

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

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.30,330/bale on Monday. ICE cotton futures closed green on Friday.

**News: Punjab government will reassess the pink bollworm infestation.** The Punjab government on 24<sup>th</sup> October 2021 has ordered a re-assessment of losses to the cotton crop due to pink bollworm infestation after the doubts were raised over the field inspection reports. Also, as per market sources the trend of cotton arrivals in different mandi's of southern districts was not indicative of major crop loss.

**Cotton procurement in Telangana will begin on 25<sup>th</sup> October 2021.** The state government is all set to begin cotton procurement from the 25<sup>th</sup> October 2021. The district administration has made all elaborate arrangements at all purchasing centers. The Central government has fixed the minimum support price of Rs. 6025 per quintal but the actual open market price is around Rs. 7,000 per quintal.

**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.

### Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Coastal Andhra Pradesh & Yanam, Rayalaseema, Coastal & South interior Karnataka, Tamil Nadu, Pondicherry & Karikal, Lakshwadeep, and Kerala & Mahe. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry, Karikal and heavy rainfall at isolated places over Coastal & South Interior Karnataka & Kerala & Mahe.

### International Fundamentals:

The ICE cotton Futures was higher by 212 points at 108.26 cents/lb. The Cotlook A index was at 119.85 cents/lb. The AWP for cotton was at 92.8 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	+190	31350	31620	31000	31310	831	1393

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Oct-21	23-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8500	8500	Unch
	Gondal	Shankar-6	8555	8380	175
	Rajkot	B.T. Cotton	8500	8350	150
	Patan	B.T. Cotton	8380	8225	155
	Kadi	B.T. Cotton	8000	8000	Unch
	Deesa	B.T. Cotton	NA	7205	-
	Dhrol	B.T. Cotton	8585	8125	460
Haryana	Bhiwani	B.T. Cotton	8300	8270	30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8500	8350	150
	Fatehabad	B.T. Cotton	8500	8100	400
	Jind	B.T. Cotton	8800	8500	300
	Uchana	B.T. Cotton	8700	8400	300
	Dabwali	B.T. Cotton	8500	8250	250
Rajasthan	Hanumangarh	B.T. Cotton	8850	8500	350
	Rawatsar	B.T. Cotton	8500	8200	300
Madhya Pradesh	Khandwa	Mech-1	8050	8800	-750
	Khargaon	Mech-1	7500	8080	-580
Maharashtra	Amravati	Mech-1	7700	7500	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7200	7000	200
	Hathras	Desi	7400	7200	200
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	8762	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	25-Oct-21	23-Oct-21	
Punjab	Bhatinda	J-34	6550	6460	90
	Abohar	J-34	6570	6470	100
	Mansa	J-34	6520	6400	120
Haryana	Sirsa	J-34	6520	6400	120
Rajasthan	Sri-Ganganagar	J-34	6110	5969	141

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	25-Oct-21	23-Oct-21	
Gujarat	Ahmedabad	Shankar-6	56100	51000	5100
	Gondal	Shankar-6	5274	3429	1845
	Rajkot	B.T. Cotton	9300	8250	1050
	Patan	B.T. Cotton	17949	15345	2604
	Kadi	B.T. Cotton	30000	35000	-5000
	Deesa	B.T. Cotton	NA	2000	-
	Dhrol	B.T. Cotton	908	630	278
Haryana	Bhiwani	B.T. Cotton	2500	6000	-3500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1020	340
	Fatehabad	B.T. Cotton	500	700	-200
	Jind	B.T. Cotton	765	1020	-255
	Uchana	B.T. Cotton	400	500	-100
	Dabwali	B.T. Cotton	2500	3000	-500
Rajasthan	Hanumangarh	B.T. Cotton	3500	2500	1000
	Rawatsar	B.T. Cotton	3000	6000	-3000
Madhya Pradesh	Khandwa	Mech-1	700	800	-100
	Khargaon	Mech-1	65	375	-310
Maharashtra	Amravati	Mech-1	2000	1500	500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	150	200	-50
	Hathras	Desi	50	100	-50
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5438	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	25-Oct-21	23-Oct-21	
Punjab	Bhatinda	J-34	8500	10200	-1700
	Abohar	J-34	1530	1700	-170
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	3000	2500	500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-Oct-21	23-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1475	1460	15
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1470	1460	10
Maharashtra	Mumbai	Rs. /10 Kg.	1450	1440	10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Oct-21	23-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2688	2583	105
Maharashtra	Akola	Rs./Qtl	2741	2704	37

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

Index	Unit	25-Oct-21	22-Oct-21	Change
CCIndex(328)	RMB/Ton	22126	22142	-16
CCIndex(527)	RMB/Ton	20996	21024	-28
CCIndex(229)	RMB/Ton	22600	22611	-11

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	25-Oct-21	19-Oct-21	Change
FC Index (S)	Cents/lb	123.25	121.21	2.04
FC Index (M)	Cents/lb	122	119.76	2.24
FC Index (L)	Cents/lb	120.84	118.6	2.24

**Cotlook Index:**

Cotlook Indices	Unit	22-Oct-21	20-Oct-21	Change
A-Index	Cents/Pound	115.35	117.05	-1.70

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Oct-21	20-Oct-21	Bales
Southeast	cents/lb.	108.01	112.73	0
North Delta	cents/lb.	107.01	111.73	0
South Delta	cents/lb.	107.01	111.73	0
East TX-OK	cents/lb.	105.01	110.48	1920
West Texas	cents/lb.	105.01	110.23	3089
Desert SW	cents/lb.	101.51	107.48	0
SJ Valley	cents/lb.	102.01	113.38	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 23-Oct-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	15180
Equivalent	40 Kgs	10074	193	16161

Daily Futures Price Listing Friday, Oct 22nd, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-21</a>	211022	106.29	109.05	106.24	108.26	+2.12	16,189	112,387	-1,533
<a href="#">Mar-22</a>	211022	104.25	107.00	104.25	106.19	+2.04	6,274	95,002	+987
<a href="#">May-22</a>	211022	103.33	106.00	103.33	105.17	+1.93	2,441	27,469	+231
<a href="#">Jul-22</a>	211022	101.91	104.51	101.91	103.74	+1.83	1,458	20,174	+458
<a href="#">Oct-22</a>	211022	94.79	94.79	94.47	94.49	+0.92	0	20	+0
<a href="#">Dec-22</a>	211022	89.50	88.56	89.27	89.27	+0.20	633	27,704	+385
Total Volume and Open Interest							27,146	285,228	+668

Source: MRCI

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