



Cotton Fortnight Outlook Report-June, 21

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Domestic Fortnight market dynamics-June, 21

Production and arrivals trend: As on 14th June- 21, Cotton Association of India (CAI) has estimated the cotton production for current year starting from Oct-20 was reduced to 356 lakh bales from its previous estimate of 360 lakh bales.

Since Dec-20, arrivals of Kapas (raw cotton) has been declined gradually every month. Indian cotton arrivals during the months of October 2020 to May 2021 are estimated at 340.19 lakh bales of 170 kg each (equivalent to

361.45 lakh running bales of 160 kg each). During the fortnight of June-21, only 4.48 thousand MT of kapas arrived at various markets in India, which is down by 98 % from May-21.

Price scenario: Average fortnight mandi prices of kapas during June-21 was up by 38.10 percent to Rs.8684 per quintal as against Rs.6358.80 from May-21 and down by 14.45 percent from last year. Since Feb-21, the kapas prices are ruling higher than MSP i.e Rs.5825/qtl due to low arrivals to markets.

Cotton Market Summary - June, 21

Total Arrivals- 4.48 thousand MT

Average Price - Rs.8684/qtl

MSP-Rs.5515 for Medium staple

Rs.5825 Rs/qtl - Long staple

Cheapest market: thalaivasal (TN)	Rs.4350/qtl
Costliest market: Rajkot (Guj)	Rs.7170/qtl

Major Market Highlights – June, 21

Maharashtra Farmers have decided to domesticate the unapproved herbicide-tolerant Bt (HTBt) cotton for upcoming kharif season i.e July-2021 in over 50 percent under over all cotton area. However, farmers in Telangana, Andhra Pradesh and Gujarat already grown HTBt cotton in the previous season. HTBt cotton is not yet approved by central government for industrial cultivation.

Telangana becomes second biggest state by replaces Gujarat in cotton area and likely to increase the area under cotton by 6.07 lakh hectares in the upcoming kharif season. So, this will take the total area under cotton to up to 30 lakh hectares.

Cotton Association of India estimated the cotton export June increase by 20 percent to 60 lakh bales in the 2020-21 seasons mainly due to higher international prices. In addition, CAI also estimated the total cotton supply till Sep-30 at 496 lakh bales.

Supply and Demand – India, 2020-21

Sl.no	Stock situation (in Lakh bales)	India		% change
		2019-20	2020-21	
1	Opening stocks	32	125*	290.6
2	Production	360	356	-1.11
3	Imports	15.5	10	-55.00
4	Total availability (1+2+3)	407.5	491	20.40
5	Consumption	250	325	30
6	Exports	50	72	44
7	Total usage (5+6)	300	397	32.33
8	Ending stocks	107.50	94.00	7.90

Source: Cotton Association of India (CAI), (as on 31.05.2021)

Note:1 bale is of 170kg

*17.5 lakh bales is added to opening stocks to 107.50 in January,21.

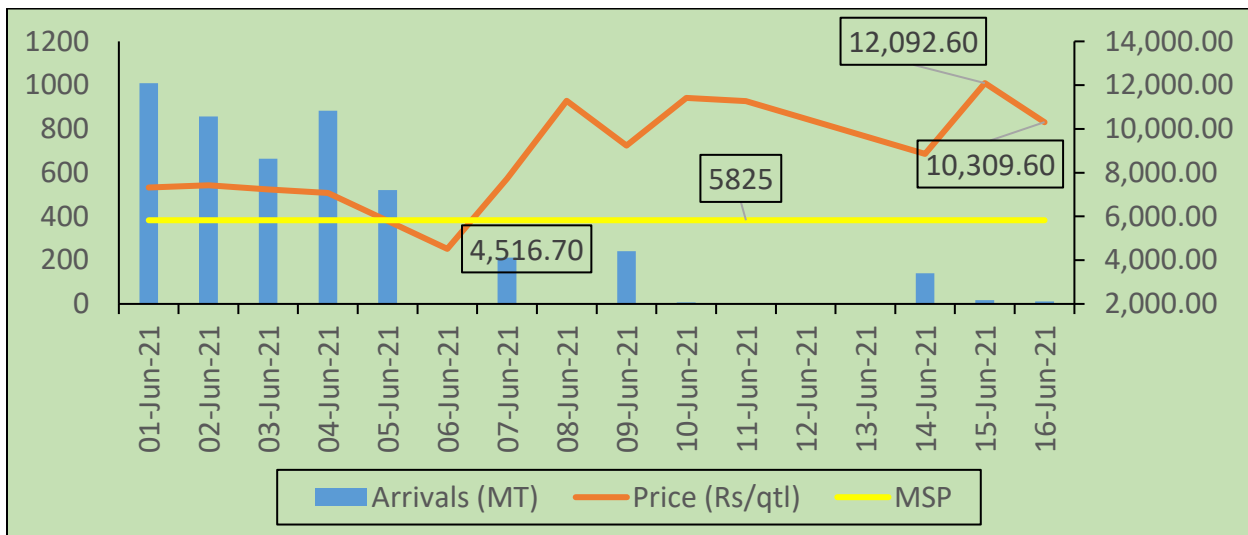
With a reduced production estimate, availability of cotton in open stocks- 2021 includes last season which is surged by 290 percent to 125 lakh bales. Hence, total availability of cotton estimated for 2020-21 to increase by 20.40 percent to 491 lakh bales. After meeting domestic consumption, india's export is estimated to increased by 44 percent to 72 lakh bales from 2019-20.

Spot Market Dynamics –June, 21

State	09-15 Jun 2021	01-08 Jun 2021	09-15 Jun 2020	% Change(Over Previous Week)	% Change(Over Previous Year)
Maharashtra	5760	5929.29	4925.94	-2.86	16.93
Tamil Nadu		6408.05	4177.25	—	—
Gujarat		6759.43	4034.29	—	—
Karnataka	6462.12	6125.82	4540.65	5.49	42.32
Madhya Pradesh		5126.21	4641.9	—	—
Average	6111.06	6069.76	4445.67	0.68	37.46

Fortnight price analysis of cotton for June-21 shows the positive trend in all the reported states. Except Karnataka and Maharashtra, other state's data were not reported for second week. During fortnight of June-21, only 4.48 thousand MT of kapas arrived at various markets in India, which is down by 98 % from May-21. With the low arrivals during June-21 prices have been improved and stabilized around Rs.6100 per quintal, while compared to last year prices have gone up by Rs.1665 per quintal from Rs.4445 per quintal in May-21 to Rs.6111 in June-21 with brisk growth of 37.46 percent.

Trend in fortnight arrivals and prices of raw cotton (kapas)-June,21



Cotton oil seed Cake prices at key markets during June-21 (Rs./qtl)

State	Markets	15 th June-21	08 th June-21	May-21	% Change from previous week	% Change from previous month
Maharashtra	Akola	2949.60	2963.00	2761.40	-0.45	6.82
Gujarat	Kadi	3014.10	2997.00	2726.70	0.57	10.54
Gujarat	Rajkot	2825.0	2833.40	2496.50	-0.30	13.16

Source: AGMARKNET

Prices of cotton oil seed cake has maintained steady form during fortnight of June-21 but prices have been improved from previous month with positive trend with 6 to 10 percent growth. Comparing with key markets, average cotton oil seed cake prices stood up by 6.82 percent from Rs.2949.60 per quintal in Akola and 13.16 percent from Rs.2825/quintal in Rajkot market of Gujarat.

Comparison of cotton oil seed cake price with peers

