

Domestic Fundamentals:

Market Outlook:

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.29,650/bale on Thursday. ICE cotton futures closed green on Wednesday.

News: Cotton growers from Bhatinda are holding back the produce. With the cotton prices ruling higher in the market around Rs. 8,300 per quintal farmers and traders are anticipating a price hike in the future due to this arrivals in the mandis across Bhatinda has delayed. According to the tribune from the Cotton Corporation of India, till 20th October 2021, only 3.75 lakh quintals has been purchased at mandis against 7 lakh quintals purchased during the previous season around the same time.

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 Bhuchcho 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 2021-21 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.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarbad, Punjab, Rayalaseema, Coastal and South interior Karnataka, Tamil Nadu, Pondicherry & Karikal, Lakshadweep and Kerala & Mahe. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karaikal and Kerala & Mahe, and heavy rainfall at isolated places over Coastal and South interior Karnataka.

International Fundamentals:

The ICE cotton Futures was higher by 290 points at 110.73 cents/lb. The Cotlook A index was at 110.73 cents/lb. The AWP for cotton was at 92.88 cents/lb.

Due to the high prices of Indian cotton fibres in the global market and with the increasing export demand for cotton yarn and textile products, India's domestic cotton consumption is expected to rise in the 2021-22 season. The area of cotton harvested is expected to decrease as the area under Rabi crop in South India is increasing. According to the textile and apparel (texpro) data, cotton area harvested in India was 13.40 million hectares in the year 2019-20, which dropped by 2.99 per cent to 13 million hectares in 2020-21. It is expected to decline further by 4.62 per cent to 12.40 million hectares in 2021-22 season. India's cotton production was 28.80 million bales in 2019-20 and 27.90 million bales in 2020-21. However, it is expected to rise slightly by 0.36 per cent to 28 million bales in 2021-22. Also, imports went down by 62.72 per cent from 2.28 million bales in 2019-20 to 0.85 million bales in 2020-21. It is expected to rise again by 17.65 per cent to reach 1 million bales in the 2021-22 season. India has exported 3.20 million bales in 2019-20 and 6.20 million bales in the 2020-21 season. For the 2021-22 season exports are estimated same as that of previous season. Further, consumption is expected to increase to 26 million bales as compared to 24.20 million bales in 2020-21 season.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+110	31490	31490	31050	31240	351	1742

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Oct-21	20-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8500	8250	250
	Gondal	Shankar-6	8655	8405	250
	Rajkot	B.T. Cotton	8605	8750	-145
	Patan	B.T. Cotton	NA	8150	-
	Kadi	B.T. Cotton	8000	7500	500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8345	8875	-530
Haryana	Bhiwani	B.T. Cotton	8300	8300	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8225	8200	25
	Fatehabad	B.T. Cotton	8025	8000	25
	Jind	B.T. Cotton	8800	8350	450
	Uchana	B.T. Cotton	8600	8370	230
	Dabwali	B.T. Cotton	8500	8200	300
Rajasthan	Hanumangarh	B.T. Cotton	8550	8450	100
	Rawatsar	B.T. Cotton	8400	8350	50
Madhya Pradesh	Khandwa	Mech-1	9000	7900	1100
	Khargaon	Mech-1	NA	7000	-
Maharashtra	Amravati	Mech-1	7400	7200	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7000	7000	Unch
	Hathras	Desi	7200	7200	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	8529	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	21-Oct-21	20-Oct-21	
Punjab	Bhatinda	J-34	6450	6390	60
	Abohar	J-34	6460	6390	70
	Mansa	J-34	6450	6300	150
Haryana	Sirsa	J-34	6400	6360	40
Rajasthan	Sri-Ganganagar	J-34	6016	5998	19

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	21-Oct-21	20-Oct-21	
Gujarat	Ahmedabad	Shankar-6	51000	25500	25500
	Gondal	Shankar-6	4382	5440	-1058
	Rajkot	B.T. Cotton	7800	7500	300
	Patan	B.T. Cotton	NA	1781	-
	Kadi	B.T. Cotton	35000	40000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	613	566	47
Haryana	Bhiwani	B.T. Cotton	4000	3500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1700	-510
	Fatehabad	B.T. Cotton	800	700	100
	Jind	B.T. Cotton	765	340	425
	Uchana	B.T. Cotton	700	500	200
	Dabwali	B.T. Cotton	2000	1000	1000
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	3000	5000	-2000
Madhya Pradesh	Khandwa	Mech-1	400	700	-300
	Khargaon	Mech-1	NA	25	-
Maharashtra	Amravati	Mech-1	400	600	-200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	250	250	Unch
	Hathras	Desi	100	100	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2750	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	21-Oct-21	20-Oct-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1530	1700	-170
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1020	850	170
Rajasthan	Sri-Ganganagar	J-34	2000	1200	800

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Oct-21	20-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1460	1440	20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1470	1450	20
Maharashtra	Mumbai	Rs. /10 Kg.	1430	1400	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Oct-21	20-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2637	2609	28
Maharashtra	Akola	Rs./Qtl	2661	2700	-39

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

Index	Unit	21-Oct-21	20-Oct-21	Change
CCIndex(328)	RMB/Ton	22180	22192	-12
CCIndex(527)	RMB/Ton	21068	21055	13
CCIndex(229)	RMB/Ton	22629	22646	-17

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

China Foreign Cotton (FCE) Index :

Index	Unit	19-Oct-21	19-Oct-21	Change
FC Index (S)	Cents/lb	121.21	121.21	Unch
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	18-Oct-21	15-Oct-21	Change
A-Index	Cents/Pound	116.35	116.2	0.15

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Oct-21	15-Oct-21	Bales
Southeast	cents/lb.	106.79	109.33	0
North Delta	cents/lb.	105.79	108.33	0
South Delta	cents/lb.	105.79	108.33	0
East TX-OK	cents/lb.	103.79	107.18	2599
West Texas	cents/lb.	103.79	106.83	1751
Desert SW	cents/lb.	100.29	104.08	0
SJ Valley	cents/lb.	100.79	109.98	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 20-Oct-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	14480
Equivalent	40 Kgs	10074	193	15947

Daily Futures Price Listing Wednesday, Oct 20th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211020	107.35	111.00	106.50	110.73	+2.90	15,931	114,801	-1,590
Mar-22	211020	105.21	108.89	104.50	108.63	+2.79	6,536	93,759	+596
May-22	211020	103.96	107.65	103.66	107.64	+2.81	2,415	27,234	-49
Jul-22	211020	102.25	106.46	102.25	106.19	+2.91	778	19,568	+199
Oct-22	211020	95.00	95.00	95.00	95.00	-0.61	0	21	+0
Dec-22	211020	89.65	89.61	89.61	90.50	-0.38	157	27,196	+116
Total Volume and Open Interest							25,817	284,900	-728

Source: MRCI

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