

**Domestic Fundamentals:****Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.29,700/bale on Friday. ICE cotton futures closed red on Thursday.

**News: Raw cotton price have crossed Rs. 7000/quintal mark at Vidarbha.** Cotton farmers from Vidarbha are selling raw cotton at record high of Rs. 7,000 per quintal in the open market and around Rs. 7,400 – Rs. 8,000 in other areas.

**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 20<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> September'2021 was estimated at 75 lakh bales.

**Cotton procurement in Maharashtra will start from 1<sup>st</sup> 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 Bhuchho 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, hail & gusty winds very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarbad, Himachal Pradesh, Punjab, with lightening at isolated places over West Rajasthan, Haryana, Chandigarh, South interior Karnataka, Tamil Nadu, Pondicherry & Karikal, and Kerala & Mahe. Heavy rainfall at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarbad, Himachal Pradesh, and heavy rainfall at isolated places over north Punjab, Tamil Nadu, Pondicherry & Kerala & Mahe.

### International Fundamentals:

The ICE cotton Futures was lower by 459 points at 106.14 cents/lb. The Cotlook A index was at 117.05 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 17<sup>th</sup> 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	22-Oct-21	21-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8500	8500	Unch
	Gondal	Shankar-6	8605	8655	-50
	Rajkot	B.T. Cotton	8450	8605	-155
	Patan	B.T. Cotton	NA	8175	-
	Kadi	B.T. Cotton	8000	8000	Unch
	Deesa	B.T. Cotton	7125	6905	220
	Dhrol	B.T. Cotton	8190	8345	-155
Haryana	Bhiwani	B.T. Cotton	8270	8300	-30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8250	8225	25
	Fatehabad	B.T. Cotton	8070	8025	45
	Jind	B.T. Cotton	8500	8800	-300
	Uchana	B.T. Cotton	8400	8600	-200
	Dabwali	B.T. Cotton	8250	8500	-250
Rajasthan	Hanumangarh	B.T. Cotton	8500	8550	-50
	Rawatsar	B.T. Cotton	8200	8400	-200
Madhya Pradesh	Khandwa	Mech-1	8825	9000	-175
	Khargaon	Mech-1	8115	8005	110
Maharashtra	Amravati	Mech-1	7500	7400	100
	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	8510	8529	-19
	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	22-Oct-21	21-Oct-21	
Punjab	Bhatinda	J-34	6430	6450	-20
	Abohar	J-34	6450	6460	-10
	Mansa	J-34	6350	6450	-100
Haryana	Sirsa	J-34	6400	6400	Unch
Rajasthan	Sri-Ganganagar	J-34	5969	6016	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Oct-21	21-Oct-21	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch

	Gondal	Shankar-6	4249	4382	-133
	Rajkot	B.T. Cotton	7500	7800	-300
	Patan	B.T. Cotton	NA	11180	-
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	3500	1400	2100
	Dhrol	B.T. Cotton	611	613	-2
Haryana	Bhiwani	B.T. Cotton	6000	4000	2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1190	Unch
	Fatehabad	B.T. Cotton	600	800	-200
	Jind	B.T. Cotton	1020	765	255
	Uchana	B.T. Cotton	900	700	200
	Dabwali	B.T. Cotton	3000	2000	1000
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	6000	3000	3000
Madhya Pradesh	Khandwa	Mech-1	800	400	400
	Khargaon	Mech-1	5025	11700	-6675
Maharashtra	Amravati	Mech-1	1500	400	1100
	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	2382	2750	-368
	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	22-Oct-21	21-Oct-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1530	170
	Mansa	J-34	510	680	-170
Haryana	Sirsa	J-34	850	1020	-170
Rajasthan	Sri-Ganganagar	J-34	2500	2000	500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	22-Oct-21	21-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1470	1460	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1480	1470	10
Maharashtra	Mumbai	Rs. /10 Kg.	1450	1430	20

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Oct-21	21-Oct-21	

Gujarat	Mahesana (Kadi)	Rs./Qtl	2601	2637	-36
Maharashtra	Akola	Rs./Qtl	2719	2661	58

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

Index	Unit	22-Oct-21	21-Oct-21	Change
CCIndex(328)	RMB/Ton	22142	22180	-38
CCIndex(527)	RMB/Ton	21024	21068	-44
CCIndex(229)	RMB/Ton	22611	22629	-18

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	19-Oct-21	18-Oct-21	Change
A-Index	Cents/Pound	116.2	116.35	-0.15

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		19-Oct-21	18-Oct-21	Bales
Southeast	cents/lb.	107.58	109.04	0
North Delta	cents/lb.	106.58	108.04	0
South Delta	cents/lb.	106.58	108.04	0
East TX-OK	cents/lb.	104.58	106.89	1116
West Texas	cents/lb.	104.58	106.54	1128
Desert SW	cents/lb.	101.08	103.79	0
SJ Valley	cents/lb.	101.58	109.69	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 21-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 Thursday, Oct 21st, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-21</a>	211021	110.42	111.35	105.88	106.14	-4.59	14,642	113,920	-881
<a href="#">Mar-22</a>	211021	108.39	109.25	103.98	103.98	-4.48	5,285	94,015	+256
<a href="#">May-22</a>	211021	107.41	108.25	103.15	103.24	-4.40	2,252	27,238	+4
<a href="#">Jul-22</a>	211021	106.23	106.70	101.90	101.91	-4.28	1,439	19,716	+148
<a href="#">Oct-22</a>	211021	93.57	93.57	93.57	93.57	-1.43	1	20	-1
<a href="#">Dec-22</a>	211021	90.50	91.50	89.07	89.07	-1.43	671	27,319	+123
Total Volume and Open Interest							24,306	284,560	-340

Source: MRCI

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