

COTTON WEEKLY RESEARCH REPORT
02nd Aug 2021**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.

Weekly Price Outlook: The average price of Kapas is likely to remain firm between Rs. 6900-8800/q in Rajkot while the prices in Andhra Pradesh are likely to hover around Rs. 5600-7300/q.

Major Market Highlights:

- The Cotlook index stood higher (99.30cents/lbs) compared to the ICE cotton future that stood at 89.60 cents/lbs.
- Indian rupee remained between 74.28 to 74.46 against USD.

Market Highlights:

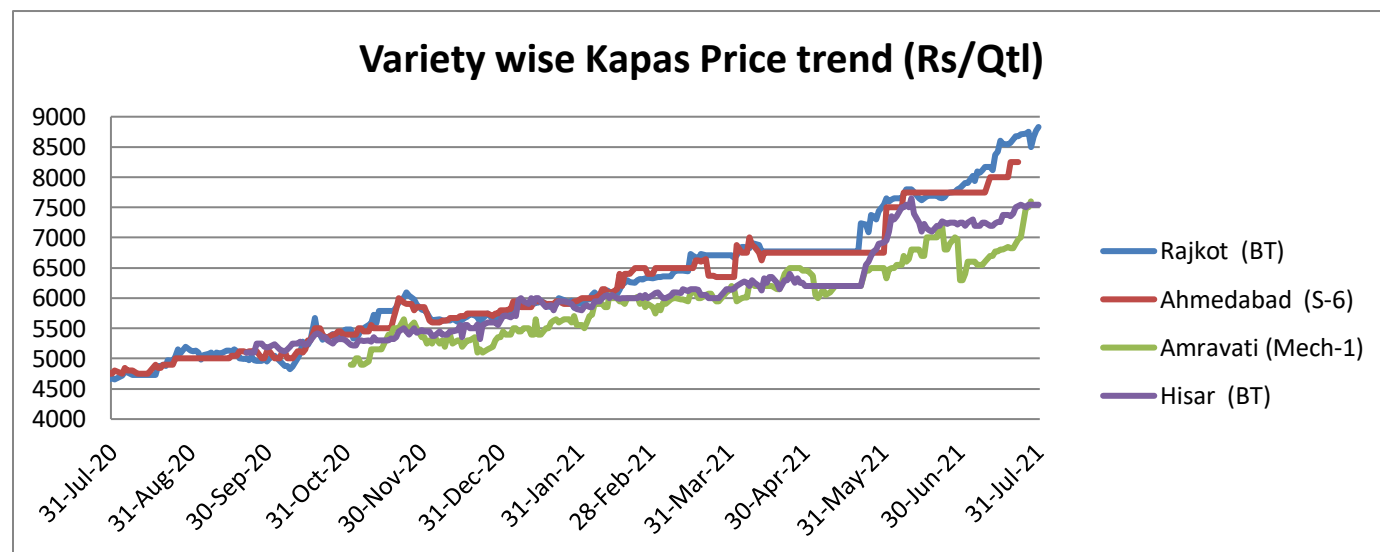
- **Telangana becomes the largest supplier of cotton in the country during 2020-21 seasons.** Telangana has supplied about 178.55 lakh quintals of cotton during the Kharif (Vaankalam) Marketing season 2020-21. According to the State the cotton procurement is almost double the cotton procured by Maharashtra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

- **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.
- **Indian textile exports have become non competitive as the domestic cotton prices increases.** According to the Southern Indian Mills Association, the steep rise in cotton prices in the domestic market has made Indian textile exports uncompetitive. The Southern Indian Mills Association has demanded removal of 10 percent duty on import of cotton as the prices in the domestic market has increased around 6 percent in July 2021.
- **Cotton farmers from Adilabad are demanding compensation after rains destroy the standing crop.** The incessant rains have destroyed the standing crop of cotton in thousands of acres. Also, the abundant weeding that has grown due to incessant rains in the fields has become a major problem. This will lead to additional financial burden on the farmers. As per the preliminary estimates, standing crop were damaged on over 5 lakh acres in the erstwhile Adilabad, Warangal, Karimnagar, Khammam and Nizamabad. Currently the Agriculture Department is trying to assess the crop loss that has occurred due to rains.

Domestic Cotton Prices Scenario

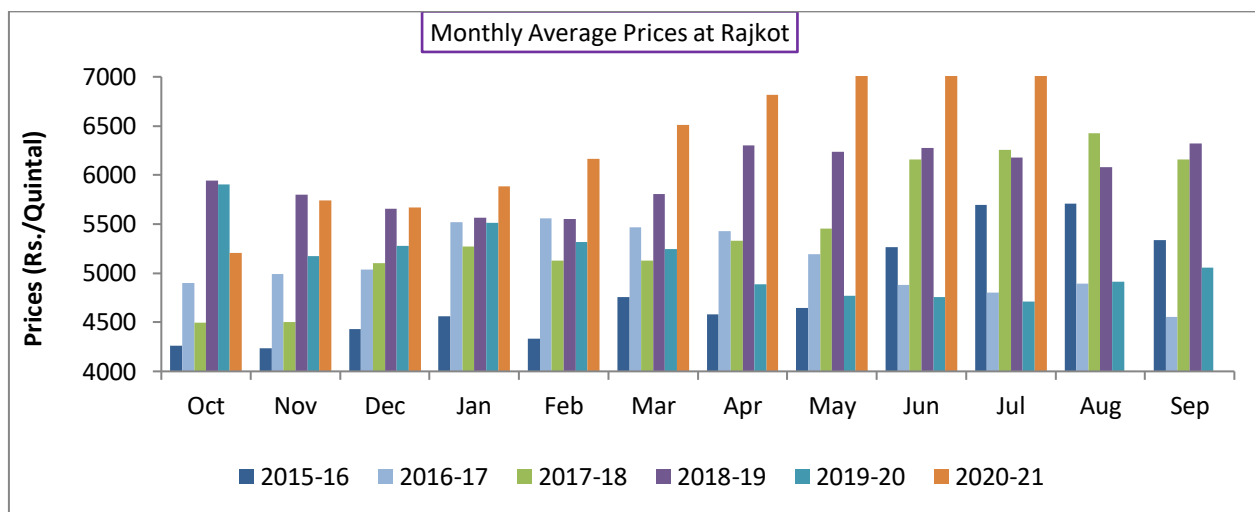
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot was high at Rs.8673/q from the previous week at Rs. 8550/q, prices in Amravati were at Rs. 7245/qt and in Hisar were at Rs. 7526/qt.



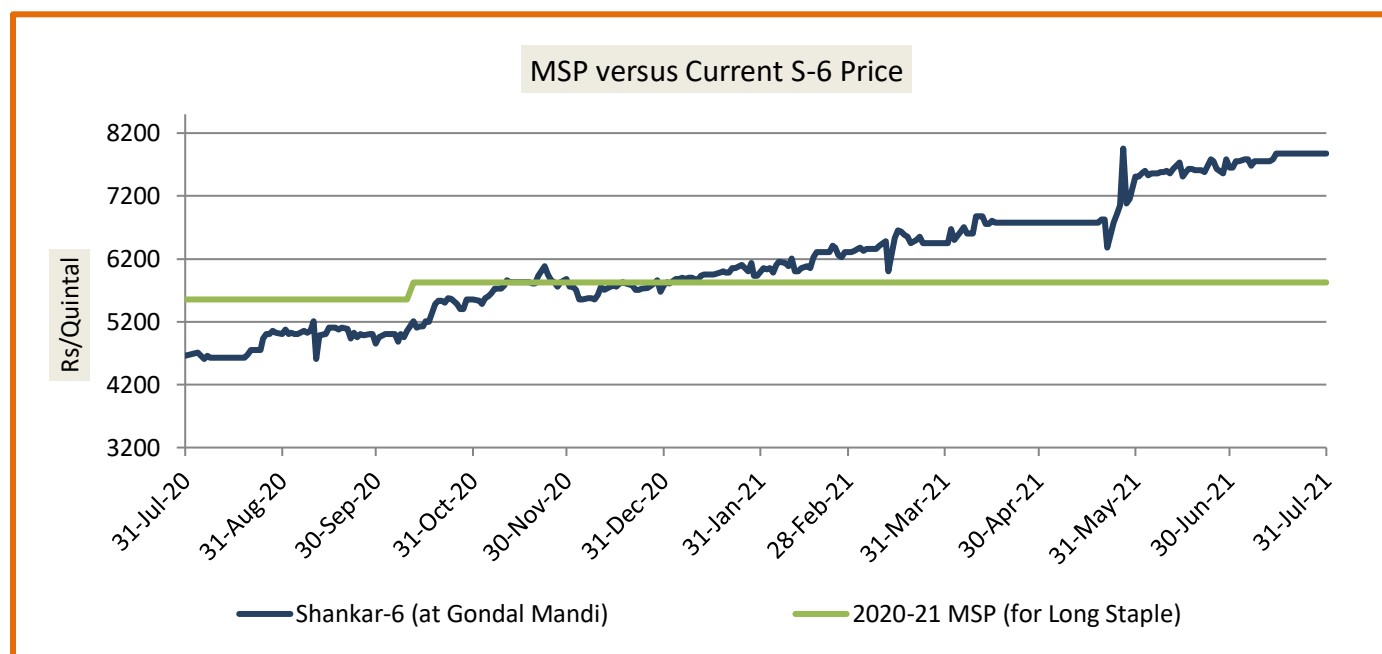
Kapas Monthly M-o-M Price Scenario

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

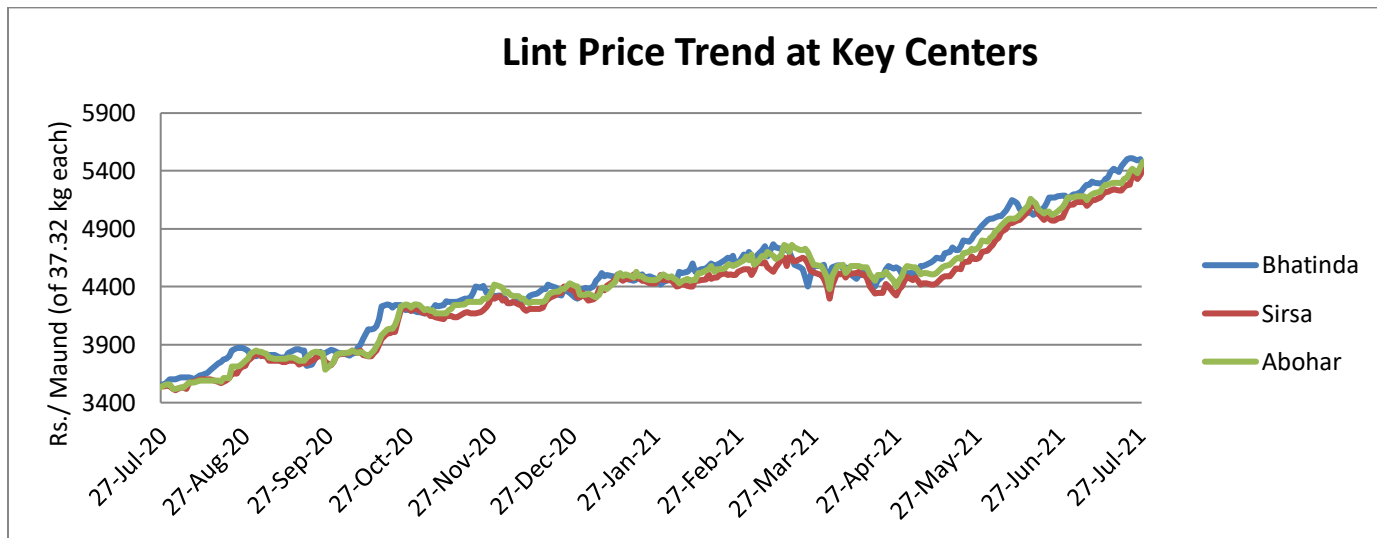
Average kapas price at Gondal market stood same at Rs. 7875/q previous week.



Source: Agriwatch

Lint price Outlook

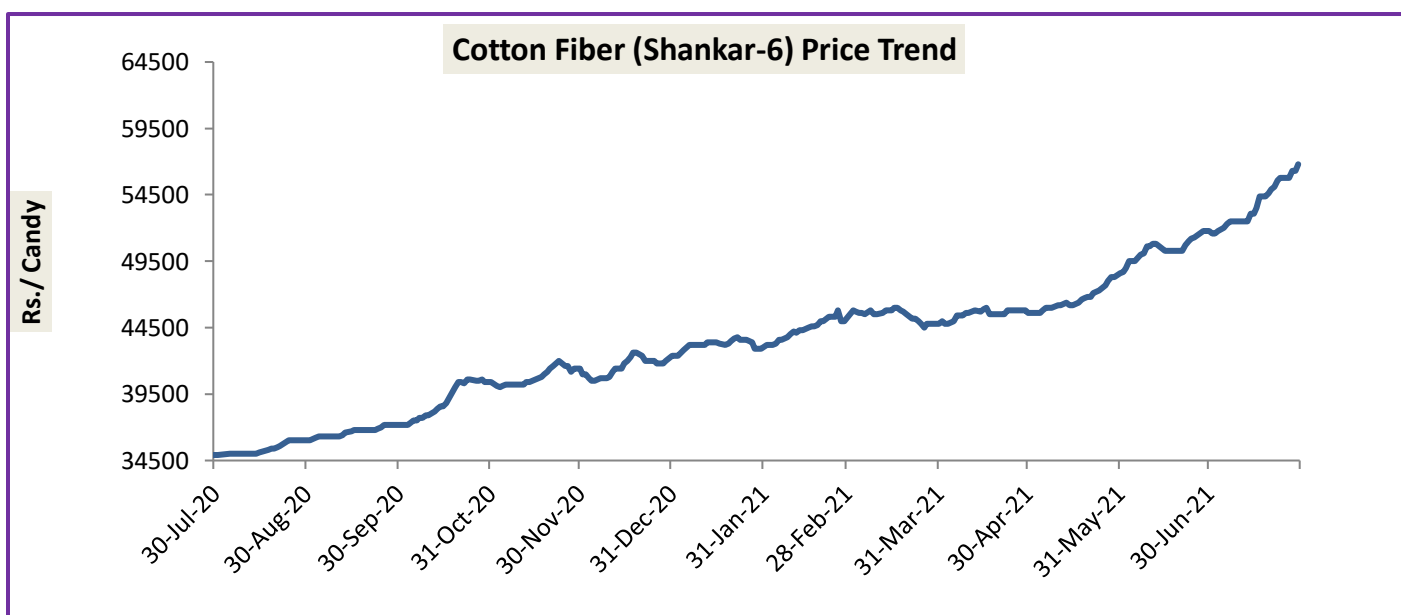
The average price stood higher at Rs.5500/maund of lint in Abohar, in Bhatinda was high at Rs.5496/ maund, and Rs.5455/maund in Sirsa.



Source: Agriwatch

Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) of premium quality prices was higher from the previous week at Rs.55733/candy this week.



Source: Cotton Association of India (CAI)

Cotton Seed Oil and Cotton Seed Oil Cake

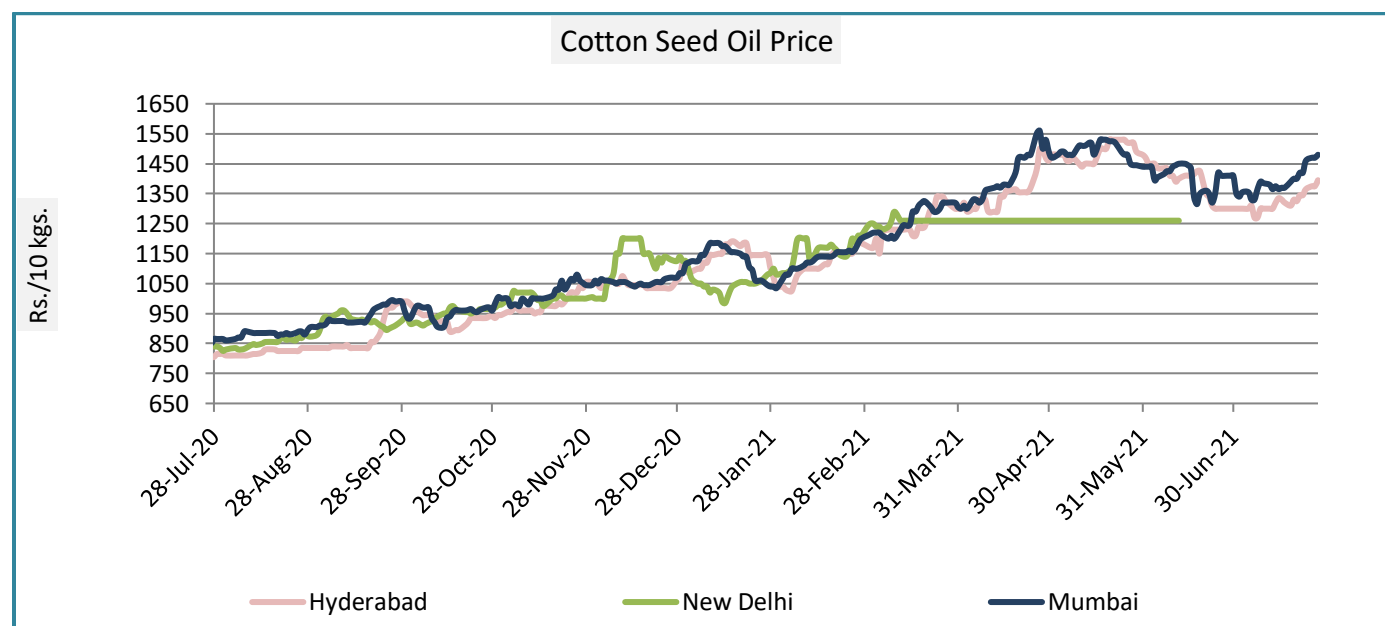
Cotton Seed Oil weekly

Price Scenario

Cottonseed oil prices have increased across the major centers during the week ending on 28th July'21.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	28-July-21	21-July-21	
New Delhi	-	-	-
Rajkot	1450	1412	2.69
Hyderabad	1443	1388	3.99
Mumbai	1483	1415	4.83

Source: Agriwatch

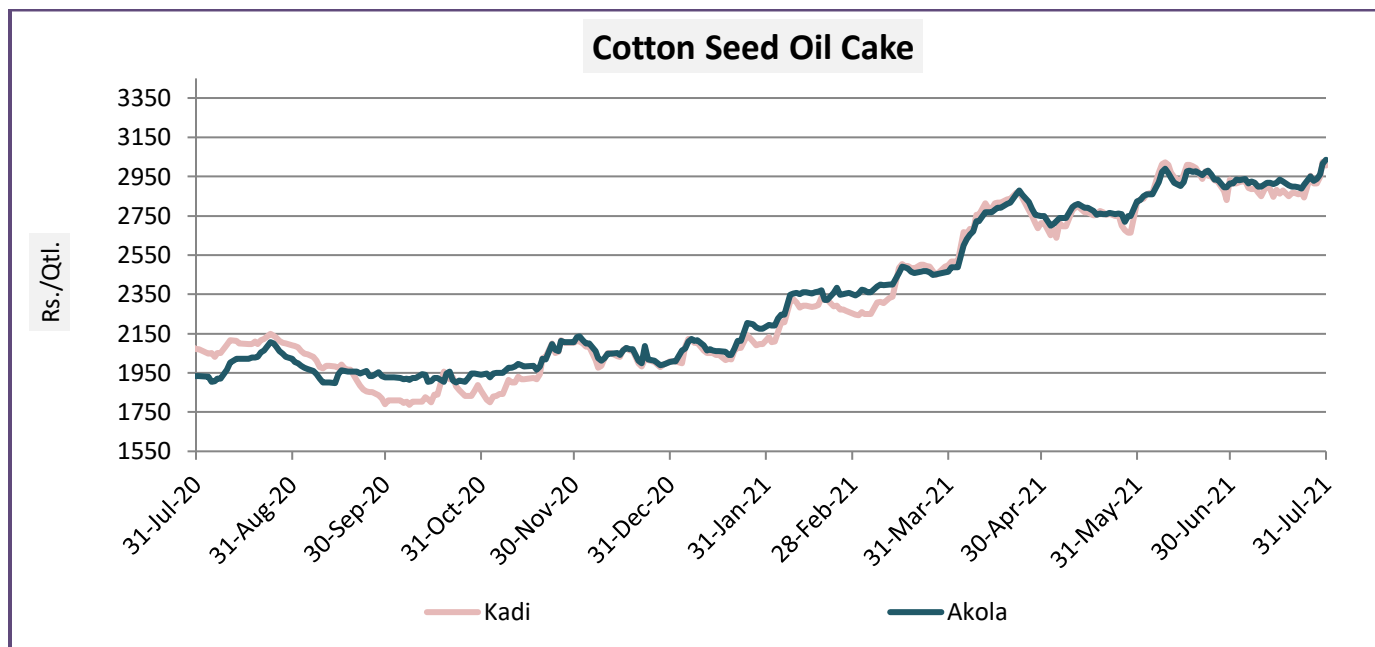


Cotton Seed Oil Cake weekly price Scenario

The cottonseed oilcake prices have increased from the previous week. The average price of cottonseed oilcake in the Kadi market was Rs. 2892 per quintal from Rs. 2867 per quintal and in Akola was at Rs. 2919 per quintal from Rs. 2914 per quintal the previous week.

	Weekly Average Price as on (Rs/quintal.)*		% Change
	28-July-21	21-July-21	
Kadi	2892	2867	0.87

Akola	2919	2914	0.15
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Source: NCDEX

International Market Scenario

- 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.
- 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.
- China cotton yarn import may increase in 2021. According to the GACC data, the country has imported 168,700 tonnes of cotton yarn in May 2021, with a 66.24 percent increase year-on-year basis and from January to May 2021, the import of cotton yarn was 975,200 tonnes that is 35.82 percent increase year-on-year. The increase in cotton yarn import can be attributed to reviving production and sales of cotton textile and garments in China.

- Vietnam has seen decline in textile orders. With many local textile garments makers unable to confirm when they can resume operations, many of their foreign business partners are switching orders from Vietnam to other countries.
- According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) report, export projection for US cotton for the season 2021-22 shows a higher production, exports and ending stock compared with last month. While the 30th June 2021 U.S. cotton acreage report shows 300,000 fewer planted acres for U.S. cotton than NASS's previous survey, a rainfall driven reduction is projected. Texas abandonment means U.S. harvested area is projected 9 percent higher. While the 2021-22 production is estimated 800,000 bales higher, consumption is unchanged and exports and ending stock are each projected 400,000 bales higher.

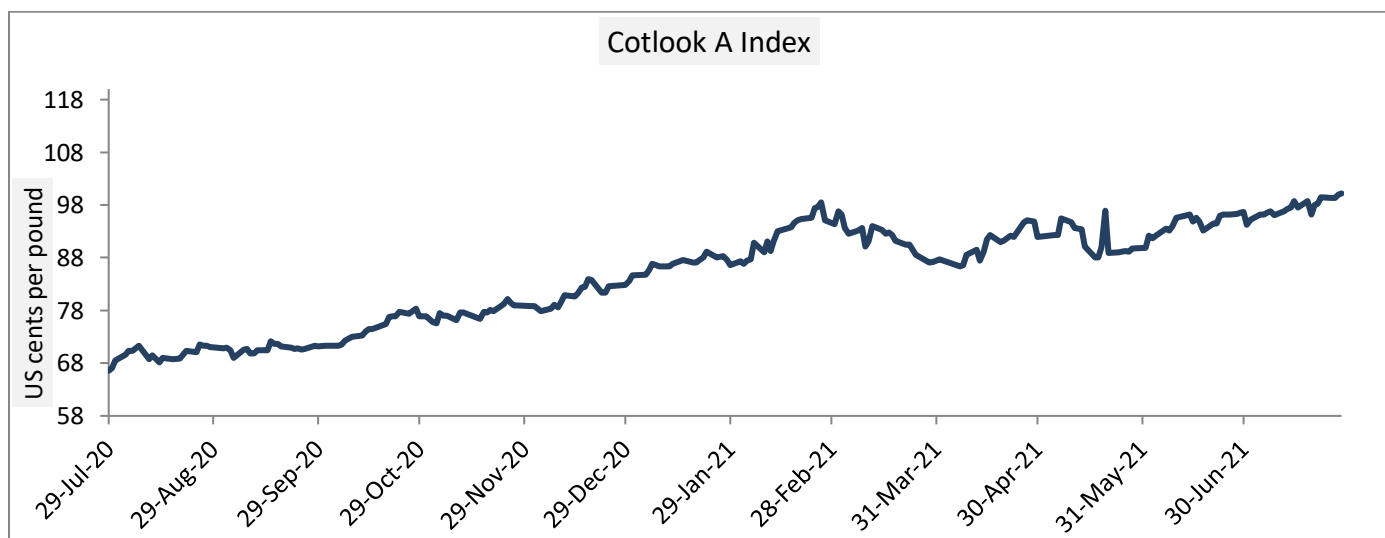
Cotlook A Index

Cotlook A index was higher this week. The Cotlook A Index was at 99.27cents/lb lower as compared to the previous week (97.84cents/lb).

Cotlook A Index	WeeklyAverage Price change as on		% Change
	28-July-21	21-July-21	
Prices	99.27	97.84	1.46

Prices in US cents per Pound

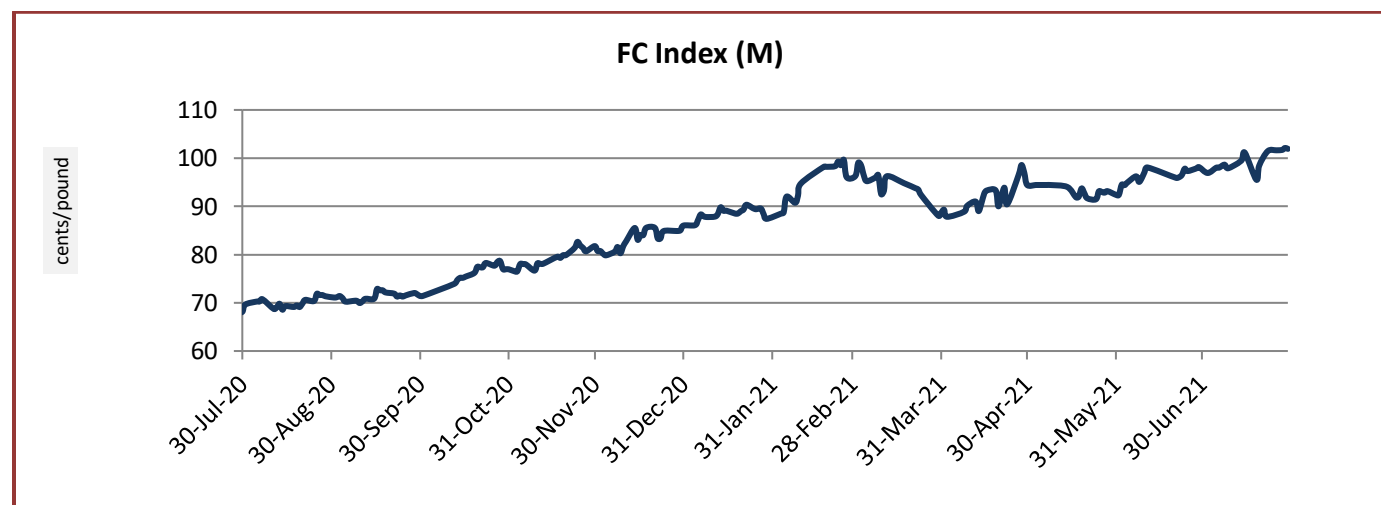
Source: Cotlook



China Cotton Index and Foreign Cotton Index

Cotton Index	Weekly Average Price as on		% Change
	28-July-21	21-July-21	
FC (S)	102.75	100.28	2.46
FC (M)	101.60	99.14	2.48
FC (L)	100.46	98.01	2.50
Prices in US cents per Pound			

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	28-July-21	21-July-21	
CCIndex(328)	17406.40	17079.80	1.91
CCIndex(527)	16382.00	16106.60	1.71
CCIndex(229)	17721.60	17415.60	1.76
Prices in Yuan per ton			

Source: China Cotton Association

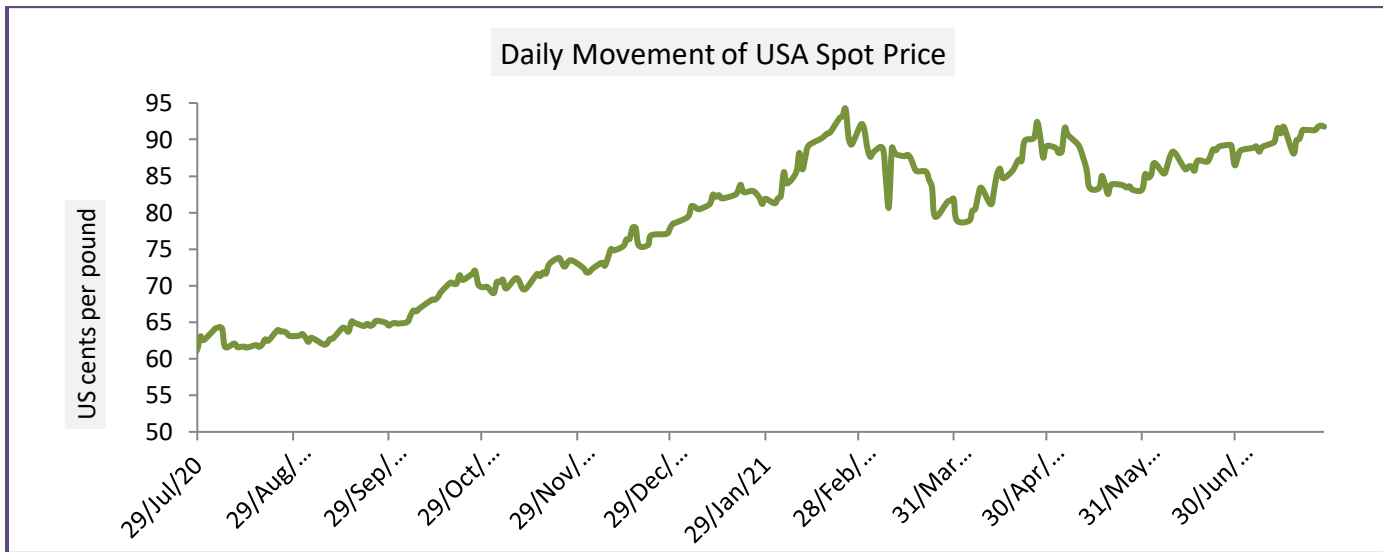


USA Spot Prices

U.S.A spot prices have increased from the prior week by 1.60 percent at 91.57 cents per pound.

USA Spot Prices	Monthly Average Price as on		% Change
	28-July-21	21-July-21	
Prices	91.57	90.12	1.60
Prices in US cents per Pound			

Source: USDA

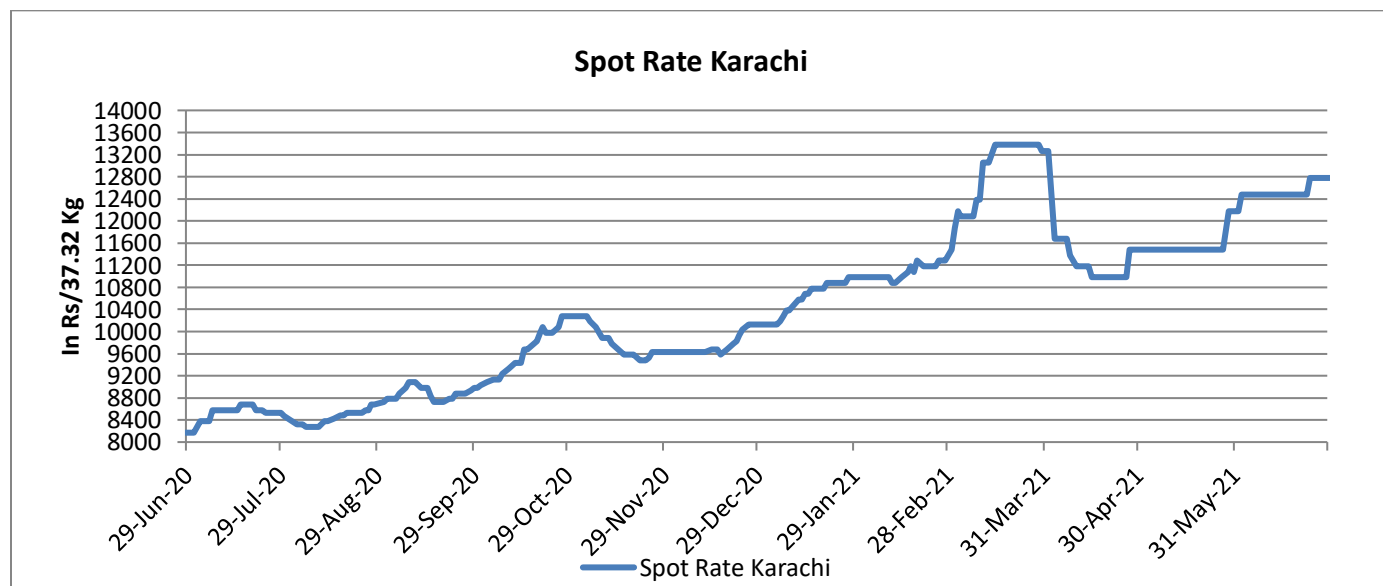


Pakistan Spot Prices

The Karachi spot price stood high around Rs.13804/q from previous week.

Karachi Spot Prices	WeeklyAverage Price as on		% Change
	28-July-21	21-July-21	
Prices	13804	13563	1.78
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton

Exchange: MCX

Contract: Mar.

Expiry: Aug. 31, 2021

Cotton



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	MC X	Mar	2500 0	2529 0	2661 0	2699 0	2700 0
			Call	Entry	T1	T2	SL
Cotton	MC X	Mar	Buy	2680 0	2690 0	2694 0	2689 0

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 carryforward the position the next day.

Technical Analysis of Cotton Future (Oct'21Contract) at ICE

- The Oct'21 contract closed high by the end of the week.
- Candlesticks denote steady to an upward trend.
- Total volume increased & Open Interest decreased compared to last week.
- We expect cotton prices to remain range bound in the coming week.

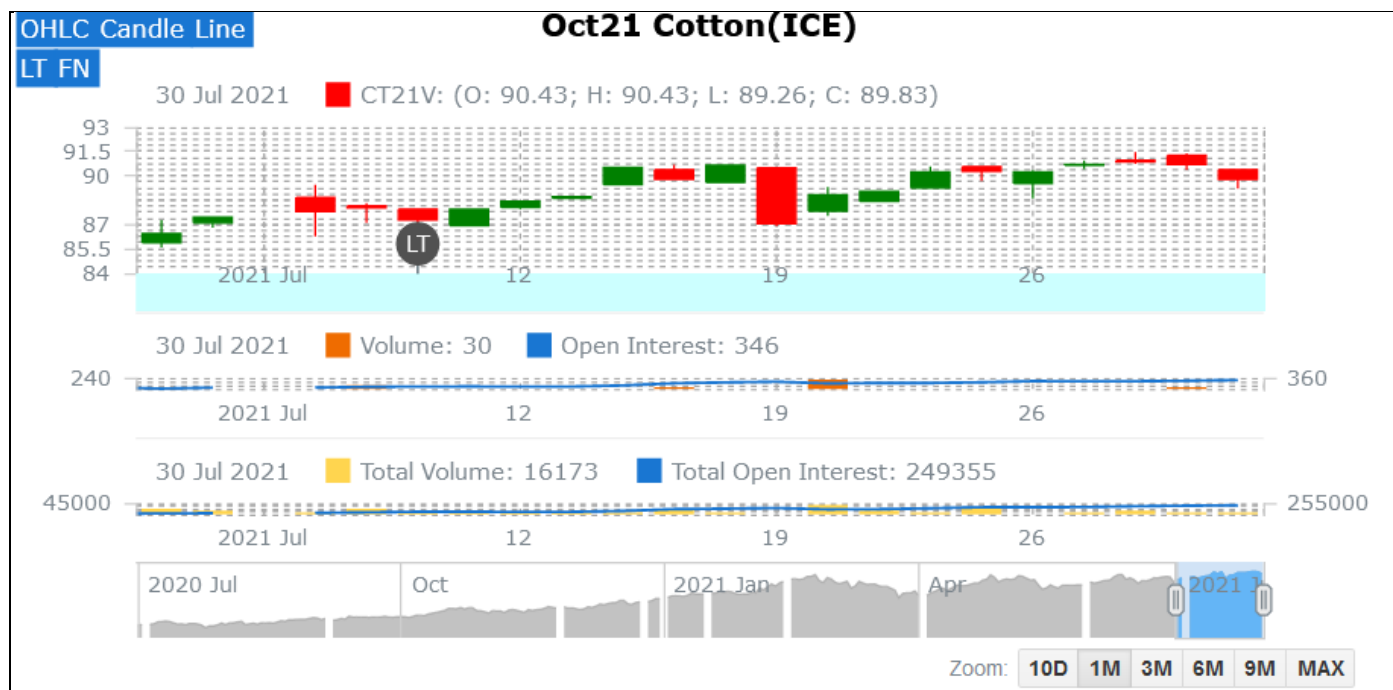
Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Firm	90-95

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
85	80	88	92

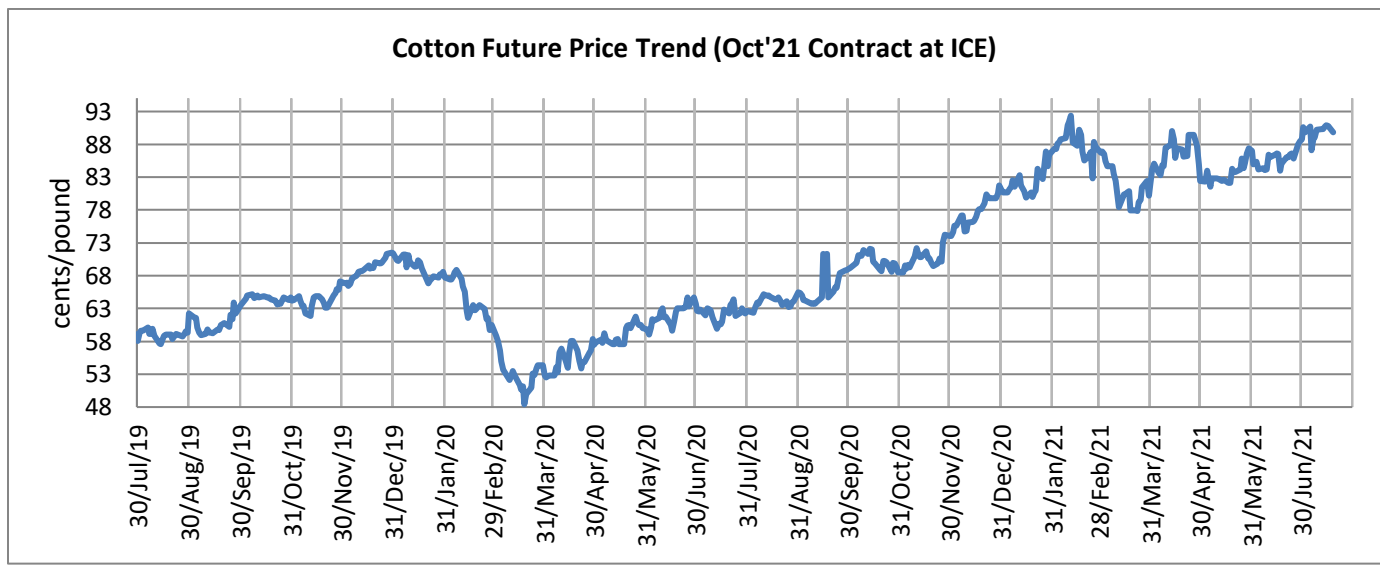
Figures in US cents/pound



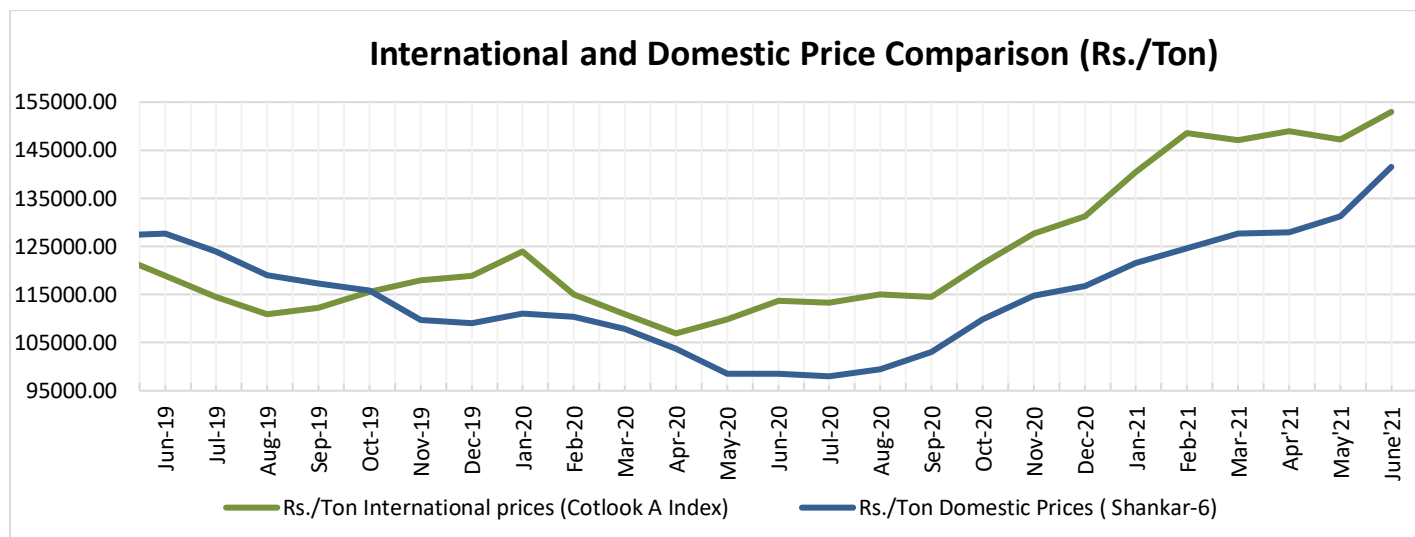
Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	30-Jul-21	30-June-21 (1 month ago)	01-May-20 (3 months ago)	31-Jan-20 (6 months ago)	30-Jul-20 (a year ago)	% Change over a month	% Change over previous year
Oct-21	89.83	84.03	87.21	80.64	63.25	6.90	42.02
Dec-21	89.39	85.51	87.86	81.84	63.72	4.54	40.29
Mar-22	89.07	84.90	87.02	82.78	64.13	4.91	38.89
May-22	88.44	84.71	85.20	79.21	62.30	4.40	41.96
Jul-22	87.25	84.45	84.56	77.69	62.66	3.32	39.24

Future Price Trend (Active Contract):



International and Domestic Price Comparision



Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
			22nd July'21 to 28th July'21	15th July'21 to 21st July'21	
State	Centre	Variety			
Gujarat	Ahmedabad	Shankar-6	NA	8083	-
	Gondal	Shankar-6	NA	7875	-
	Rajkot	B.T. Cotton	8673	8550	123
	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	7527	7338	189
	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	7246	6810	436
	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	7919	7674	245
	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	22nd July'21 to 28th July'21	15th July'21 to 21st July'21	
Punjab	Bhatinda	J-34	5497	5385	112
	Abohar	J-34	5500	5383	117
	Mansa	J-34	5495	5363	133
Haryana	Sirsa	J-34	5455	5315	140
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	22nd July'21 to 28th July'21	15th July'21 to 21st July'21	
Gujarat	Ahmedabad	Shankar-6	NA	4420	-
	Gondal	Shankar-6	NA	160	-
	Rajkot	B.T. Cotton	1345	3170	-1825
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	31	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2210	1105	1105
	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	31000	32000	-1000
	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	639	557	82
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	22nd July'21 to 28th July'21	15th July'21 to 21st July'21	Change
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	-

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	28-Jul-21	21-Jul-21	28-Jul-21	28-Jul-20
Gujarat	Ahmedabad	Shankar-6	NA	8250	NA	4800
	Gondal	Shankar-6	NA	Closed	NA	5500
	Rajkot	B.T. Cotton	8500	8625	8500	5530
	Patan	B.T. Cotton	NA	0	NA	5515
	Kadi	B.T. Cotton	NA	0	NA	5550
	Deesa	B.T. Cotton	NA	0	NA	NA

	Dhrol	B.T. Cotton	NA	0	NA	NR
Haryana	Bhiwani	B.T. Cotton	NA	0	NA	5600
	Bhiwani	Desi	NA	0	NA	NA
	Adampur	B.T. Cotton	7550	7400	7550	5350
	Fatehabad	B.T. Cotton	NA	0	NA	5350
	Jind	B.T. Cotton	NA	0	NA	5700
	Uchana	B.T. Cotton	NA	0	NA	5385
	Dabwali	B.T. Cotton	NA	0	NA	NR
Rajasthan	Hanumangarh	B.T. Cotton	NA	0	NA	Closed
	Rawatsar	B.T. Cotton	NA	0	NA	Closed
Madhya Pradesh	Khandwa	Mech-1	NA	0	NA	5491
	Khargaon	Mech-1	NA	0	NA	5427
Maharashtra	Amravati	Mech-1	7600	Closed	7600	5300
	Jamner	Medium Staple	NA	0	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	NA
	Hathras	Desi	NA	0	NA	NA
Telangana	Adilabad	Un-Ginned	NA	0	NA	5400
Karnataka	Bijapur	Bunny	8029	0	8029	5929
	Hubli	D.C.H.	NA	0	NA	NA
	Hubli	B.T. Cotton	NA	0	NA	NA
	Raichur	H-44 Cotton	NA	0	NA	5470
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	28-Jul-21	21-Jul-21	28-Jul-21	28-Jul-20
Punjab	Bhatinda	J-34	5500	5440	5500	0
	Abohar	J-34	5510	5440	5510	0
	Mansa	J-34	5500	5415	5500	0
Haryana	Sirsa	J-34	5460	5370	5460	3530
Rajasthan	Sri-Ganganagar	J-34	NA	0	NA	0

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	28-Jul-21	21-Jul-21	28-Jul-21	28-Jul-20
Gujarat	Ahmedabad	Shankar-6	NA	510	NA	11900
	Gondal	Shankar-6	NA	Closed	NA	#N/A

	Rajkot	B.T. Cotton	45	600	45	#N/A
	Patan	B.T. Cotton	NA	0	NA	3450
	Kadi	B.T. Cotton	NA	0	NA	#N/A
	Deesa	B.T. Cotton	NA	0	NA	#N/A
	Dhrol	B.T. Cotton	NA	0	NA	#N/A
Haryana	Bhiwani	B.T. Cotton	NA	0	NA	1200
	Bhiwani	Desi	NA	0	NA	#N/A
	Adampur	B.T. Cotton	510	170	510	#N/A
	Fatehabad	B.T. Cotton	NA	0	NA	#N/A
	Jind	B.T. Cotton	NA	0	NA	#N/A
	Uchana	B.T. Cotton	NA	0	NA	#N/A
	Dabwali	B.T. Cotton	NA	0	NA	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	NA	0	NA	#N/A
	Rawatsar	B.T. Cotton	NA	0	NA	0
Madhya Pradesh	Khandwa	Mech-1	NA	0	NA	#N/A
	Khargaon	Mech-1	NA	0	NA	#N/A
Maharashtra	Amravati	Mech-1	NA	Closed	NA	#N/A
	Jamner	Medium Staple	NA	0	NA	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	NA	#N/A
	Hathras	Desi	NA	0	NA	#N/A
Telangana	Adilabad	Un-Ginned	NA	0	NA	0
Karnataka	Bijapur	Bunny	126	0	126	0
	Hubli	D.C.H.	NA	0	NA	0
	Hubli	B.T. Cotton	NA	0	NA	0
	Raichur	H-44 Cotton	NA	0	NA	142
Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	28-Jul-21	21-Jul-21	28-Jul-21	28-Jul-20
Punjab	Bhatinda	J-34	NA	0	NA	0
	Abohar	J-34	NA	0	NA	0
	Mansa	J-34	NA	0	NA	0
	Sirsa	J-34	NA	0	NA	0
	Sri-Ganganagar	J-34	NA	0	NA	0

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				22nd July'21 to 28th July'21	15th July'21 to 21st July'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42388	41700	688
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42983	42300	683
J-34(202)	26mm	3.5 - 4.9	23	51117	50100	1017
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	52950	51533	1417
Shankar-6(105)	29mm	3.5 – 4.9	28	55733	54150	1583
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	57117	55717	1400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	58000	56433	1567
DCH-32(107)	34mm	3.0 - 3.8	33	93000	91000	2000

Disclaimer

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