

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 Saturday. ICE cotton futures closed red on Friday.

News: Pink Bollworm attack in Sangrur. The cotton crop on 1,500 acres in 85 villages of Sangrur has come under pink bollworm attack. In Barnala, the attack has caused panic among farmers. In many villages the repeated sprays of insecticides have failed to prevent the spread of the attack.

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 and 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 & gusty winds very likely at isolated places over Andaman & Nicobar Islands, with lightening at isolated places over Konkan & Goa, Madhya Maharashtra, Marathwada, Gujarat state, Coastal Andhra Pradesh & Yanam, Telangana, Karnataka, Rayalseema, Kerala & Mahe Tamil Nadu, Pondicherry, Karikal. Heavy rainfall at isolated places over Andaman & Nicobar Islands, Konkan & Goa, Madhya Maharashtra, Marathwada, Interior Karnataka and Kerala & Mahe, Rayalseema, Tamil Nadu, Pondicherry, Karikal.

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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
	State	Centre	Variety	09-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8250	8250	Unch
	Gondal	Shankar-6	Closed	NA	-
	Rajkot	B.T. Cotton	8350	8355	-5
	Patan	B.T. Cotton	8250	8500	-250
	Kadi	B.T. Cotton	7000	7000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	7135	-
Haryana	Bhiwani	B.T. Cotton	7400	7330	70
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7650	7500	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	7700	7700	Unch
	Rawatsar	B.T. Cotton	7500	7500	Unch
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	6500	Unch
	Hathras	Desi	6500	6500	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	8529	-
	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	09-Oct-21	08-Oct-21	
Punjab	Bhatinda	J-34	5960	5970	-10
	Abohar	J-34	5980	6000	-20
	Mansa	J-34	5950	5940	10
Haryana	Sirsa	J-34	5925	5950	-25
Rajasthan	Sri-Ganganagar	J-34	5499	5499	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	09-Oct-21	08-Oct-21	
Gujarat	Ahmedabad	Shankar-6	17000	17000	Unch
	Gondal	Shankar-6	Closed	NA	-
	Rajkot	B.T. Cotton	3600	3400	200
	Patan	B.T. Cotton	3262	2297	965
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	82	-
Haryana	Bhiwani	B.T. Cotton	5000	5500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1700	-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	700	1500	-800
	Rawatsar	B.T. Cotton	6000	7000	-1000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1500	1600	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	50	50	Unch

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	09-Oct-21	08-Oct-21	
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	404	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Punjab	Bhatinda	J-34	10200	5100	5100
	Abohar	J-34	2040	2550	-510
	Mansa	J-34	510	680	-170
Haryana	Sirsa	J-34	850	1190	-340
Rajasthan	Sri-Ganganagar	J-34	1500	1500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	09-Oct-21	08-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	1450	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	09-Oct-21	08-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2695	2720	-25
Maharashtra	Akola	Rs./Qtl	2792	2802	-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 07-Oct-2021

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 Friday, Oct 08th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	211008	11.61	116.48	110.33	110.60	-1.01	41,048	135,845	-3,927
Dec-21	211008	108.66	113.18	107.76	107.91	-0.82	18,776	82,738	+2,312
Mar-22	211008	107.38	111.61	106.42	106.77	-0.50	6,083	25,357	-491
May-22	211008	104.57	108.51	104.02	104.70	+0.12	3,949	18,119	-214
Jul-22	211008	93.53	93.53	93.53	93.53	-0.75	8	17	-2
Oct-22	211008	88.54	90.50	88.50	88.68	-0.18	1,703	24,963	+710

Total Volume and Open Interest	71,791	289,200	-1,658
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Source: MRCI

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