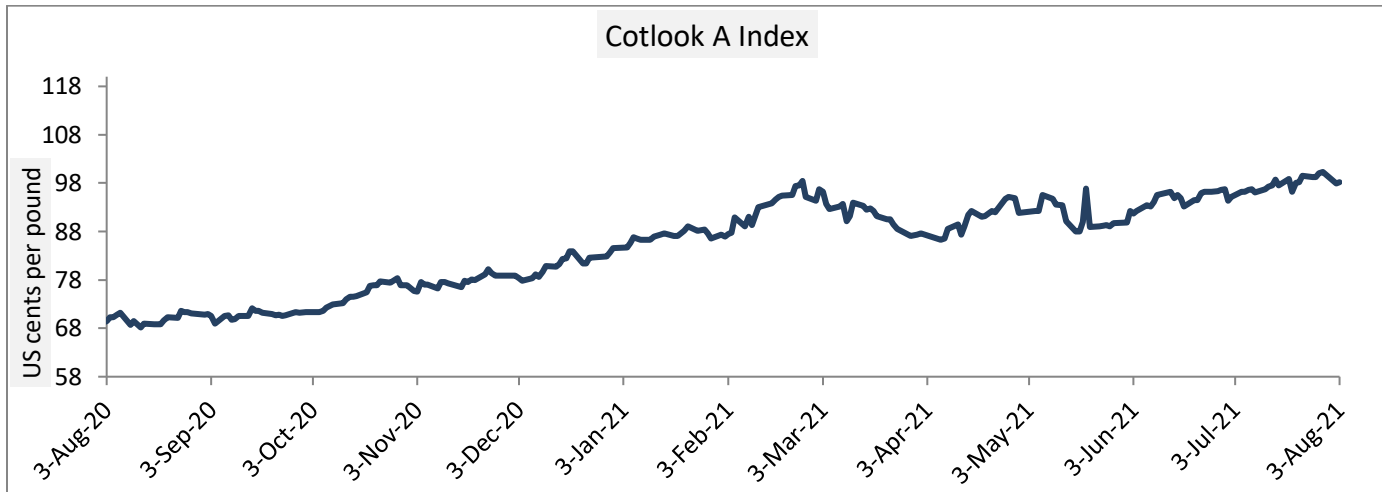
intended to plant approximately 11.7 million acres of cotton in 2021. However, above average rainfall in Texas during May and June is expected to increase harvested acreage this season.. Total cotton harvested area is projected in July at 10.5 million acres, 27 percent above 2020. U.S. abandonment in 2021 is forecasted at 10 percent, compared with 31.5 percent in the previous year. While the 2021-22 production is estimated 800,000 bales higher at 17.80 million bales, consumption is unchanged at 2.50 million bales, and exports and ending stock are each projected 400,000 bales higher at 15.20 million bales and 3.30 million bales respectively.

- According to USDA, World 2021-22 ending stocks of cotton are revised 1.6 million bales lower at 87.74 million bales than June projections. (89.30 million bales). Beginning stocks are projected 1.5 million bales lower at 91.57 million bales, 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 at 119.4 million bales this month as a larger U.S. crop more than offsets a 300,000 bales decline for Pakistan. Although, World cotton consumption is forecasted at 123.2 million bales for 2021-22 season, consumption is slightly more than 600,000 bales higher largely due to an increase for India. World trade is projected at 45.9 million bales which is 670,000 bales lower with China's import of 1 million lower and Brazil's Export of 1.1 million bales lower.
- In USDA's Cotton and Wool Outlook July 2021 forecast report, for the 2021-22 season, global cotton production is forecast 6 percent higher at 119.4 million bales, with the top 4 producers (India, China, United States and Brazil) contributing 73 percent of the total cotton production. India is expected to account for the largest share 24 percent in 2021-22 season, China with 22 percent, United States 15 percent and Brazil contributing around 11 percent.

Cotlook A Index

The average CotlookA Index stood higher at 97.56US cents per lb in July month and increased by 3.18%.

Cotlook A Index	MonthlyAverage Price as on		% Change
	July	June	
Prices	97.56	94.55	3.18
Prices in US cents per Pound			



Source: Cotlook

China Cotton Index and Foreign Cotton Index

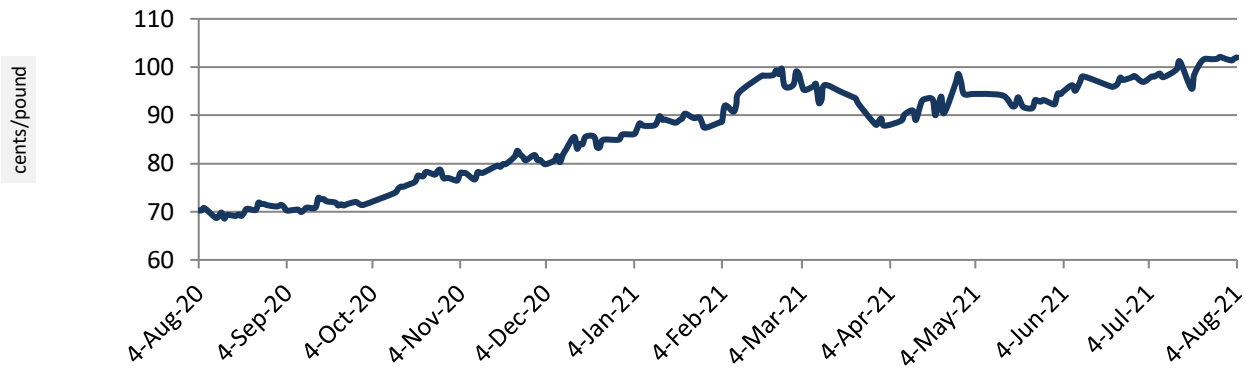
The China cotton Index prices has increased from previous month around 2-3 percent in July 2021.

Cotton Index	Monthly Average Price as on		% Change
	July	June	
FC (S)	100.51	97.26	3.34
FC (M)	99.38	96.14	3.37
FC (L)	98.25	95.05	3.37

Prices in US cents per Pound

Source: China Cotton Association

FC Index (M)

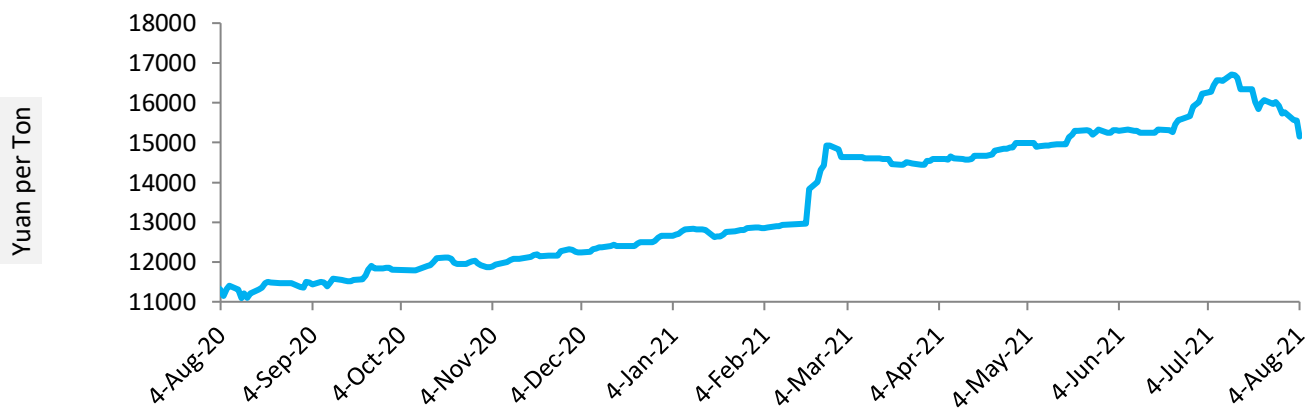


Cotton Index	Monthly Average Price as on		% Change
	July	June	
CCIndex(328)	16945.32	15990.00	5.97
CCIndex(527)	15981.45	15168.94	5.36
CCIndex(229)	17282.36	16363.28	5.62

Prices in Yuan per ton

Source: China Cotton Association

China Cotton Index(328)

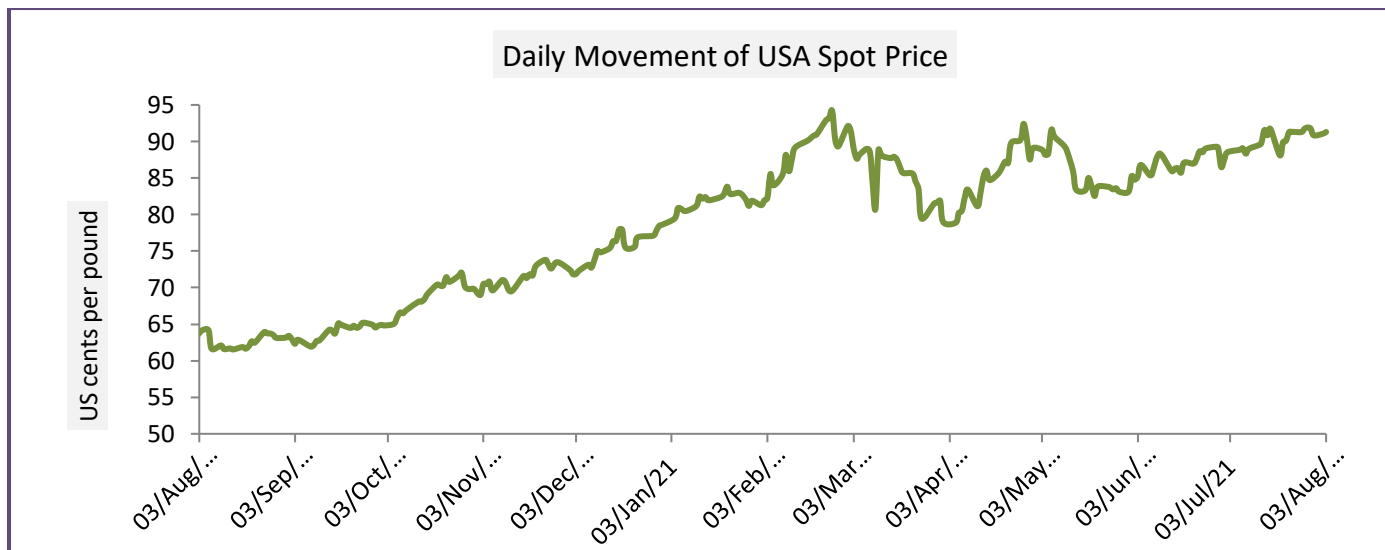


USA Spot Prices

U.S.A Spot price for this month was at 90.13 cents/ pound higher from previous month price by 3 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	July	June	
Prices	90.13	87.03	3.57
Prices in US cents per Pound			

Source: USDA

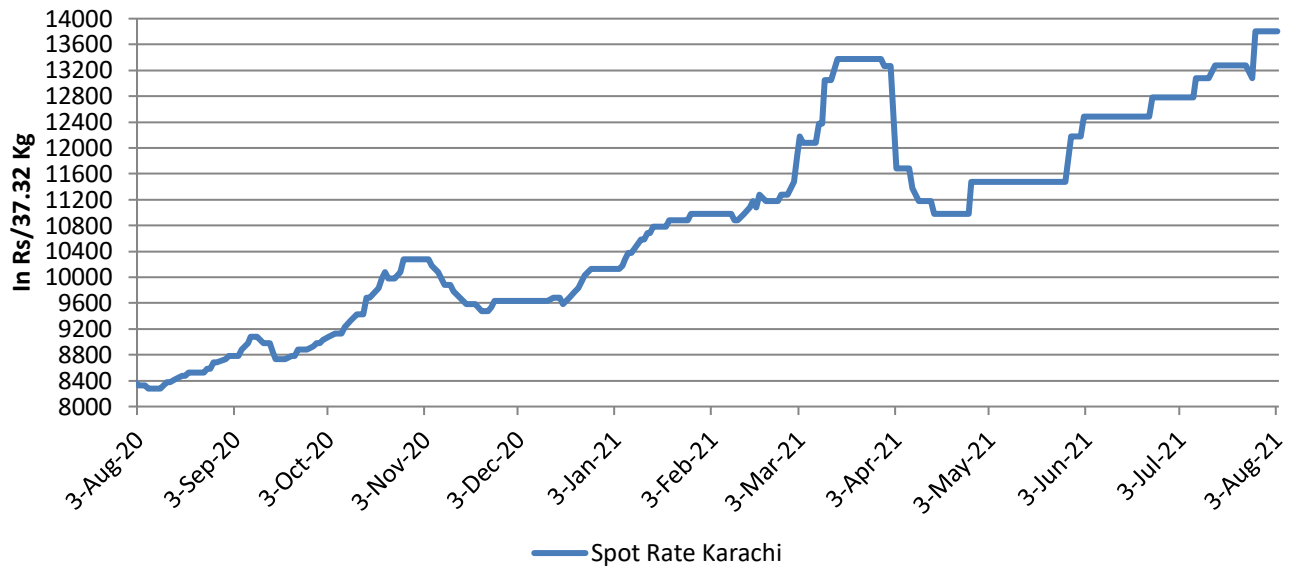


Pakistan Spot Prices

The Karachi spot pricestood around Rs.13356/q higher than the previous month by 5 percent. (Rs. 12609/q).

Karachi Spot Prices	Monthly Average Price as on		% Change
	July	June	
Prices	13356	12609	5.92
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com

Spot Rate Karachi

Commodity: Cotton

Exchange: MCX

Contract: Mar.

Expiry: Aug. 31, 2021

Cotton

COTTON 1st/MXCTNC1/2021/08/01 - Weekly B:27490.00 A:27510.00
 O:27470.00 H:27830.00 L:27400.00 C:27510.00 ↑ V:230 T:150,055 I:5,791 +310 +1.14%



Technical Commentary:

- Therecenttrendincottonhasbeenbullish.
- Asupportingtrendlineispassingthrough22000, while mild resistance is seen around 26990.
- 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	25000	25290	26610	26990	27000
			Call	Entry	T1	T2	SL
Cotton	MCX	Mar	Buy	26800	26900	26940	26890

* Do not carry-forward the position next day.

Commodity: Cotton Seed oil Cake
Contract: Mar

Exchange: NCDEX
Expiry: Aug 20th, 2021

Cottonseed Oilcake

COTTON SEED OIL 1st(NCCOUC1)2021/08/01 - Weekly B:3104.00 A:3105.00
O 3078.00 H 3127.00 L 3078.00 C 3104.00 ↑ V 26,810 I 43,860 +47 +1.54%



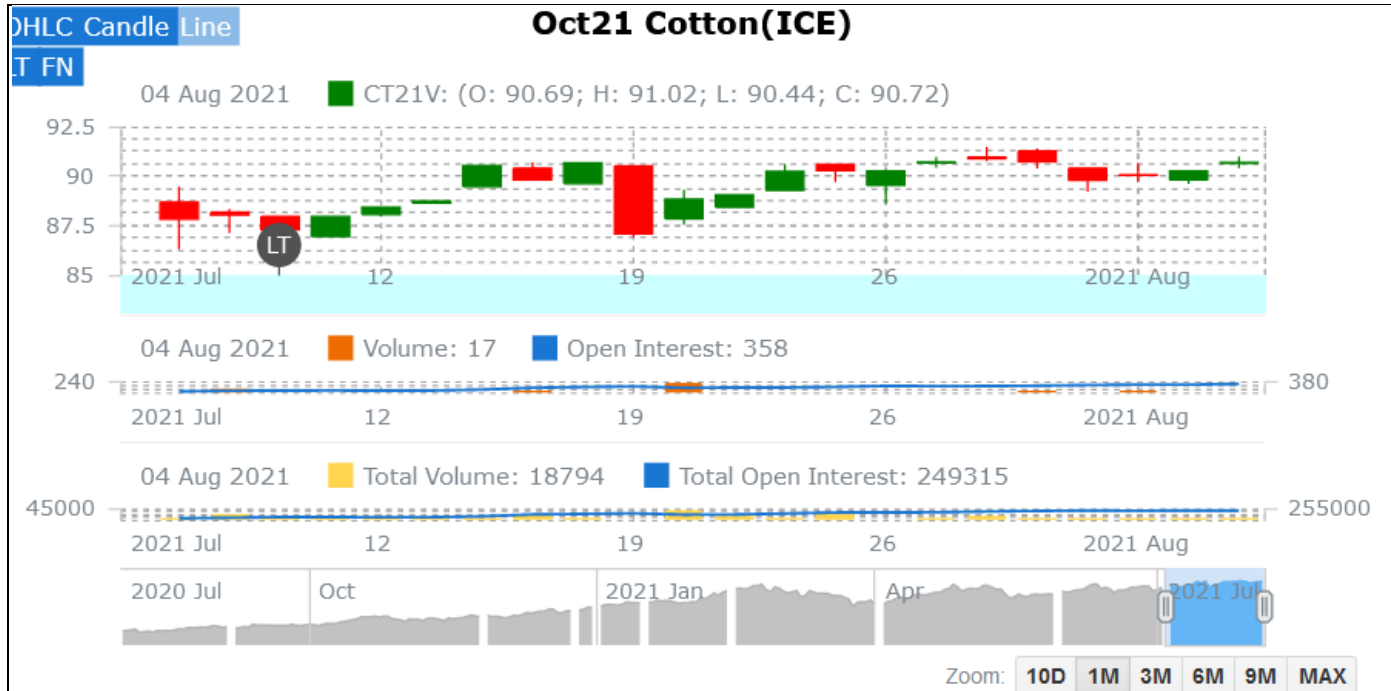
Technical Commentary:

- Cottonseedoilcakeonthe weekly chartlooksbullish.
- On the intra-day chart, there exists a consolidation zone(support)at 2860andthenatrendlinesupportat 2800. Strong resistance is seen at 2920.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	2750	2835	2814	2920	2950
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Buy	2815	2860	2880	2820

* Do not carry-forward the position next day.

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

- Candlesticks showed firm trend in the market during July 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	91-95

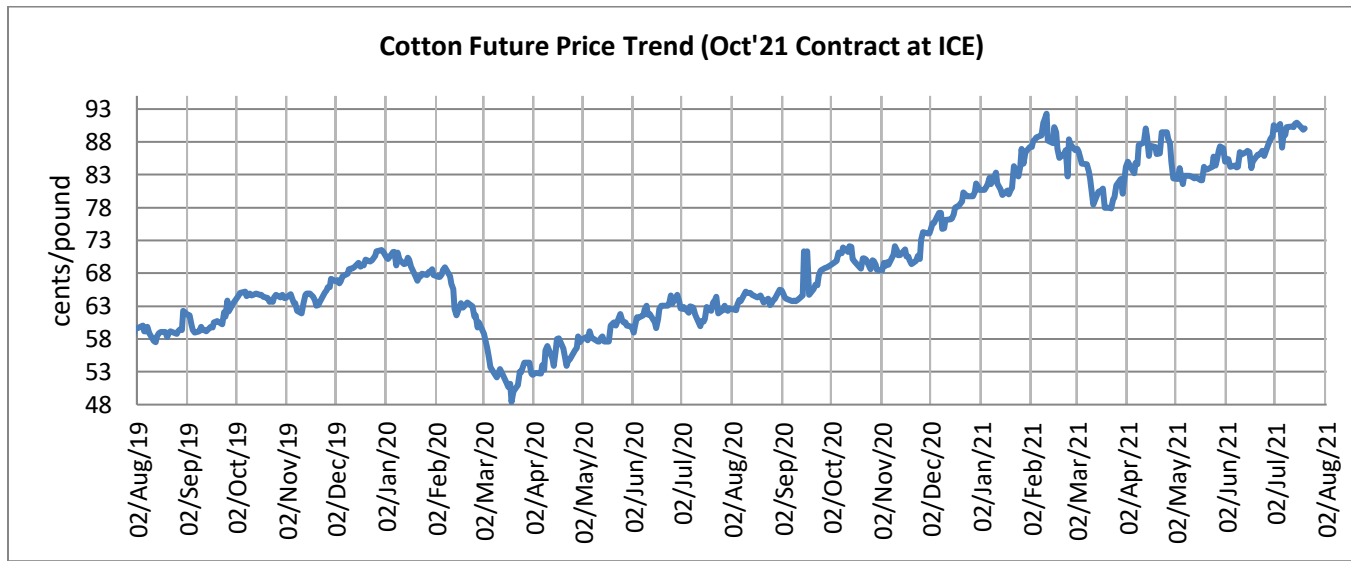
Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
90	88	92	95

Figures in US cents/pound

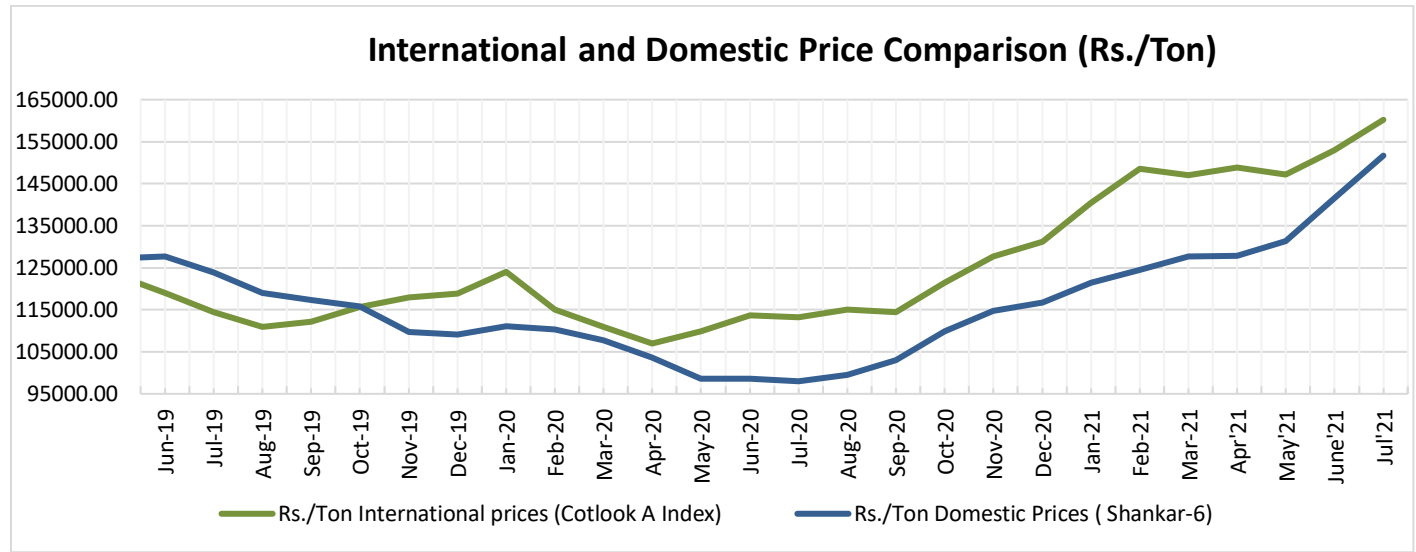
Cotton Future Prices at ICE

Future Price Trend (Active Contract):



Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	02-Aug-21	03-Jul-21 (1 month ago)	04-May-21 (3 months ago)	03-Feb-20 (6 months ago)	02-Aug-20 (a year ago)	% Change over a month	% Change over previous year
Oct-21	90.07	86.03	86.17	80.99	64.54	4.70	39.56
Dec-21	89.63	87.51	87.17	82.33	64.95	2.42	38.00
Mar-21	89.33	86.97	86.67	83.20	65.25	2.71	36.90
May-22	88.75	86.76	85.06	79.59	63.53	2.29	39.70
Jul-22	87.60	86.29	84.38	78.91	63.87	1.52	37.15

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	July'21	June'21	
Gujarat	Ahmedabad	Shankar-6	7889	7690	199
	Gondal	Shankar-6	7656	7614	42
	Rajkot	B.T. Cotton	8392	7701	691
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	6889	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7355	7279	76
	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	6814	6768	46
	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	7499	7412	87
Karnataka	Bijapur	Bunny	7602	7437	165
	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	July'21	June'21	
Punjab	Bhatinda	J-34	5365	5081	284
	Abohar	J-34	5365	5081	284
	Mansa	J-34	5352	5069	283
Haryana	Sirsa	J-34	5309	5030	279
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	July'21	June'21	
Gujarat	Ahmedabad	Shankar-6	22610	71060	-48450
	Gondal	Shankar-6	1379	14761	-13382
	Rajkot	B.T. Cotton	8875	24400	-15525
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	273	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8585	9010	-425
	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	105000	46900	58100
	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	1423	2366	-943
Karnataka	Bijapur	Bunny	3027	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	July'21	June'21	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	1275	-
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
				July'21	June'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41935	40563	1372
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42523	41063	1461
J-34(202)	27mm	3.5 - 4.9	23	49877	46738	3139
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	51338	48533	2805
Shankar-6(105)	29mm	3.5 - 4.9	28	54004	50446	3558
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	55588	52617	2972
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	56508	53158	3349
DCH-32(107)	34mm	3.0 - 3.8	33	91112	81925	9187

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Ltd.