

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.28,040/bale on Thursday. ICE cotton futures closed green on Wednesday.

News: Cabinet approves 7 mega textile parks under PM-MITRA scheme. The cabinet has approved seven new mega textile parks. It allocates Rs. 4,445 crore for the next 5 years, with an aim to develop a world class infrastructure with plug to play facilities that enables major investments in exports. According to the textile minister, the parks are a part of government's 'farm to fibre to factory to fashion to foreign' push and will generate 1-2 lakh indirect employment per park.

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.

Weather Forecast:

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

International Fundamentals:

The ICE cotton Futures was higher by 213 points at 111.06 cents/lb. The Cotlook A index was at 114.5 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	+300	30280	30790	29910	29870	1309	2087

DOMESTIC PRICES AND ARRIVAL
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	07-Oct-21	06-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8500	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8160	7875	285
	Patan	B.T. Cotton	8330	NA	-
	Kadi	B.T. Cotton	7000	6500	500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6125	5850	275
Haryana	Bhiwani	B.T. Cotton	7325	7200	125
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7400	7250	150
	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	7800	7500	300
	Rawatsar	B.T. Cotton	7600	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6700	6500	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6400	6600	-200
	Hathras	Desi	6300	6100	200
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./Mound)		Change
State	Centre	Variety	07-Oct-21	06-Oct-21	
Punjab	Bhatinda	J-34	5965	5780	185

	Abohar	J-34	5925	5780	145
	Mansa	J-34	5925	5780	145
Haryana	Sirsa	J-34	5875	5725	150
Rajasthan	Sri-Ganganagar	J-34	5499	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Oct-21	06-Oct-21	
Gujarat	Ahmedabad	Shankar-6	6800	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	3000	3200	-200
	Patan	B.T. Cotton	1437	NA	-
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	83	50	33
Haryana	Bhiwani	B.T. Cotton	6000	7000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1190	510
	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	2000	1000
	Rawatsar	B.T. Cotton	5000	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	2000	2500	-500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	25	100	-75
	Hathras	Desi	20	30	-10
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	07-Oct-21	06-Oct-21	
Punjab	Bhatinda	J-34	8500	6800	1700
	Abohar	J-34	2210	3400	-1190
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	1500	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	07-Oct-21	06-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1470	1470	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1460	1460	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1445	1450	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	07-Oct-21	06-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2721	2727	-6
Maharashtra	Akola	Rs./Qtl	2804	2814	-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	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 06-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 Wednesday, Oct 06th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	211006	113.10	113.10	113.10	113.10	+2.17	0	48	+0
Dec-21	211006	110.04	113.93	109.20	111.06	+2.13	15,950	140,496	-409
Mar-22	211006	107.50	111.59	106.63	108.17	+1.58	7,351	79,385	-72
May-22	211006	106.04	110.35	104.97	106.20	+0.68	2,666	25,693	+278
Jul-22	211006	103.27	107.22	101.51	103.25	+0.01	1,049	18,122	+71
Oct-22	211006	93.00	93.00	90.99	92.63	+0.03	0	18	+0
Total Volume and Open Interest							27,370	290,024	-177

Source: MRCI

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