

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 higher at Rs.26,710/bale on Friday. ICE cotton futures closed green on Thursday.

News: Bathinda Cotton purchase for 2021-22 Kharif season is picking up in the markets. Mansa, Bathinda, Fazilka, and Muktsar with farmers being paid up to Rs. 6,711 per quintal, higher than this season's expected MSP (Minimum Support Price) of Rs. 5,925. According to the Punjab Mandi Board, 17,000 quintal cotton has been purchased over the past 10 days till 30th August'21, with private players buying the entire production.

Cotton crop has been affected due to Pink Bollworm infestation. The area of Sirsa, Fatehabad, Hisar, Mahendargarh, and Jind of Haryana, along with Bhatinda and Mansa of Punjab has been affected by the pest infestation. According to the Central Institute of Cotton Research, pink bollworm was spotted in central and south India during the previous seasons but this time infestation has been reported in some areas of Punjab and Haryana. Also, a meeting is scheduled between top cotton scientist from the Punjab, Haryana and Rajasthan on 7th September 2021 to decide the strategy to minimize the pest infestation.

The purchase of new cotton has started at the abohar new grain market. Around 1,500 quintals of narma cotton was purchased from different farmers at the rate of Rs. 6,721. According to the local farmers, the areas under cotton is likely to give more produce this time if the rain does not affect plants in the coming days.

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.

Weather Forecast:

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Thunderstorm accompanied with lightening very likely at isolated places over Andaman & Nicobar Islands, Madhya Maharashtra, Marathwada, Coastal Karnataka, Coastal Andhra Pradesh & Yanam, Tamil Nadu, Pondicherry & Karikal. Heavy rainfall at isolated places over Odisha, Andaman & Nicobar Islands, Sub- Himalayan West Bengal & Sikkim, Nagaland, Manipur, Mizoram & Tripura, Chhattisgarh, South Konkan & Goa, Coastal Andhra Pradesh & Yanam, Telangana, Tamil Nadu, Pondicherry & Karikal.

International Fundamentals:

The ICE cotton Futures was higher by 99 points at 93.29 cents/lb. The Cotlook A index was at 102.15 cents/lb. The AWP for cotton was at 79.51 cents/lb.

Egyptian cotton production and exports may rise in the marketing year 2021-22 as the country's area under cotton harvest is likely to increase to 85,000 hectares, a 30.77 percent growth over the previous MY's area of 65,000 hectares. The expected increase in cotton production coupled with the rising demand across the world will boost the country's exports.

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	+120	25270	25490	25200	25290	377	1724

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	03-Sep-21	02-Sep-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	7300	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	7000	7000	Unch
	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	6811	6811	Unch
	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	6800	6800	Unch
	Hathras	Desi	6600	6600	Unch
Andhra Pradesh	Adoni	Medium Staple	7985	7938	47
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	7359	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	03-Sep-21	02-Sep-21	

Punjab	Bhatinda	J-34	5315	5300	15
	Abohar	J-34	5315	5300	15
	Mansa	J-34	5315	5300	15
Haryana	Sirsa	J-34	5340	5300	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	03-Sep-21	02-Sep-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	30	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	1500	1500	Unch
	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	5	5	Unch
	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	50	50	Unch
	Hathras	Desi	22	22	Unch
Andhra Pradesh	Adoni	Medium Staple	214	105	109
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	153	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	03-Sep-21	02-Sep-21	
Punjab	Bhatinda	J-34	340	680	-340
	Abohar	J-34	170	680	-510
	Mansa	J-34	85	136	-51
Haryana	Sirsa	J-34	255	255	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	03-Sep-21	02-Sep-21	
Gujarat	Rajkot	Rs. /10 Kg.	1475	1475	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1480	1480	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1500	1495	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	03-Sep-21	02-Sep-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2803	2816	-13
Maharashtra	Akola	Rs./Qtl	2946	2962	-16

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	02-Sep-21	01-Sep-21	Change
CCIndex(328)	RMB/Ton	17923	17983	-60
CCIndex(527)	RMB/Ton	16985	17031	-46
CCIndex(229)	RMB/Ton	18329	18379	-50

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

China Foreign Cotton (FCE) Index :

Index	Unit	02-Sep-21	31-Aug-21	Change
FC Index (S)	Cents/lb	106.4	108.18	-1.78
FC Index (M)	Cents/lb	105.16	107	-1.84
FC Index (L)	Cents/lb	104.03	105.88	-1.85

Cotlook Index:



Cotlook Indices	Unit	01-Sep-21	31-Aug-21	Change
A-Index	Cents/Pound	102.15	103.75	-1.60

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		01-Sep-21	30-Aug-21	Bales
Southeast	cents/lb.	93.4	97.11	96
North Delta	cents/lb.	92.4	96.11	0
South Delta	cents/lb.	92.4	96.11	0
East TX-OK	cents/lb.	89.65	93.86	343
West Texas	cents/lb.	89.4	93.61	0
Desert SW	cents/lb.	87.15	92.11	0
SJ Valley	cents/lb.	87.65	98.01	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 02-Sep-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	14180
Equivalent	40 Kgs	10074	193	15197

Daily Futures Price Listing Thursday, Sep 02nd, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	210902	95.14	95.14	95.14	95.14	+0.99	13	345	+5
Dec-21	210902	92.30	93.76	92.15	93.29	+0.99	20,379	154,464	-1,312
Mar-22	210902	91.67	92.96	91.55	92.64	+0.98	5,597	62,786	+137
May-22	210902	91.17	92.28	91.12	92.07	+0.88	2,292	18,046	+686
Jul-22	210902	89.60	90.65	89.60	90.48	+0.73	803	14,114	-44
Oct-22	210902	85.16	85.16	85.16	85.16	+0.64	0	4	+0
Total Volume and Open Interest							29,419	269,133	-438

Source: MRCI

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