

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.27,950/bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: Rains affect the unsold cotton in the mandi. *The unsold raw cotton at several mandis of Muktsar, Bhatinda, and Fazilka was damaged due to sudden showers in Punjab. The ready-to-harvest crop was also affected in terms of the quality of cotton bolls at several places. Harvesting in some areas of malwa would be stalled for at least five days due to rains. Earlier, farmers of Bathinda and Mansa districts were already braving losses caused by the pink bollworm attack and the inclement weather would hit them further.*

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 the yield of 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 crops 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 states 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*

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Konkan & Goa, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh & Yanam, Rayalseema, Tamil Nadu, Pondicherry, Karikal, Kerala & Mahe and Lakshadweep. Heavy rainfall at isolated places over Andaman & Nicobar Islands, Konkan & Goa, Madhya Maharashtra, Marathwada and Karnataka.

International Fundamentals:

The ICE cotton Futures was higher by 400 points at 108.93 cents/lb. The Cotlook A index was at 113.9 cents/lb. The AWP for cotton was at 83.92 cents/lb.

According to USDA, as on 03rd October 2021, 13% US cotton has been harvested compared to 16 percent last year and 19 percent five year average. However, 62 percent US Cotton is in good to excellent condition compared to 40 percent last year.

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	+1440	29940	30900	29750	29360	1668	2168

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	06-Oct-21	05-Oct-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	7875	NA	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	6500	7000	-500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5850	5730	120
Haryana	Bhiwani	B.T. Cotton	7200	7500	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7250	6950	300
	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	7500	7250	250
	Rawatsar	B.T. Cotton	Closed	7200	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6500	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6600	6700	-100
	Hathras	Desi	6100	6600	-500
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	06-Oct-21	05-Oct-21	
Punjab	Bhatinda	J-34	5780	5620	160
	Abohar	J-34	5780	5640	140
	Mansa	J-34	5780	5620	160
Haryana	Sirsa	J-34	5725	5560	165
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Oct-21	05-Oct-21	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	3200	NA	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	50	38	12
Haryana	Bhiwani	B.T. Cotton	7000	2000	5000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1360	-170
	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	3000	-1000
	Rawatsar	B.T. Cotton	Closed	6000	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	2500	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	100	Unch
	Hathras	Desi	30	10	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	06-Oct-21	05-Oct-21	
Punjab	Bhatinda	J-34	6800	3400	3400
	Abohar	J-34	3400	1700	1700
	Mansa	J-34	510	340	170
Haryana	Sirsa	J-34	1700	850	850
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	06-Oct-21	05-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1470	1460	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1460	1450	10
Maharashtra	Mumbai	Rs. /10 Kg.	1450	1440	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	06-Oct-21	05-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2727	2690	37
Maharashtra	Akola	Rs./Qtl	2814	2786	28

INTERNATIONAL PRICES AND INDICESChina 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	29-Sep-21	Change
FC Index (S)	Cents/lb	114.09	114.09	Unch

FC Index (M)	Cents/lb	112.56	112.56	Unch
FC Index (L)	Cents/lb	111.37	111.37	Unch

Cotlook Index:

Cotlook Indices	Unit	30-Sep-21	29-Sep-21	Change
A-Index	Cents/Pound	112.15	110.15	2.00

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 05-Oct-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	14080
Equivalent	40 Kgs	10074	193	15090

Daily Futures Price Listing Tuesday, Oct 05th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	211005	110.93	110.93	110.93	110.93	+4.00	2	48	+0
Dec-21	211005	105.00	108.93	105.00	108.93	+4.00	27,458	140,905	-1,928
Mar-22	211005	102.10	106.59	102.10	106.59	+4.00	13,573	79,457	+343
May-22	211005	101.46	105.52	101.46	105.52	+4.00	3,880	25,415	+168
Jul-22	211005	99.24	103.24	99.10	103.24	+4.00	3,015	18,051	-372
Oct-22	211005	91.01	92.60	91.10	92.60	+2.47	3	18	+0
Total Volume and Open Interest							48,437	290,201	-1,763

Source: MRCI

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