

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.26,760/bale on Tuesday. ICE cotton futures closed red on Monday.

News: New cotton arrivals have started in Bathinda Mandi. Around 19 quintals of raw cotton has arrived in Bathinda grain market on Monday. The cotton prices are higher and farmers are getting Rs.300-400 per quintal more than the MSP. Prices are fixed at Rs. 5,925 per quintal for 27.5-28.5 mm long staple, farmers are getting Rs. 6,200- Rs.6,400 per quintal. Cotton Corporation of India is expected to enter the market in October for the new season.

Cotton ginners are expecting a good season in 2020-21. Cotton ginners across the country are hopeful of a better season in 2021-22 after a couple of lacklustre years. Cotton prices are currently ruling high at over Rs 7,000 per quintal. And cottonseed prices are hovering around Rs 4,500- 5,000 per quintal. The prices have been increasing as consumption by mills is strong and there is good demand for yarn. The Centre has fixed an MSP for medium staple cotton at Rs 5,716 per quintal for the 2021-22 season, higher than the previous year's Rs 5,515. For the long-staple cotton, the MSP for 2021-22 has been fixed at Rs 6,025 per quintal, against Rs 5,825 in the previous year.

Around 117.04 lakh hectares of area has been sown under cotton till 19th Aug'21. About 117.04 lakh hectares area was sown in India compared to normal of corresponding week 118.06 lakh hectares last year. Thus 1.01 lakh hectare less area has been covered as compared to corresponding week of last year. Higher area was reported from the states of Telangana (2.41 lakh hectares), Karnataka (1.19 lakh hectares), Haryana (0.37 lakh hectares), Rajasthan (0.77 lakh hectares), Odisha (0.40 lakh hectares). Less area was reported from the states of Andhra Pradesh (0.70 lakh hectares), Madhya Pradesh (0.13 lakh hectares), Gujarat (2.74 lakh hectares), Punjab (0.62 lakh hectares) and Maharashtra (2.10 lakh hectares).

Modified cotton fabric which absorbs air pollutants has been developed by IIT Delhi. Researcher from IIT Delhi had developed a modified cotton fabric that is capable of absorbing harmful air pollutants like benzene, aniline, styrene etc. The modified cotton has been named as Zeolite Imidazolate Framework (ZIF) - 8@CM cotton and ZIF-67@CM cotton.

Adilabad farmers had decided to shift to commercial crops during the ongoing Kharif season. Paddy farmers in old Adilabad district who suffered huge losses due to pest attack on their crops are shifting to commercial crops like cotton and soya during the ongoing kharif season.

Cotton acreages are expected to come down by 15 percent. According to the cottonseed industry, the cotton acreages are expected to come down of about 15 percent with farmers shifting to oilseeds and pulses cultivation in several parts of the country. It may go down from the previous year's area of 129 lakh hectares.

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.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Uttarakhnad, Uttar Pradesh, Rajasthan, Coastal Andhra Pradesh & Yanam, Tamil Nadu, Pondicherry & Karikal. Heavy rainfall at isolated places over East Rajasthan, West Madhya Pradesh, Vidarbha, Gujarat state, Andaman & Nicobar Islands, Assam & Meghalaya, Konkan & Goa, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra.

International Fundamentals:

The ICE cotton Futures was higher by 68 points at 94.84 cents/lb. The Cotlook A index was at 103.90 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	-210	26410	26500	25810	26500	221	485

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	31-Aug-21	28-Aug-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	NA	-
	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	6600	6600	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	6500	6600	-100
	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	31-Aug-21	28-Aug-21	
Punjab	Bhatinda	J-34	5430	5450	-20
	Abohar	J-34	5430	5450	-20
	Mansa	J-34	5430	5450	-20
Haryana	Sirsa	J-34	5370	5360	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	31-Aug-21	28-Aug-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	NA	-
	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	100	100	Unch
	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	31-Aug-21	28-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	31-Aug-21	28-Aug-21	
Gujarat	Rajkot	Rs. /10 Kg.	1500	1500	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1500	1500	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1520	1520	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	31-Aug-21	28-Aug-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2873	2943	-70
Maharashtra	Akola	Rs./Qtl	2990	3072	-82

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	31-Aug-21	26-Aug-21	Change
CCIndex(328)	RMB/Ton	18127	18165	-38
CCIndex(527)	RMB/Ton	17132	17181	-49
CCIndex(229)	RMB/Ton	18448	18505	-57

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	31-Aug-21	26-Aug-21	Change
FC Index (S)	Cents/lb	108.18	108.35	-0.17



FC Index (M)	Cents/lb	107	107.1	-0.10
FC Index (L)	Cents/lb	105.88	105.96	-0.08

Cotlook Index:

Cotlook Indices	Unit	27-Aug-21	26-Aug-21	Change
A-Index	Cents/Pound	103.65	103.9	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		26-Aug-21	24-Aug-21	Bales
Southeast	cents/lb.	94.61	97.26	0
North Delta	cents/lb.	93.61	96.26	0
South Delta	cents/lb.	93.61	96.26	0
East TX-OK	cents/lb.	90.86	94.01	0
West Texas	cents/lb.	90.61	93.76	0
Desert SW	cents/lb.	88.36	92.26	0
SJ Valley	cents/lb.	88.86	98.16	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 30-Aug-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	14280
Equivalent	40 Kgs	10074	193	15304

Daily Futures Price Listing Monday, Aug 30th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	210830	96.01	96.08	95.53	95.61	-0.66	7	343	-3
Dec-21	210830	94.81	94.97	93.43	94.23	-0.61	10,974	157,150	-441
Mar-22	210830	93.80	93.99	92.66	93.43	-0.40	2,764	62,396	-413
May-22	210830	93.20	93.23	92.21	92.87	-0.31	1,082	16,628	+234
Jul-22	210830	91.50	91.50	90.67	91.26	-0.29	521	14,059	+90
Oct-22	210830	85.94	85.94	85.94	85.94	-0.25	0	4	+0
Total Volume and Open Interest							15,670	269,525	-319

Source: MRCI

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