

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.28,660/bale on Tuesday. ICE cotton futures closed red on Monday.

News: Cotton (narma) prices are at all-time highs in Punjab and Rajasthan, with costs much exceeding the Minimum Support Price in Haryana mandis as well (MSP). The rise in price is due to the expectation of lowest production in the past five years and due to the attack of pink bollworm in some parts, surplus rain in Haryana's cotton belt in August and September months and overall less area under cotton crop in the region this year. Cotton prices in the northern market are currently prevailing between 7,500- 7,700 per quintal against the minimum support price of Rs. 5,726 per quintal.

According to the Cotton Corporation of India (CCI) and the Indian Cotton Association Limited (ICAL), during the 2021-22 season cotton was sown on a total of 16.99 lakh hectares in north, including 3.03 lakh hectares in Punjab, 6.88 lakh hectares in Haryana, and 7.08 lakh hectares in Rajasthan, including 3.44 lakh hectares and 3.64 lakh hectares in upper and lower Rajasthan, respectively. After the attack of pink bollworm in several parts of the cotton belt of the three states and damage due to rain, the expected production from these three states is around 52.89 lakh bales this year which would be around 10 lakh bales less than last year. From Punjab, production of 10 lakh bales is expected, from Haryana 16.50 lakh bales and 28 Lakh bales are expected production from Rajasthan. As per the Indian Cotton Association Limited (ICAL), this year the northern states will witness lowest production in the past five years. Another reason for the spike in prices is huge demand of the cotton from China, which is the largest importer of the cotton crop, as well as from the local spinning industry.

Telangana has targeted 33.2 lakh metric tonnes of cotton in 2021-22 season. Telanagna government has targeted procurement of 33.2 lakh metric tonnes of cotton during the current year, which is almost double of the previous year (2020-21) yield of 17.89 lakh metric tonnes, which was procured from 5.49 lakh farmers with an estimated value of Rs. 10,167 crore. During the 2020-21 season, Telangana has topped the country in quality cotton production and second in the extent of area under which cotton was cultivated.

Pink Bollworm attack has attached cotton crop 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 7.5million 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.

Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds very likely at isolated places over Andaman & Nicobar Islands, with lightening at isolated places over Kerala & Mahe Tamil Nadu, Pondicherry, Karikal. Heavy rainfall at isolated places over Andaman & Nicobar Islands, Kerala & Mahe and heavy rainfall at isolated places over coastal & south interior Karnataka, Tamil Nadu, Pondicherry, Karikal.

International Fundamentals:

The ICE cotton Futures was higher by 67 points at 107.24 cents/lb. The Cotlook A index was at 120.05 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	-390	30900	30900	30260	31030	818	2159

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Oct-21	11-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8500	8250	250
	Gondal	Shankar-6	8755	8955	-200
	Rajkot	B.T. Cotton	8520	8130	390
	Patan	B.T. Cotton	8555	8500	55
	Kadi	B.T. Cotton	7000	7500	-500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	7285	7875	-590
Haryana	Bhiwani	B.T. Cotton	7500	7500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7700	7700	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	7900	8100	-200
	Rawatsar	B.T. Cotton	8100	7500	600
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7000	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6500	6500	Unch
	Hathras	Desi	7000	6500	500
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	8419	-
	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	12-Oct-21	11-Oct-21	
Punjab	Bhatinda	J-34	6060	6020	40
	Abohar	J-34	6070	6020	50
	Mansa	J-34	6050	6000	50
Haryana	Sirsa	J-34	6000	5950	50
Rajasthan	Sri-Ganganagar	J-34	5640	5546	94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Oct-21	11-Oct-21	

Gujarat	Ahmedabad	Shankar-6	25500	17000	8500
	Gondal	Shankar-6	2166	2846	-680
	Rajkot	B.T. Cotton	4000	5500	-1500
	Patan	B.T. Cotton	5075	5253	-178
	Kadi	B.T. Cotton	15000	10000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	258	260	-2
Haryana	Bhiwani	B.T. Cotton	5000	5000	Unch
	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	3000	3500	-500
	Rawatsar	B.T. Cotton	7000	8000	-1000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	2200	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	150	50
	Hathras	Desi	30	50	-20
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	1219	-
	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	12-Oct-21	11-Oct-21	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	3400	2890	510
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	1020	1020	Unch
Rajasthan	Sri-Ganganagar	J-34	1000	1500	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	12-Oct-21	11-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1490	1480	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1480	1470	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	12-Oct-21	11-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2778	2735	43
Maharashtra	Akola	Rs./Qtl	2756	2760	-4

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	12-Oct-21	11-Oct-21	Change
CCIndex(328)	RMB/Ton	21599	21699	-100
CCIndex(527)	RMB/Ton	20462	20550	-88
CCIndex(229)	RMB/Ton	21949	22027	-78

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	12-Oct-21	11-Oct-21	Change
FC Index (S)	Cents/lb	123.51	124.15	-0.64
FC Index (M)	Cents/lb	121.81	122.24	-0.43
FC Index (L)	Cents/lb	120.65	120.96	-0.31

Cotlook Index:

Cotlook Indices	Unit	8-Oct-21	7-Oct-21	Change
A-Index	Cents/Pound	120.05	119.5	0.55

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		8-Oct-21	7-Oct-21	Bales
Southeast	cents/lb.	110.35	113.61	0
North Delta	cents/lb.	109.35	112.61	0
South Delta	cents/lb.	109.35	112.61	0
East TX-OK	cents/lb.	107.6	111.71	2095
West Texas	cents/lb.	106.85	110.61	130
Desert SW	cents/lb.	103.85	108.36	0
SJ Valley	cents/lb.	104.35	114.26	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 11-Oct-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	14580
Equivalent	40 Kgs	10074	193	15625

Daily Futures Price Listing Monday, Oct 09th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	211011	110.00	110.93	107.35	109.79	-0.81	26,439	133,785	-2,060
Dec-21	211011	107.06	108.50	105.11	107.24	-0.67	11,445	84,139	+1,401
Mar-22	211011	105.75	107.22	104.12	106.15	-0.62	4,028	25,438	+81
May-22	211011	104.23	104.60	101.95	104.10	-0.60	2,457	18,433	+314
Jul-22	211011	94.82	94.82	94.58	94.58	+1.05	4	21	+4
Oct-22	211011	88.50	90.50	88.50	89.76	+1.08	1,638	25,635	+672
Total Volume and Open Interest							46,040	289,628	+428

Source: MRCI

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