

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.29,510/bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: Cotton Association of India has released its final estimate of the cotton crop for the 2020-21 season. Cotton Association of India has reduced its final estimate for the 2020-21 cotton crop by 1.50 lakh bales to 353.00 lakh bales from its previous estimate of 354.50 lakh bales due to the lower production expected from the central zone. The Cotton production estimate for the central zone has been reduced by 2.50 lakh bales to 191.00 lakh bales from 193.50 lakh bales estimated earlier. Whereas, the cotton crop estimate for the southern zone has been increased by 1 lakh bales to 91.50 lakh bales compared to the previous estimate of 90.50 lakh bales. Further, the domestic consumption for the entire crop year i.e. up to 30th September is higher by 5 lakh bales to 335 lakh bales, and exports for the 2020-21 season has been increased by 1 lakh bales to 78 lakh bales from its previous estimate of 77 lakh bales, cotton imports was maintained at 10 lakh bales during 2020-21 season and stock at the end of 30th September'2021 was estimated at 75 lakh bales.

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.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Coastal and South interior Karnataka, Tamil Nadu, Pondicherry & Karikal, Lakshadweep and Kerala & Mahe. Heavy rainfall at isolated places over Tamil Nadu, Puducherry & Karaikal and Kerala & Mahe, and heavy rainfall at isolated places over Coastal and South interior Karnataka.

International Fundamentals:

The ICE cotton Futures was lower by 79 points at 107.83 cents/lb. The Cotlook A index was at 116.35 cents/lb. The AWP for cotton was at 92.88 cents/lb.

Cotton consumption in China is expected to increase in the 2021-22 season. Due to the rising demand for textile and clothing from the domestic and overseas market, cotton consumption is expected to move up in 2021-22. However, cotton production in china may decrease as the area under cotton harvest has dropped in the yellow river and Yangtze river region of the country although it remained stable in Xinjiang. The share of Xinjiang cotton in china's cotton production is expected to surge to 92 percent in the 2021-22 season.

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.

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	+180	30560	30890	30330	30610	500	1836

DOMESTIC PRICES AND ARRIVAL
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Oct-21	19-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8250	8250	Unch
	Gondal	Shankar-6	8405	Closed	-
	Rajkot	B.T. Cotton	8750	Closed	-
	Patan	B.T. Cotton	NA	Closed	-
	Kadi	B.T. Cotton	7500	8000	-500
	Deesa	B.T. Cotton	NA	6845	-
	Dhrol	B.T. Cotton	8875	8270	605
Haryana	Bhiwani	B.T. Cotton	8300	8300	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8200	8250	-50
	Fatehabad	B.T. Cotton	8000	8050	-50
	Jind	B.T. Cotton	8350	8400	-50
	Uchana	B.T. Cotton	NA	8100	-
	Dabwali	B.T. Cotton	8200	8000	200
Rajasthan	Hanumangarh	B.T. Cotton	8450	8500	-50
	Rawatsar	B.T. Cotton	8350	8400	-50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7200	7100	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7000	6800	200
	Hathras	Desi	7200	7100	100
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	20-Oct-21	19-Oct-21	
Punjab	Bhatinda	J-34	6390	6400	-10

	Abohar	J-34	6390	6400	-10
	Mansa	J-34	6300	6380	-80
Haryana	Sirsa	J-34	6360	6350	10
Rajasthan	Sri-Ganganagar	J-34	5998	5998	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Oct-21	19-Oct-21	
Gujarat	Ahmedabad	Shankar-6	25500	28900	-3400
	Gondal	Shankar-6	5440	Closed	-
	Rajkot	B.T. Cotton	7500	Closed	-
	Patan	B.T. Cotton	NA	Closed	-
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	500	-
	Dhrol	B.T. Cotton	566	540	26
Haryana	Bhiwani	B.T. Cotton	3500	4000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	850	850
	Fatehabad	B.T. Cotton	700	500	200
	Jind	B.T. Cotton	340	340	Unch
	Uchana	B.T. Cotton	NA	2000	-
	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	600	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	250	150	100
	Hathras	Desi	100	20	80
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	20-Oct-21	19-Oct-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1360	340
	Mansa	J-34	850	680	170
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	1200	1500	-300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	20-Oct-21	19-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	1400	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	20-Oct-21	19-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2609	2638	-29
Maharashtra	Akola	Rs./Qtl	2700	2713	-14

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

Index	Unit	20-Oct-21	19-Oct-21	Change
CCIndex(328)	RMB/Ton	22192	22136	56
CCIndex(527)	RMB/Ton	21055	21023	32
CCIndex(229)	RMB/Ton	22646	22597	49

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
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A-Index	Cents/Pound	116.2	113.05	3.15
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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 Tuesday, Oct 19th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211019	107.13	108.37	105.25	107.83	+0.79	27,340	116,391	116,391
Mar-22	211019	105.10	106.30	103.37	105.84	+0.89	13,742	93,163	+703
May-22	211019	104.29	105.20	102.35	104.83	+0.76	7,100	27,283	+223
Jul-22	211019	103.10	103.52	100.67	103.28	+0.75	3,494	19,369	+26
Oct-22	211019	94.02	95.61	94.02	95.61	+0.88	2	21	+0
Dec-22	211019	90.03	90.90	89.51	90.88	+0.50	2,022	27,080	+446
Total Volume and Open Interest							53,855	285,628	-324

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