

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.30,720/bale on Thursday. ICE cotton futures closed green on Wednesday.

News: Cotton prices have touched 8,105 per quintal mark in Warangal. The cotton prices have touched a record high of Rs. 8,105 per quintal at the Enumamula Agriculture Market on Wednesday. This is the highest price since the start of the procurement season. Also, around 2 lakh bags of cotton has arrived in the market so far.

Domestic cotton prices have increased to Rs. 63,000 per candy as the global market has surged on low production, rising demand, and supply constraints. On the Intercontinental Exchange (ICE), cotton prices have increased over 50 percent year on year rising to 108.67 cents a pound (Rs. 66,025 a candy).

Raw cotton prices have crossed Rs. 8000/quintal mark at Vidarbha. Cotton farmers from Vidarbha are selling raw cotton at a record high of Rs. 8,150 per quintal in the open market. The current price of raw cotton, a level well above the minimum support price (MSP) of Rs 6,025 per quintal fixed by the Government for the 2021-22 seasons. The Cotton Corporation of India has also reportedly running short of carry forward stock. As per the market sources, the corporation has exhausted almost half of its carry forward stock. The cotton harvesting has also been delayed in the 2021-22 season which is also pushing up the prices.

Cotton narma has reached Rs. 9000 per quintal mark. For the 2021-22 season, cotton narma prices have reached Rs. 9036 per quintal in Anupgarh market of Sri Ganganagar. Cotton narma in the major markets is ranging between Rs. 7500-9000 per quintal which is Rs. 2500- 3000 higher than the MSP of the 2021-22 season.

According to the report released by WTO Cell of the Department of Agricultural Economics (DAE) of the Junagadh Agricultural University (JAU) underlined the fact that cotton acreages in India have declined to around 124 lakh hectares in this Kharif 2021-22 season as against 131 lakh hectares in 2020-21 due to variations of the monsoon in the key regions. Also, the heavy rains in September may result in a decline in production this season. According to the first advance estimate released on 21st September 2021, cotton production is estimated at 362 lakh bales slightly more than the last year's 354 lakh bales. But the torrential rain received in the last week of September in Maharashtra, Madhya Pradesh and Gujarat have damaged the crop to the large extent, besides huge damage due to pink bollworm infestation is also feared, this may result in lower production this year. The JAU report states that global cotton production is projected at 1,531 lakh bales in 2021-22, compared to 1,439 bales in 2020-21. However, the consumption of cotton is expected to remain at 1,588 lakh bales which are 57 lakh bales more than last year. Also, the prices are expected to remain firm in the world market in the current year.

Cotton production is expected to remain stable in Gujarat for the 2021-22 season. As per the report released by the WTO Cell of the Department of Agricultural Economics (DAE) of the Junagadh Agricultural University (JAU), Gujarat cotton production is expected to remain stable in the 2021-22 season. For the 2021-22 season, the area under cotton cultivation in Gujarat is estimated at 22.56 lakh ha, same as that of the 2020-21 season, and production is estimated at 80.95 lakh bales, which is about 8 lakh bales more than last year (72.7 lakh bales). But the damage caused in the last week of September and due to delay in the first picking will result in low yield same as last year. As a result, overall cotton production is expected to remain stable.

The Punjab government will reassess the pink bollworm infestation. The Punjab government on 24th 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.

Weather Forecast:

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

International Fundamentals:

The ICE cotton Futures was higher by 181 points at 110.52 cents/lb. The Cotlook A index was at 117.60 cents/lb. The AWP for cotton was at 92.8 cents/lb.

Cotton harvest continues to pick up, as all cotton producing states showed a significant increase in field activity in the past week. According to USDA, as on 24th October 2021, open bolls are now reported in 91 percent of the crop, with 8 states at or above their respective 5 years average. Cotton harvested was at 35 percent, behind the 5 years average by 6 percentage points and was up by 7 percentage points from last week. However, crop condition remained steady. The good and excellent categories were at 64 percent, 30 percent rated fair and 6 percent rated poor.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+600	32400	32820	32280	32100	66	759

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Oct-21	27-Oct-21	
Gujarat	Ahmedabad	Shankar-6	8500	8500	Unch
	Gondal	Shankar-6	8555	8575	-20
	Rajkot	B.T. Cotton	8500	8455	45
	Patan	B.T. Cotton	8360	8355	5
	Kadi	B.T. Cotton	8000	8000	Unch
	Deesa	B.T. Cotton	NA	7560	-
	Dhrol	B.T. Cotton	8410	8395	15
Haryana	Bhiwani	B.T. Cotton	8400	8400	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8680	8600	80
	Fatehabad	B.T. Cotton	8450	8500	-50
	Jind	B.T. Cotton	8875	8700	175
	Uchana	B.T. Cotton	8570	8650	-80
	Dabwali	B.T. Cotton	8640	8450	190
Rajasthan	Hanumangarh	B.T. Cotton	8800	8800	Unch
	Rawatsar	B.T. Cotton	8900	8600	300
Madhya Pradesh	Khandwa	Mech-1	Closed	8800	-
	Khargaon	Mech-1	NA	8710	-
Maharashtra	Amravati	Mech-1	8000	7800	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7000	7000	Unch
	Hathras	Desi	7300	7300	Unch
Telangana	Adilabad	Un-Ginned	8100	8100	Unch
Karnataka	Bijapur	Bunny	8873	8729	144
	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	28-Oct-21	27-Oct-21	
Punjab	Bhatinda	J-34	6600	6600	Unch
	Abohar	J-34	6610	6610	Unch
	Mansa	J-34	6550	6500	50
Haryana	Sirsa	J-34	6590	6575	15
Rajasthan	Sri-Ganganagar	J-34	6157	6016	141

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	28-Oct-21	27-Oct-21	
Gujarat	Ahmedabad	Shankar-6	54400	59500	-5100
	Gondal	Shankar-6	4147	5325	-1178
	Rajkot	B.T. Cotton	9500	7400	2100
	Patan	B.T. Cotton	18395	18836	-441
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	1600	-
	Dhrol	B.T. Cotton	713	746	-33
Haryana	Bhiwani	B.T. Cotton	3000	2000	1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1190	-170
	Fatehabad	B.T. Cotton	600	500	100
	Jind	B.T. Cotton	731	544	187
	Uchana	B.T. Cotton	485	600	-115
	Dabwali	B.T. Cotton	1800	1600	200
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	2000	3000	-1000
Madhya Pradesh	Khandwa	Mech-1	Closed	8000	-
	Khargaon	Mech-1	NA	6950	-
Maharashtra	Amravati	Mech-1	2500	5000	-2500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	350	350	Unch
	Hathras	Desi	90	90	Unch
Telangana	Adilabad	Un-Ginned	51043.5	48701	2342.5
Karnataka	Bijapur	Bunny	4233	4040	193
	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	28-Oct-21	27-Oct-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1530	1360	170
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	680	680	Unch
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	28-Oct-21	27-Oct-21	
Gujarat	Rajkot	Rs. /10 Kg.	1400	1455	-55
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1395	1450	-55
Maharashtra	Mumbai	Rs. /10 Kg.	1390	1430	-40

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Oct-21	27-Oct-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2726	2701	25
Maharashtra	Akola	Rs./Qtl	2778	2794	-16

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

Index	Unit	28-Oct-21	27-Oct-21	Change
CCIndex(328)	RMB/Ton	22279	22313	-34
CCIndex(527)	RMB/Ton	22130	21099	1031
CCIndex(229)	RMB/Ton	22767	22805	-38

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

China Foreign Cotton (FCE) Index :

Index	Unit	28-Oct-21	27-Oct-21	Change
FC Index (S)	Cents/lb	125.33	124.06	1.27
FC Index (M)	Cents/lb	123.88	122.74	1.14
FC Index (L)	Cents/lb	122.35	121.21	1.14

Cotlook Index:

Cotlook Indices	Unit	25-Oct-21	22-Oct-21	Change
A-Index	Cents/Pound	117.4	115.35	2.05

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Oct-21	22-Oct-21	Bales
Southeast	cents/lb.	108.29	110.26	0
North Delta	cents/lb.	107.29	109.26	0
South Delta	cents/lb.	107.29	109.26	0
East TX-OK	cents/lb.	105.29	108.01	2112
West Texas	cents/lb.	105.29	107.76	422
Desert SW	cents/lb.	101.79	105.01	0
SJ Valley	cents/lb.	102.29	110.91	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 27-Oct-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	15480
Equivalent	40 Kgs	10074	193	16590

Daily Futures Price Listing Wednesday, Oct 27th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211027	108.81	110.95	107.66	110.52	+1.81	11,645	107,941	-765
Mar-22	211027	106.90	109.08	105.93	108.64	+1.77	5,734	97,123	+1,056
May-22	211027	105.90	107.79	104.92	107.36	+1.48	1,936	27,813	+334
Jul-22	211027	104.60	106.17	103.59	105.77	+1.22	980	21,153	+415
Oct-22	211027	96.40	96.57	96.40	96.57	+1.23	0	22	+0
Dec-22	211027	89.80	90.82	89.33	90.62	+0.80	404	27,965	+154
Total Volume and Open Interest							20,714	284,522	+1,203

Source: MRCI

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