

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.32,870/bale on Tuesday. ICE cotton futures closed green on Monday.

News: Cotton prices in Punjab have crossed Rs. 10,000 level. The cotton crop has touched Rs. 10,500 per quintal mark on the 01st November 2021. According to the Punjab Mandi Board the cotton prices are 77 percent higher than the minimum support price (MSP) of Rs. 5,925 for the 2021-22 season. With the increasing demand for Indian yarn in the global market, cotton prices are likely to further increase. About 2,080 quintals of cotton has been procured by private buyers till 01st November 2021 in Muktsar. In the previous 2020-21 season, Punjab has procured about 50 lakh quintals of cotton. For the pink bollworm affected districts i.e. Bhatinda and Mansa the cotton prices are between Rs. 9,600 and Rs. 9,330 per quintal respectively.

Confederation of Indian textile Industry (CITI) has urged the prime minister to stabilise the cotton prices, which have soared to the peak in the last 11 cotton season. CITI has also urged for a cotton price stabilization fund scheme comprising 5 percent interest subvention or loan at NABARD rate of interest, reduction in money margin from 25 percent to 10 percent and increase in the cotton working capital limit from 3 to 9 months.

Cotton Association of India has released its first estimate of the cotton crop for the 2021-22 season. Cotton Association of India has estimated cotton crop for the 2021-22 season at 360.13 lakh bales. Further, the domestic consumption for the entire crop year i.e. up to 30th September 2022 is estimated at 335 lakh bales same as that of previous season, and exports for the 2021-22 season has been estimated at 48 lakh bales, cotton imports was maintained at 10 lakh bales for the 2021-22 season and closing stock at the end of 30th September'2022 was estimated at 62.13 lakh bales.

According to the Agriwatch market research and analysis, Indian cotton prices are trading at an all-time high in 2021-22 season. The cotton prices in India have gained 64 percent and global prices are higher by around 45 percent. The major reason behind the price rise is the expectation of lower production in 2021-22 season.

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.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Madhya Maharashtra, Telangana, Konkan & Goa, Marathwada, Coastal Andhra Pradesh & Yanam, Rayalaseema, Coastal & South interior Karnataka, Tamil Nadu, Pondicherry & Karikal, Lakshadweep and Kerala & Mahe. Heavy rainfall at isolated places over south interior & coastal Tamil Nadu, Pondicherry and Karikal and heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karikal, Coastal and south Interior Karnataka, Lakshadweep and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was higher by 499 points at 119.84 cents/lb. The Cotlook A index was at 123.10 cents/lb. The AWP for cotton was at 93.3 cents/lb.

According to USDA, as of 31st October 2021, US crop progress report, open bolls are now reported in 94 percent of the crop, just below the 5 year average of 95 percent. Cotton harvested was at 45 percent, lagging its 5 years average of 48 percentage, and was up by 7 percentage points from last week. The good and excellent categories combined slipped to 62 percent (from 64 percent last week).

China cotton index (CCI) is expected to move down in the next few months as Chinese monetary and financial regulatory agencies begin supporting various departments to control the prices of cotton, while farmers are looking to sell their cotton due to bad weather and poor financial conditions. The cotton demand may also reduce in the coming months, which will further support the expected drop in cotton prices. The monthly average of CCI was 15,690 RMB per metric ton in first quarter of 2021 and 15,830 RMB per metric ton in second quarter of 2021. During the third quarter the monthly average surged by 12.19 percent to 17,760 RMB per metric ton. For the fourth quarter of 2021, CCI may drop significantly as the monthly average is expected to decline by 15.70 percent to 17,990 RMB per metric tonne in December 2021 from 21,340 RMB per metric tonne in October 2021.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-280	33750	33850	33310	33790	1698	3362

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Nov-21	1-Nov-21	
Gujarat	Ahmedabad	Shankar-6	Closed	9000	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	8975	8750	225
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	8500	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	8700	8600	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9150	9100	50
	Fatehabad	B.T. Cotton	9100	9180	-80
	Jind	B.T. Cotton	9200	9200	Unch
	Uchana	B.T. Cotton	9100	8850	250
	Dabwali	B.T. Cotton	9180	8900	280
Rajasthan	Hanumangarh	B.T. Cotton	Closed	9250	-
	Rawatsar	B.T. Cotton	9200	9400	-200
Madhya Pradesh	Khandwa	Mech-1	Closed	8750	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	8550	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7500	7500	Unch
	Hathras	Desi	7500	7500	Unch
Telangana	Adilabad	Un-Ginned	8500	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	7909	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Nov-21	1-Nov-21	
Punjab	Bhatinda	J-34	7020	6940	80
	Abohar	J-34	7020	6940	80
	Mansa	J-34	6900	6850	50
Haryana	Sirsa	J-34	6980	6875	105
Rajasthan	Sri-Ganganagar	J-34	Closed	6486	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Nov-21	1-Nov-21	
Gujarat	Ahmedabad	Shankar-6	Closed	73100	-

	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	4600	10000	-5400
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	40000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1360	Unch
	Fatehabad	B.T. Cotton	400	400	Unch
	Jind	B.T. Cotton	595	340	255
	Uchana	B.T. Cotton	710	500	210
	Dabwali	B.T. Cotton	1335	1000	335
Rajasthan	Hanumangarh	B.T. Cotton	Closed	3000	-
	Rawatsar	B.T. Cotton	4000	3000	1000
Madhya Pradesh	Khandwa	Mech-1	Closed	6000	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	4000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	100	Unch
	Hathras	Desi	300	300	Unch
Telangana	Adilabad	Un-Ginned	128575.5	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	6	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Nov-21	1-Nov-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	1020	850	170
Rajasthan	Sri-Ganganagar	J-34	Closed	2000	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	2-Nov-21	1-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	1340	1350	-10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1350	1360	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1320	1330	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	2-Nov-21	1-Nov-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2674	2807	-133

Maharashtra	Akola	Rs./Qtl	2792	2700	92
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INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	2-Nov-21	1-Nov-21	Change
CCIndex(328)	RMB/Ton	22354	22318	36
CCIndex(527)	RMB/Ton	21201	21161	40
CCIndex(229)	RMB/Ton	22902	22833	69
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	2-Nov-21	1-Nov-21	Change
FC Index (S)	Cents/lb	133.3	130	3.30
FC Index (M)	Cents/lb	131.51	128.7	2.81
FC Index (L)	Cents/lb	130.01	127.23	2.78

Cotlook Index:

Cotlook Indices	Unit	29-Oct-21	28-Oct-21	Change
A-Index	Cents/Pound	123.1	119.95	3.15

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-Oct-21	27-Oct-21	Bales
Southeast	cents/lb.	114.6	112.52	69
North Delta	cents/lb.	113.6	111.52	0
South Delta	cents/lb.	113.6	111.52	0
East TX-OK	cents/lb.	111.6	110.27	1413
West Texas	cents/lb.	111.6	110.02	6682
Desert SW	cents/lb.	108.1	107.27	0
SJ Valley	cents/lb.	108.6	113.17	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 01-Nov-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	15580
Equivalent	40 Kgs	10074	193	16697

Daily Futures Price Listing Monday, Nov 01st, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211101	115.14	119.85	115.07	119.84	+4.99	21,371	102,042	-2,240
Mar-22	211101	111.45	115.81	111.45	115.03	+3.81	13,031	105,267	+3,891
May-22	211101	109.89	114.17	109.89	113.45	+3.78	3,589	28,662	+373
Jul-22	211101	108.25	111.73	108.25	110.81	+3.07	2,102	22,415	+552
Oct-22	211101	99.56	99.56	99.56	99.56	+1.69	14	35	+12
Dec-22	211101	91.00	91.00	91.00	92.56	+1.56	1,538	28,515	+301
Total Volume and Open Interest							42,082	290,015	+3,288

Source: MRCI

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