

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.29,470/bale on Tuesday. ICE cotton futures closed red on Monday.

News: Cotton procurement in Maharashtra will start from 1st November 2021. According to the State government data, Cotton sowing in the current kharif season was done on 39.37 lakh hectares compared to 42.08 lakh hectares last season. Cotton cultivation has dipped as farmers have shifted to soya cultivation. Also, farmers are expecting high prices for the produce this season.

Cotton prices are rising in the northern market. The pink bollworm pest has adversely affected yield of the cotton crop in Bathinda and Mansa districts of Punjab, but the crop is being sold for a premium in grain markets, with the selling price touching an all-time high of Rs 8,060 per quintal. Previously, the cotton crop had touched an all-time high of Rs 7,000 per quintal last week. Usually, the crop does not sell for more than Rs 6,000 per quintal. Though a considerable portion of cotton has been damaged by pink bollworm in Bathinda and Mansa this year, farmers are still bringing the cotton that could be salvaged from their fields to grain markets. The cotton crop at Bhuchio mandi in Bhatinda is traded at Rs. 8060 per quintal whereas, less quality cotton was traded between Rs. 6,000 – Rs. 6,500 per quintal. According to Agriwatch, the rise in prices is due to delayed arrivals because of bad weather and also due to decrease in area under cotton cultivation, yield loss due to rains and a speculative swing in the international market. The Prices may come down to some extent after Diwali when arrivals will increase, prices would remain firm up in the long run.

According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) October report, India's 2020-21 cotton consumption is forecasted at a record 25.5 million bales and exports are projected at a second-highest level in 8 years at 5.8 million. This level of total use is forecasted to lower ending stocks to 12.4 million bales.

The exorbitant global freight and shortage of containers have hit exporters of Panipat. This has resulted in declining export orders by 25-30 percent which is likely to result in loss of business worth Rs. 3,000- Rs. 3,500 crore in the current fiscal. Panipat has an annual exports turnover of approximately Rs. 15,000 crore.

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.

Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds very likely at isolated places over Bihar, Jharkhand, Gangetic West Bengal, South interior Karnataka, Tamil Nadu, Pondicherry & Karikal and Kerala & Mahe. Heavy rainfall at isolated places over Sub- Himalyana West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, and heavy rainfall at isolated places over Bihar, Gangetic West Bengal, Nagaland, Manipur, Mizoram & Tripura, Tamil Nadu, Puducherry & Karaikal and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was lower by 29 points at 107.04 cents/lb. The Cotlook A index was at 116.20 cents/lb. The AWP for cotton was at 92.88 cents/lb.

According to USDA, as on 17th October 2021, bolls opening were at 86 percent very near to 5 years average of 88 percent. Cotton harvested was at 28 percent, behind the 5 years average of 34 percent. However, crop condition shifted by state, but overall looked stable. The good and excellent categories combined were at 64 percent, both last week and this week.

The cotton harvest season has started in October in Xinjiang which is the largest cotton-growing area in China. The region's cotton output hit 5.16 million tonnes in 2020, accounting for 87.3 percent of the total in the country. Therefore, the region has encouraged cotton farmers to apply modern agricultural machinery to boost the development of the industry in recent years. Meanwhile, the income of local farmers has increased due to the improvement of productivity.

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 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	-10	30550	30760	30390	30560	570	1908

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Oct-21	18-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8250	8250	Unch
	Gondal	Shankar-6	Closed	8805	-
	Rajkot	B.T. Cotton	Closed	8610	-
	Patan	B.T. Cotton	Closed	NA	-
	Kadi	B.T. Cotton	8000	7500	500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	8105	-
Haryana	Bhiwani	B.T. Cotton	8300	7400	900
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8250	8200	50
	Fatehabad	B.T. Cotton	8050	8000	50
	Jind	B.T. Cotton	8400	8400	Unch
	Uchana	B.T. Cotton	8100	8100	Unch
	Dabwali	B.T. Cotton	8000	8000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	8500	8300	200
	Rawatsar	B.T. Cotton	8400	8400	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7100	7100	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6800	6800	Unch
	Hathras	Desi	7100	7100	Unch
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./Maunder)		Change
State	Centre	Variety	19-Oct-21	18-Oct-21	

Punjab	Bhatinda	J-34	6400	6370	30
	Abohar	J-34	6400	6400	Unch
	Mansa	J-34	6380	6350	30
Haryana	Sirsa	J-34	6350	6300	50
Rajasthan	Sri-Ganganagar	J-34	5998	5640	357

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Oct-21	18-Oct-21	
Gujarat	Ahmedabad	Shankar-6	28900	28900	Unch
	Gondal	Shankar-6	Closed	4217	-
	Rajkot	B.T. Cotton	Closed	10000	-
	Patan	B.T. Cotton	Closed	NA	-
	Kadi	B.T. Cotton	40000	30000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	577	-
Haryana	Bhiwani	B.T. Cotton	4000	1000	3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	500	700	-200
	Jind	B.T. Cotton	340	510	-170
	Uchana	B.T. Cotton	2000	2000	Unch
	Dabwali	B.T. Cotton	1000	1000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	5000	5000	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	600	700	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	150	150	Unch
	Hathras	Desi	20	20	Unch
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	19-Oct-21	18-Oct-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1360	1700	-340
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	850	1360	-510
Rajasthan	Sri-Ganganagar	J-34	1500	1000	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	19-Oct-21	18-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1440	1440	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1450	1450	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1400	1390	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-Oct-21	18-Oct-21	
Gujarat	Maheana (Kadi)	Rs./Qtl	2638	2657	-19
Maharashtra	Akola	Rs./Qtl	2713	2748	-34

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

Index	Unit	19-Oct-21	18-Oct-21	Change
CCIndex(328)	RMB/Ton	22136	22109	27
CCIndex(527)	RMB/Ton	21023	20983	40
CCIndex(229)	RMB/Ton	22597	22538	59

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

China Foreign Cotton (FCE) Index :

Index	Unit	19-Oct-21	18-Oct-21	Change
FC Index (S)	Cents/lb	121.21	121.29	-0.08
FC Index (M)	Cents/lb	119.76	119.76	Unch
FC Index (L)	Cents/lb	118.6	118.6	Unch

Cotlook Index:

Cotlook Indices	Unit	15-Oct-21	14-Oct-21	Change
A-Index	Cents/Pound	116.2	113.05	3.15

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Oct-21	13-Oct-21	Bales
Southeast	cents/lb.	107.08	105.86	0
North Delta	cents/lb.	106.08	104.86	0
South Delta	cents/lb.	106.08	104.86	0
East TX-OK	cents/lb.	104.08	103.71	1847
West Texas	cents/lb.	104.08	103.36	389
Desert SW	cents/lb.	100.58	100.61	0
SJ Valley	cents/lb.	101.08	106.51	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 18-Oct-2021

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	14680
Equivalent	40 Kgs	10074	193	15733

Daily Futures Price Listing Monday, Oct 18th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211018	107.24	109.69	105.41	107.04	-0.29	20,790	118,231	-1,877
Mar-22	211018	105.00	107.30	103.55	104.95	-0.05	9,681	92,460	+1,999
May-22	211018	104.00	106.19	102.63	104.07	+0.10	2,134	27,060	+51
Jul-22	211018	102.00	104.47	101.09	102.53	+0.19	1,817	19,343	+602
Oct-22	211018	94.73	94.73	94.73	94.73	+0.13	0	21	+0
Dec-22	211018	90.35	90.95	89.95	90.38	+0.08	1,759	26,634	+575
Total Volume and Open Interest							36,274	285,952	+1,384

Source: MRCI

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