

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.27,440/bale on Monday. ICE cotton futures closed red on Friday.

News: The heavy rain caused by Cyclone Gulab in Telangana, Andhra Pradesh, Maharashtra, Gujarat, Madhya Pradesh and Chhattisgarh have damaged the standing crop of cotton at many places. Excess rainfall in Maharashtra, Gujarat and Telangana could affect yield for cotton which is in the flowering stage. There are specific reports of losses to the cotton crop in the northern Marathwada region of Maharashtra, Srikakulam and Vizianagaram districts of Andhra Pradesh, Sangareddy district of Telangana and Khargone district of Madhya Pradesh. Besides the loss in yield, the arrivals are also expected to get delayed in Maharashtra. Also, the quality of first picking has been affected in all affected places. These losses have caused a bullish impact on prices. Also, the international prices have been strong over the last week of September, but are expected to cool down during October.

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.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Uttarkhand, Vidarbha, Chhattisgarh, Jharkhand, Odisha, Coastal Andhra Pradesh, Rayalseema, Tamil Nadu, and Pondicherry & Karikal, Lakshadweep, Kerala & Mahe. Heavy rainfall at isolated places over South interior Karnataka, Kerala & Mahe, Tamil Nadu, and Pondicherry & Karikal, and heavy rainfall at isolated places over South Madhya Maharashtra, south Konkan & Goa, Rayalseema, Lakshadweep and Coastal Karnataka.

International Fundamentals:

The ICE cotton Futures was higher by 127 points at 104.53 cents/lb. The Cotlook A index was at 112.15 cents/lb. The AWP for cotton was at 83.92 cents/lb.

According to the International Cotton Advisory Committee October Report, cotton production and stock projections for the 2021-22 season, the International Cotton Advisory Committee (ICAC) has indicated that the global output of the fibre crop will be around 25.7 million tonnes (mt), which would be higher by six per cent over previous year, but still be lower than the pre-pandemic levels. The ending stocks for 2020-21 has been revised downward to 20 mt, leading to the world cotton supply to be around 45.8 mt for the 2021-22 season. The global consumption is estimated at 25.9 mt.

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 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	-600	28820	28830	27870	28810	1026	2180

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Oct-21	02-Oct-21	
Gujarat	Ahmedabad	Shankar-6	NA	Closed	-
	Gondal	Shankar-6	NA	Closed	-
	Rajkot	B.T. Cotton	7740	Closed	-
	Patan	B.T. Cotton	NA	Closed	-
	Kadi	B.T. Cotton	6600	6500	100
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	NA	Closed	-
Haryana	Bhiwani	B.T. Cotton	7500	Closed	-
	Bhiwani	Desi	NA	Closed	-
	Adampur	B.T. Cotton	6950	Closed	-
	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	7250	7300	-50
	Rawatsar	B.T. Cotton	7200	7200	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6700	6750	-50
	Hathras	Desi	6600	6300	300
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	04-Oct-21	02-Oct-21	
Punjab	Bhatinda	J-34	5660	5680	-20
	Abohar	J-34	5640	5670	-30
	Mansa	J-34	5630	5660	-30
Haryana	Sirsa	J-34	5580	Closed	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Oct-21	02-Oct-21	
Gujarat	Ahmedabad	Shankar-6	NA	Closed	-
	Gondal	Shankar-6	NA	Closed	-
	Rajkot	B.T. Cotton	3800	Closed	-
	Patan	B.T. Cotton	NA	Closed	-
	Kadi	B.T. Cotton	2500	2500	Unch
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	NA	Closed	-
Haryana	Bhiwani	B.T. Cotton	2000	Closed	-
	Bhiwani	Desi	NA	Closed	-
	Adampur	B.T. Cotton	1360	Closed	-
	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	3000	1500	1500
	Rawatsar	B.T. Cotton	6000	3000	3000
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	200	-100
	Hathras	Desi	10	30	-20
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	04-Oct-21	02-Oct-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	3060	2890	170
	Mansa	J-34	680	340	340
Haryana	Sirsa	J-34	NA	Closed	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Oct-21	02-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1460	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1450	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	1440	Closed	-

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Oct-21	02-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2683	2736	-53
Maharashtra	Akola	Rs./Qtl	2790	2800	-10

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	30-Sep-21	28-Sep-21	Change
A-Index	Cents/Pound	112.15	108.15	4.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Sep-21	28-Sep-21	Bales
Southeast	cents/lb.	105.55	102.03	0
North Delta	cents/lb.	104.55	101.03	0
South Delta	cents/lb.	104.55	101.03	0
East TX-OK	cents/lb.	103.3	100.63	1193
West Texas	cents/lb.	102.05	99.03	674

Desert SW	cents/lb.	99.05	96.78	0
SJ Valley	cents/lb.	99.55	102.68	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-Oct-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 Friday, Oct 01st, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	211001	106.53	106.53	106.53	106.53	-1.27	2	48	-1
Dec-21	211001	105.80	107.28	104.35	104.53	-1.27	32,916	142,540	+733
Mar-22	211001	103.88	104.70	101.23	101.44	-2.44	15,320	78,324	+2,733
May-22	211001	102.94	103.50	100.17	100.44	-2.51	6,666	24,451	+1,233
Jul-22	211001	100.53	100.75	97.42	97.71	-2.39	2,050	17,842	+512
Oct-22	211001	90.90	90.90	88.08	88.66	-1.94	0	5	+0
Total Volume and Open Interest							59,618	289,362	+5,937

Source: MRCI

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