

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.27,490/bale on Thursday. ICE cotton futures closed green on Thursday.

News: Cotton crop get affected in sirsa due to Pink Bollworm. According to the Haryana Agriculture Department, Pink Bollworm has affected the cotton crop in sirsa and adjoining Punjab. Agriculture department officials have advised farmers to take precautions.

SIMA will promote cotton cultivation in Tamil Nadu. The Southern India Mills Association will work with the state government to increase the area under cotton cultivation in Tamil Nadu. Earlier Tamil Nadu was one of the major cotton producing State in India. Though it is a leading textile producer now, the industry purchased cotton from the other States. The association had developed a common infrastructure at Cuddalore with an investment of ₹96 crore, and two units had expressed willingness to put up plants there. The Union government would support establishing one mega textile park in each southern State. The Tamil Nadu government had expressed willingness to have three parks - at Dharmapuri, Thoothukudi, and Virudhunagar. The other focus areas of the Association is working with the Union government and urging it to sign free trade agreements with select countries soon. Further, the import duty on cotton should be removed and the hank yarn obligation should be reduced to 20 %.

The price for the raw cotton has increased in Karnataka. With the textile industry bouncing back, the price of raw cotton has increased from Rs 5,000-6,000 per quintal to Rs 11,500 and Rs 13,000 per quintal in different parts of the state. This season has been a good for cotton growers with agents and traders from neighboring states making a beeline to villages in HD Kote, Saragur, Nanjangud, Hunsur and Gundlupet taluks in the Old Mysuru region where farmers are commanding the prices. Most of the buyers are from Tamil Nadu as a majority of textile industries are situated in Tirupur and Erode where raw cotton is processed and the yarn exported to Bangladesh. Villages in HD Kote region witness early monsoon and hence, sowing and harvest start early. Usually, about 47,000 hectares comes under cotton cultivation in the region, but it had dropped to about 30,000 hectares this season.

Around 1/3rd of the cotton area is affected due to Pink Bollworm. Out of the total 3.25 lakh hectares area under cotton cultivation in Punjab about 33 percent i.e 1/3rd of the total area has been affected due to pink bollworm. The pest is spreading its tentacles rapidly as it is above the economic threshold level in many districts

Punjab Mandi has witnessed 50-fold increase in new cotton arrivals. According to the Punjab Mandi Board, about 80,000 quintals of cotton crop has been purchased at various mandis in Punjab till 21st September 2021. Cotton is being bought for rates as high as Rs. 7,010/quintal and around 98% of the produce has been purchased at rates above the minimum support price (MSP) of Rs. 5,925/quintal.

Cotton procurement in Maharashtra is likely to begin in November for the 2021-22 seasons. According to the Minister of Cooperation and Marketing, Kharif cotton procurement for 2021-22 seasons should commence from the first week of November to facilitate timely sales and income for farmers. The directives comes in the wake of a delay in the last kharif season due to covid 19 pandemic and lockdown through which cotton procurement centers did not opened on time.

Pink bollworm attack in Punjab is at alarming stage. The Pink Bollworm attack on cotton crop in Punjab has increased from previous week of 10-15 percent. Major damage was reported from Bhatinda and Mansa. The pest has also caused damaged to the crop in border areas of Fazilka and Muktsar but with less intensity. In some of the districts in Bhatinda, Maur, Sangat blocks the damage is found to be above 50 percent and at some places reaching up to 60-70 percent.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Uttarkhand, with lightening at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Himachal Pradesh, East Uttar Pradesh, Rajasthan, Madhya Pradesh, Vidarbha, Chattisgarh, Bihar, Jharkhand, West Bengal & Sikkim, Odisha, Assam & Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Kerala & Mahe, Tamil Nadu, and Pondicherry & Karikal. Heavy rainfall at isolated places over Bihar and heavy rainfall at isolated places over Uttarakhand, East Uttar Pradesh, Sub Himalayana West Bengal & Sikkim, Jharkhand, Assam & Meghalaya, Coastal & South Interior Karnataka, Odisha, Kerala & Mahe, Tamil Nadu, Pondicherry & Karaikal.

International Fundamentals:

The ICE cotton Futures was higher by 198 points at 100.03 cents/lb. The Cotlook A index was at 105.95 cents/lb. The AWP for cotton was at 77.59 cents/lb.

The Cotton Crop Assessment Committee had revised the Pakistan's cotton production target downward by 19 percent from 10.5 million to 8.46 million bales. Apart from lowest area under cotton cultivation i.e. 1.871 million hectares, some major biotic constraints including cotton leaf curl virus, mealybug, and whitefly attacks have also forced the government to cut the estimates. According to Syed Fakhar Imam, Federal Minister for National Food Security and Research, cotton production may exceed the estimate of 8.46 million bales, as 2.69 million bales of cotton have been transferred to the ginning factories till September 15, compared to 1.04 million bales in same period of last year. Whereas last year, the cotton production was around 5.57 million bales.

According to the International Cotton Advisory Committee September Report, after a 7 percent decrease in 2020-21, production is projected to increase by 3 percent in 2021-22 season to 25.20 million tonnes. Global Consumption has also recovered from 2019-20, to post a 12.4 percent increase to 25.6 million tonnes in 2020-21 and is projected to improve further to 25.9 million tonnes in 2021-22. World Exports for 2021-22 are estimated at 10.31 million tonnes.

According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) report, World 2021/22 production is higher this month as increases for the United States, Australia, and Argentina offset declines in India, Greece, and several countries in West Africa's Zone. World trade in 2021/22 is still projected down from the previous year's record 48.5 million bales, but is projected 500,000 bales higher than in August, at 46.8 million bales.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

| Contract | +/- | Open | High | Low | Close | Volume | OI |
|----------|-------|-------|-------|-------|-------|--------|------|
| MXCTNC1 | +1220 | 27410 | 28760 | 27320 | 27450 | 1534 | 1962 |

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|-------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 30-Sep-21 | 29-Sep-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 | 6500 | 6500 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | 7150 | 7200 | -50 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 7000 | 6900 | 100 |
| | 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 | 7300 | 7000 | 300 |
| | Rawatsar | B.T. Cotton | 7400 | 7400 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | NA | 5825 | - |
| | Khargaon | Mech-1 | NA | 6480 | - |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 6750 | 6750 | Unch |
| | Hathras | Desi | 6300 | 6300 | Unch |
| Telangana | Adilabad | Un-Ginned | NA | NA | - |
| Karnataka | Bijapur | Bunny | NA | 7525 | - |
| | 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 | 30-Sep-21 | 29-Sep-21 | |
| Punjab | Bhatinda | J-34 | 5510 | 5420 | 90 |

| | | | | | |
|-----------|----------------|------|------|------|-----|
| | Abohar | J-34 | 5520 | 5420 | 100 |
| | Mansa | J-34 | 5500 | 5400 | 100 |
| Haryana | Sirsa | J-34 | 5500 | 5400 | 100 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 30-Sep-21 | 29-Sep-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 | 2000 | 1200 | 800 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | 2700 | 2500 | 200 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 850 | 850 | 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 | 2000 | 2000 | Unch |
| | Rawatsar | B.T. Cotton | 2000 | 2000 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | NA | 209 | - |
| | Khargaon | Mech-1 | NA | 2250 | - |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 200 | 200 | Unch |
| | Hathras | Desi | 30 | 30 | Unch |
| Telangana | Adilabad | Un-Ginned | NA | NA | - |
| Karnataka | Bijapur | Bunny | NA | 59 | - |
| | 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 | 30-Sep-21 | 29-Sep-21 | |
|-----------|----------------|---------|-----------|-----------|------|
| Punjab | Bhatinda | J-34 | 4250 | 2890 | 1360 |
| | Abohar | J-34 | 2550 | 2550 | Unch |
| | Mansa | J-34 | 340 | 340 | Unch |
| Haryana | Sirsa | J-34 | 1360 | 1360 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 30-Sep-21 | 29-Sep-21 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1455 | 1465 | -10 |
| Delhi | New Delhi | Rs. /10 Kg. | NR | NR | - |
| Telangana | Hyderabad | Rs. /10 Kg. | 1445 | 1455 | -10 |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1435 | 1445 | -10 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 30-Sep-21 | 29-Sep-21 | |
| Gujarat | Mahešana (Kadi) | Rs./Qtl | 2781 | 2785 | -4 |
| Maharashtra | Akola | Rs./Qtl | 2823 | 2830 | -7 |

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

| Index | Unit | 30-Sep-21 | 29-Sep-21 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 19104 | 18935 | 169 |
| CCIndex(527) | RMB/Ton | 18197 | 17969 | 228 |
| CCIndex(229) | RMB/Ton | 19522 | 19232 | 290 |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 29-Sep-21 | 28-Sep-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 114.09 | 112.08 | 2.01 |
| FC Index (M) | Cents/lb | 112.56 | 110.62 | 1.94 |
| FC Index (L) | Cents/lb | 111.37 | 109.5 | 1.87 |

Cotlook Index:

| Cotlook Indices | Unit | 28-Sep-21 | 27-Sep-21 | Change |
|-----------------|------|-----------|-----------|--------|
|-----------------|------|-----------|-----------|--------|

| | | | | |
|----------------|-------------|--------|--------|-------------|
| A-Index | Cents/Pound | 108.15 | 105.95 | 2.20 |
|----------------|-------------|--------|--------|-------------|

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 28-Sep-21 | 27-Sep-21 | Bales |
| Southeast | cents/lb. | 99.78 | 100.05 | 0 |
| North Delta | cents/lb. | 98.78 | 99.05 | 0 |
| South Delta | cents/lb. | 98.78 | 99.05 | 0 |
| East TX-OK | cents/lb. | 97.53 | 98.65 | 2262 |
| West Texas | cents/lb. | 96.28 | 97.05 | 0 |
| Desert SW | cents/lb. | 93.28 | 94.8 | 0 |
| SJ Valley | cents/lb. | 93.78 | 100.7 | 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 29-Sep-2021

(in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|----------|--------------|------------------|-------------------|
| Cotton | 37.32Kgs | 9400 | 180 | 13980 |
| Equivalent | 40 Kgs | 10074 | 193 | 14982 |

Daily Futures Price Listing Thursday, Sep 30th, 2021

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Oct-21 | 210930 | 107.80 | 107.80 | 107.80 | 107.80 | +3.86 | 0 | 49 | +0 |
| Dec-21 | 210930 | 101.94 | 105.93 | 101.93 | 105.80 | +3.86 | 27,696 | 141,807 | +1,107 |
| Mar-22 | 210930 | 100.70 | 104.20 | 100.70 | 103.88 | +3.14 | 10,535 | 75,591 | +2,015 |
| May-22 | 210930 | 99.95 | 103.30 | 99.95 | 102.95 | +3.00 | 4,522 | 23,218 | +1,270 |
| Jul-22 | 210930 | 97.40 | 100.48 | 97.37 | 100.10 | +2.64 | 2,644 | 17,330 | +247 |
| Oct-22 | 210930 | 88.62 | 90.90 | 88.62 | 90.60 | +2.41 | 2 | 5 | -1 |
| Total Volume and Open Interest | | | | | | | 48,328 | 283,425 | +5,576 |

Source: MRCI

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