

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.31,250/bale on Friday. ICE cotton futures closed green on Thursday.

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 Tamil Nadu, Pondicherry and Karikal and heavy rainfall at isolated places over Coastal Andhra Pradesh & Yanam, Kerala & Mahe and Rayalaseema.

International Fundamentals:

The ICE cotton Futures was higher by 321 points at 113.73 cents/lb. The Cotlook A index was at 118.20 cents/lb. The AWP for cotton was at 93.3 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 | +300 | 32890 | 33400 | 32890 | 32700 | 192 | 529 |

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 29-Oct-21 | 28-Oct-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 8500 | 8500 | Unch |
| | Gondal | Shankar-6 | 8580 | 8555 | 25 |
| | Rajkot | B.T. Cotton | 8675 | 8500 | 175 |
| | Patan | B.T. Cotton | 8330 | 8360 | -30 |
| | Kadi | B.T. Cotton | 8050 | 8000 | 50 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 8605 | 8410 | 195 |
| Haryana | Bhiwani | B.T. Cotton | 8700 | 8400 | 300 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 8760 | 8680 | 80 |
| | Fatehabad | B.T. Cotton | 8600 | 8450 | 150 |
| | Jind | B.T. Cotton | 8900 | 8875 | 25 |
| | Uchana | B.T. Cotton | 8630 | 8570 | 60 |
| | Dabwali | B.T. Cotton | 8715 | 8640 | 75 |
| Rajasthan | Hanumangarh | B.T. Cotton | 9000 | 8800 | 200 |
| | Rawatsar | B.T. Cotton | 9100 | 8900 | 200 |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | Closed | - |
| | Khargaon | Mech-1 | NA | 8700 | - |
| Maharashtra | Amravati | Mech-1 | 8300 | 8000 | 300 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 7000 | 7000 | Unch |
| | Hathras | Desi | 7100 | 7300 | -200 |
| Telangana | Adilabad | Un-Ginned | 8120 | 8100 | 20 |
| Karnataka | Bijapur | Bunny | 8840 | 8873 | -33 |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | NA | - |
| Commodity | Lint | | Prices (Rs./Maunder) | | Change |
| State | Centre | Variety | 29-Oct-21 | 28-Oct-21 | |
| Punjab | Bhatinda | J-34 | 6800 | 6600 | 200 |
| | Abohar | J-34 | 6800 | 6610 | 190 |
| | Mansa | J-34 | 6650 | 6550 | 100 |
| Haryana | Sirsa | J-34 | 6700 | 6590 | 110 |
| Rajasthan | Sri-Ganganagar | J-34 | 6298 | 6157 | 141 |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 29-Oct-21 | 28-Oct-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 54400 | 54400 | Unch |
| | Gondal | Shankar-6 | 6212 | 4147 | 2065 |
| | Rajkot | B.T. Cotton | 8000 | 9500 | -1500 |
| | Patan | B.T. Cotton | 19455 | 18395 | 1060 |
| | Kadi | B.T. Cotton | 35000 | 30000 | 5000 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 653 | 713 | -60 |
| Haryana | Bhiwani | B.T. Cotton | 3000 | 3000 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 1360 | 1020 | 340 |
| | Fatehabad | B.T. Cotton | 600 | 600 | Unch |
| | Jind | B.T. Cotton | 503 | 731 | -228 |
| | Uchana | B.T. Cotton | 355 | 485 | -130 |
| | Dabwali | B.T. Cotton | 1140 | 1800 | -660 |
| Rajasthan | Hanumangarh | B.T. Cotton | 4000 | 3000 | 1000 |
| | Rawatsar | B.T. Cotton | 2000 | 2000 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | Closed | - |
| | Khargaon | Mech-1 | NA | 7225 | - |
| Maharashtra | Amravati | Mech-1 | 3000 | 2500 | 500 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 250 | 350 | -100 |
| | Hathras | Desi | 100 | 90 | 10 |
| Telangana | Adilabad | Un-Ginned | 53930.5 | 51043.5 | 2887 |
| Karnataka | Bijapur | Bunny | 3947 | 4233 | -286 |
| | 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 | 29-Oct-21 | 28-Oct-21 | |
| Punjab | Bhatinda | J-34 | 8500 | 8500 | Unch |
| | Abohar | J-34 | 1360 | 1530 | -170 |
| | Mansa | J-34 | 340 | 510 | -170 |
| 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 | 29-Oct-21 | 28-Oct-21 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1380 | 1400 | -20 |
| Delhi | New Delhi | Rs. /10 Kg. | NR | NR | - |
| Telangana | Hyderabad | Rs. /10 Kg. | 1375 | 1395 | -20 |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1370 | 1390 | -20 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 29-Oct-21 | 28-Oct-21 | |
| Gujarat | Maheana (Kadi) | Rs./Qtl | 2717 | 2726 | -9 |
| Maharashtra | Akola | Rs./Qtl | 2786 | 2778 | 8 |

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

| Index | Unit | 29-Oct-21 | 28-Oct-21 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 22301 | 22279 | 22 |
| CCIndex(527) | RMB/Ton | 21147 | 21130 | 17 |
| CCIndex(229) | RMB/Ton | 22800 | 22767 | 33 |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 29-Oct-21 | 28-Oct-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 128.84 | 125.33 | 3.51 |
| FC Index (M) | Cents/lb | 127.45 | 123.88 | 3.57 |
| FC Index (L) | Cents/lb | 125.92 | 122.35 | 3.57 |

Cotlook Index:

| Cotlook Indices | Unit | 26-Oct-21 | 25-Oct-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 117.6 | 117.4 | 0.20 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 26-Oct-21 | 25-Oct-21 | Bales |
| Southeast | cents/lb. | 108.46 | 110.54 | 0 |
| North Delta | cents/lb. | 107.46 | 109.54 | 0 |
| South Delta | cents/lb. | 107.46 | 109.54 | 0 |
| East TX-OK | cents/lb. | 105.46 | 108.29 | 4232 |
| West Texas | cents/lb. | 105.46 | 108.04 | 4959 |
| Desert SW | cents/lb. | 101.96 | 105.29 | 0 |
| SJ Valley | cents/lb. | 102.46 | 111.19 | 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 28-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 Thursday, Oct 28th, 2021 | | | | | | | | | |
|------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Dec-21 | 211028 | 110.56 | 114.20 | 109.50 | 113.73 | +3.21 | 11,798 | 105,901 | -2,040 |
| Mar-22 | 211028 | 108.00 | 112.20 | 107.58 | 111.83 | +3.19 | 7,421 | 99,205 | +2,082 |
| May-22 | 211028 | 107.12 | 110.65 | 106.35 | 110.40 | +3.04 | 1,607 | 27,971 | +158 |
| Jul-22 | 211028 | 105.45 | 108.54 | 104.81 | 108.48 | +2.71 | 883 | 21,445 | +292 |
| Oct-22 | 211028 | 95.65 | 98.48 | 95.45 | 98.48 | +1.91 | 0 | 22 | +0 |
| Dec-22 | 211028 | 90.30 | 91.75 | 90.05 | 91.72 | +1.10 | 281 | 28,053 | +88 |
| Total Volume and Open Interest | | | | | | | 22,001 | 285,111 | +589 |

Source: MRCI

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