

Domestic Fundamentals:

Market Outlook:

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.28,480/bale on Friday. ICE cotton futures closed green on Thursday.

News: Cotton export may go down in 2021-22 season. India's cotton export may go down to 5 million bales in the new season since local demand has been rising. According to Agriwatch estimate, India has exported around 7.5 million bales in 2020-21 season. However, good quality cotton is not available right now for exports. From November, supply of good quality cotton would improve, and prices may come down because of supply pressure. Leading cotton producing states including Gujarat, Maharashtra, Telangana and Andhra Pradesh received heavy rainfall in September. The production in the new season is expected to fall as rainfall has badly affected early-sown crop in all key producing states. Crop yields and quality of crop are going to be affected by rainfall. Cotton harvested in the first picking is likely to be of poor quality.

Cotton picking may extend till November – December during 2021-22 season. Unseasonal rains in the cotton growing areas might help cotton farmers to go in for third and fourth picking of their crop this year. Raw cotton prices have increased to Rs. 7,500 per quintal in Gujarat. Also, the availability of water has increased due to excess rainfall in September in growing regions that makes cotton a preferred crop over other rabi (winter) crops such as wheat, paddy or chana.

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.

Weather Forecast:

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

International Fundamentals:

The ICE cotton Futures was higher by 55 points at 111.61 cents/lb. The Cotlook A index was at 117.90 cents/lb. The AWP for cotton was at 91.81 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	+1010	30500	31500	30500	29920	1572	2179

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Oct-21	07-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8250	8500	-250
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	8355	8160	195
	Patan	B.T. Cotton	8500	8330	170
	Kadi	B.T. Cotton	7000	7000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	7135	6125	1010
Haryana	Bhiwani	B.T. Cotton	7330	7325	5
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7500	7400	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	7700	7800	-100
	Rawatsar	B.T. Cotton	7500	7600	-100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6700	6700	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6500	6400	100
	Hathras	Desi	6500	6300	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./Maund)		Change

State	Centre	Variety	08-Oct-21	07-Oct-21	
Punjab	Bhatinda	J-34	5970	5965	5
	Abohar	J-34	6000	5925	75
	Mansa	J-34	5940	5925	15
Haryana	Sirsa	J-34	5950	5875	75
Rajasthan	Sri-Ganganagar	J-34	5499	5499	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Oct-21	07-Oct-21	
Gujarat	Ahmedabad	Shankar-6	17000	6800	10200
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	3400	3000	400
	Patan	B.T. Cotton	2297	1437	860
	Kadi	B.T. Cotton	6000	5000	1000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	82	83	-1
Haryana	Bhiwani	B.T. Cotton	5500	6000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	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	1500	3000	-1500
	Rawatsar	B.T. Cotton	7000	5000	2000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1600	2000	-400
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	25	25
	Hathras	Desi	50	20	30
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	08-Oct-21	07-Oct-21	
Punjab	Bhatinda	J-34	5100	8500	-3400
	Abohar	J-34	2550	2210	340
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	1190	1700	-510
Rajasthan	Sri-Ganganagar	J-34	1500	1500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	08-Oct-21	07-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.	1450	1445	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Oct-21	07-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2720	2721	-1
Maharashtra	Akola	Rs./Qtl	2802	2804	-2

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
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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 07-Oct-2021

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	14880
Equivalent	40 Kgs	10074	193	15947

Daily Futures Price Listing Thursday, Oct 07th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	211007	113.65	113.65	113.65	113.65	+0.55	0	48	+0
Dec-21	211007	111.06	113.77	108.63	111.61	+0.55	17,546	139,772	-724
Mar-22	211007	108.25	110.44	105.90	108.73	+0.56	8,382	80,426	+1,041
May-22	211007	106.27	108.25	104.34	107.27	+1.07	3,172	25,848	+155
Jul-22	211007	103.51	105.20	101.67	104.58	+1.33	2,309	18,333	+211
Oct-22	211007	93.53	94.63	93.53	94.28	+1.65	1	19	+1
Total Volume and Open Interest							32,320	290,858	+834

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