

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.28,740/bale on Wednesday. ICE cotton futures closed red on Tuesday.

News: Southern Indian Mills Association has urged the government to take action to stabilize the cotton prices. On 12th October'21, the Southern Indian Mills Association has urged the prime minister to introduce an innovative cotton procurement and trading schemes for Cotton Corporation of India in order to maintain price stability. SIMA suggested that it can be done by providing government funding to procure 10-15 percent of the cotton that arrive in the market during the season and also by creating a strategic stock for price stability, selling cotton only to actual users in a staggered manner till the end of the season and maintaining buffer stock for the next season.

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. 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 south interior Karnataka, Tamil Nadu, Pondicherry, Karikal, Kerala & Mahe and heavy rainfall at isolated places over Andaman & Nicobar Islands, and coastal Karnataka.

International Fundamentals:

The ICE cotton Futures was lower by 341 points at 106.38 cents/lb. The Cotlook A index was at 119.25 cents/lb. The AWP for cotton was at 91.81 cents/lb.

According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) October report, the 2021/22 U.S. cotton supply and demand estimates show lower production, lower ending stocks, and a higher price compared with last month. Production is lowered 3 percent, to 18.0 million bales as projected yields in Texas are reduced. With domestic mill use and exports remain unchanged, ending stocks are 500,000 bales lower. At 3.2 million bales, U.S. ending stocks in 2021/22 are projected at 18 percent, compared with 17 percent in 2020/21.

According to USDA, as on 10th October 2021, bolls opening were at 78 percent versus the 5 years average of 82 percent. Cotton harvested was at 20 percent versus the 5 years average of 26 percent. However, crop condition has overall improved. The good and excellent categories combined were at 64 percent up from the previous week at 62 percent.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-880	30010	30180	29450	30550	1054	2103

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Oct-21	12-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8250	8500	-250
	Gondal	Shankar-6	8605	8755	-150
	Rajkot	B.T. Cotton	8250	8520	-270
	Patan	B.T. Cotton	8500	8555	-55
	Kadi	B.T. Cotton	7000	7000	Unch
	Deesa	B.T. Cotton	NA	6800	-
	Dhrol	B.T. Cotton	7780	7285	495
Haryana	Bhiwani	B.T. Cotton	NR	7500	-
	Bhiwani	Desi	NR	NA	-
	Adampur	B.T. Cotton	7850	7700	150
	Fatehabad	B.T. Cotton	7800	7720	80
	Jind	B.T. Cotton	8300	8200	100
	Uchana	B.T. Cotton	7750	7650	100
	Dabwali	B.T. Cotton	7800	7700	100
Rajasthan	Hanumangarh	B.T. Cotton	8000	7900	100
	Rawatsar	B.T. Cotton	8100	8100	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7200	7000	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6500	6500	Unch
	Hathras	Desi	7000	7000	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	8439	-
	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	13-Oct-21	12-Oct-21	
Punjab	Bhatinda	J-34	6090	6060	30

	Abohar	J-34	6080	6070	10
	Mansa	J-34	6065	6050	15
Haryana	Sirsa	J-34	6040	6000	40
Rajasthan	Sri-Ganganagar	J-34	5640	5640	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Oct-21	12-Oct-21	
Gujarat	Ahmedabad	Shankar-6	22100	25500	-3400
	Gondal	Shankar-6	2797	2166	631
	Rajkot	B.T. Cotton	3800	4000	-200
	Patan	B.T. Cotton	4157	5075	-918
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	100	-
	Dhrol	B.T. Cotton	193	258	-65
Haryana	Bhiwani	B.T. Cotton	NR	5000	-
	Bhiwani	Desi	NR	NA	-
	Adampur	B.T. Cotton	850	1700	-850
	Fatehabad	B.T. Cotton	800	500	300
	Jind	B.T. Cotton	595	476	119
	Uchana	B.T. Cotton	1600	1200	400
	Dabwali	B.T. Cotton	2000	1400	600
Rajasthan	Hanumangarh	B.T. Cotton	3500	3000	500
	Rawatsar	B.T. Cotton	5000	7000	-2000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1800	2200	-400
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	200	Unch
	Hathras	Desi	30	30	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	578	-
	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	13-Oct-21	12-Oct-21	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	2550	3400	-850
	Mansa	J-34	850	680	170
Haryana	Sirsa	J-34	850	1020	-170
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	13-Oct-21	12-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1490	1490	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1480	1480	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1460	1450	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Oct-21	12-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2754	2778	-24
Maharashtra	Akola	Rs./Qtl	2773	2756	17

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	13-Oct-21	12-Oct-21	Change
CCIndex(328)	RMB/Ton	21518	21599	-81
CCIndex(527)	RMB/Ton	20434	20462	-28
CCIndex(229)	RMB/Ton	21907	21949	-42

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

China Foreign Cotton (FCE) Index :

Index	Unit	13-Oct-21	12-Oct-21	Change
FC Index (S)	Cents/lb	120.17	123.51	-3.34
FC Index (M)	Cents/lb	118.59	121.81	-3.22
FC Index (L)	Cents/lb	117.43	120.65	-3.22

Cotlook Index:

Cotlook Indices	Unit	11-Oct-21	8-Oct-21	Change
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A-Index	Cents/Pound	119.25	120.05	-0.80
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USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Oct-21	8-Oct-21	Bales
Southeast	cents/lb.	110.35	112.6	0
North Delta	cents/lb.	109.35	111.6	0
South Delta	cents/lb.	109.35	111.6	0
East TX-OK	cents/lb.	107.6	110.7	471
West Texas	cents/lb.	106.85	109.6	25
Desert SW	cents/lb.	103.85	107.35	0
SJ Valley	cents/lb.	104.35	113.25	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 Tuesday, Oct 12th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Oct-21	211012	109.42	112.89	106.07	106.38	-3.41	32,335	129,834	-3,951
Dec-21	211012	107.04	109.70	104.00	104.10	-3.14	15,597	85,588	+1,449
Mar-22	211012	105.13	108.19	103.00	103.04	-3.11	5,315	25,456	+18
May-22	211012	104.40	105.79	101.01	101.22	-2.88	3,169	18,347	-86
Jul-22	211012	93.24	93.24	93.24	93.24	-1.34	4	21	+0
Oct-22	211012	89.00	90.40	88.95	88.95	-0.59	1,607	26,153	+518
Total Volume and Open Interest							58,040	287,573	-2,055

Source: MRCI

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