

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

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.32,850/bale on Tuesday. ICE cotton futures closed red on Tuesday.

**News: Southern India mills association has urged the prime minister to stabilize the cotton price.** In a memorandum to prime minister, the southern India mills association has urged the government to stabilize cotton prices, particularly when the country had over 100 lakh bales of opening stock this 2021-22 season.

**Cotton prices in Punjab have crossed Rs. 10,000 level.** The cotton crop has touched Rs. 10,500 per quintal mark on the 01<sup>st</sup> 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 01<sup>st</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 south konkan & Goa, south Madhya Maharashtra, Telangana, Marathwada, Coastal Andhra Pradesh & Yanam, Rayalaseema, Karnataka, Tamil Nadu, Pondicherry & Karikal, Lakshadweep and Kerala & Mahe. Heavy rainfall at isolated places over south konkan & Goa, south Madhya Maharashtra, and heavy rainfall at isolated places over Tamil Nadu, Pondicheery & Karikal, Coastal and south Interior Karnataka, and Kerala & Mahe.

### International Fundamentals:

The ICE cotton Futures was higher by 259 points at 117.25 cents/lb. The Cotlook A index was at 123.60 cents/lb. The AWP for cotton was at 93.3 cents/lb.

According to USDA, as of 31<sup>st</sup> 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	-470	33200	33610	32800	33380	1188	3271

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Nov-21	2-Nov-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	8975	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	Closed	NA	-
Haryana	Bhiwani	B.T. Cotton	Closed	8700	-
	Bhiwani	Desi	Closed	NA	-
	Adampur	B.T. Cotton	Closed	9150	-
	Fatehabad	B.T. Cotton	Closed	9100	-
	Jind	B.T. Cotton	Closed	9200	-
	Uchana	B.T. Cotton	Closed	9100	-
	Dabwali	B.T. Cotton	Closed	9180	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	9200	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	7500	-
	Hathras	Desi	Closed	7500	-
Telangana	Adilabad	Un-Ginned	8540	8500	40
Karnataka	Bijapur	Bunny	NA	9051	-
	Hubli	D.C.H.	NA	7909	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	3-Nov-21	2-Nov-21	
Punjab	Bhatinda	J-34	6970	7020	-50
	Abohar	J-34	6920	7020	-100
	Mansa	J-34	6875	6900	-25
Haryana	Sirsa	J-34	Closed	6980	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	3-Nov-21	2-Nov-21	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	4600	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	Closed	NA	-
Haryana	Bhiwani	B.T. Cotton	Closed	1500	-
	Bhiwani	Desi	Closed	NA	-
	Adampur	B.T. Cotton	Closed	1360	-
	Fatehabad	B.T. Cotton	Closed	400	-
	Jind	B.T. Cotton	Closed	595	-
	Uchana	B.T. Cotton	Closed	710	-
	Dabwali	B.T. Cotton	Closed	1335	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	4000	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	100	-
	Hathras	Desi	Closed	300	-
Telangana	Adilabad	Un-Ginned	86628.4	128575.5	-41947.1
Karnataka	Bijapur	Bunny	NA	3847	-
	Hubli	D.C.H.	NA	6	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Nov-21	2-Nov-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	Closed	1020	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	3-Nov-21	2-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	1340	-
Delhi	New Delhi	Rs. /10 Kg.	Closed	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	Closed	1350	-
Maharashtra	Mumbai	Rs. /10 Kg.	1320	1320	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake	Price	Change
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State	Centre	Unit	3-Nov-21	2-Nov-21	
Gujarat	Maheana (Kadi)	Rs./Qtl	2646	2674	-28
Maharashtra	Akola	Rs./Qtl	2790	2792	-2

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

Index	Unit	3-Nov-21	2-Nov-21	Change
CCIndex(328)	RMB/Ton	22316	22354	-38
CCIndex(527)	RMB/Ton	21183	21201	-18
CCIndex(229)	RMB/Ton	22894	22902	-8

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

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

Index	Unit	3-Nov-21	2-Nov-21	Change
FC Index (S)	Cents/lb	131.41	133.3	-1.89
FC Index (M)	Cents/lb	129.97	131.51	-1.54
FC Index (L)	Cents/lb	128.37	130.01	-1.64

**Cotlook Index:**

Cotlook Indices	Unit	2-Nov-21	29-Oct-21	Change
A-Index	Cents/Pound	127.7	123.1	4.60

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		2-Nov-21	1-Nov-21	Bales
Southeast	cents/lb.	116.25	121.84	0
North Delta	cents/lb.	115.25	120.84	0
South Delta	cents/lb.	115.25	120.84	0
East TX-OK	cents/lb.	113.5	119.59	2364
West Texas	cents/lb.	113.5	119.34	14426
Desert SW	cents/lb.	110.5	116.59	0
SJ Valley	cents/lb.	111	122.49	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 02-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 Tuesday, Nov 02nd, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-21</a>	211102	120.36	121.67	116.68	117.25	-2.59	22,844	100,346	-1,696
<a href="#">Mar-22</a>	211102	114.96	116.73	112.12	113.83	-1.20	16,611	107,807	+2,540
<a href="#">May-22</a>	211102	113.41	115.03	110.55	112.16	-1.29	3,695	28,452	-210
<a href="#">Jul-22</a>	211102	110.78	112.09	108.16	109.48	-1.33	1,905	22,456	+11
<a href="#">Oct-22</a>	211102	96.43	98.43	98.43	98.43	-1.13	14	35	+0
<a href="#">Dec-22</a>	211102	92.25	93.10	91.56	92.16	-0.40	497	28,481	-34
Total Volume and Open Interest							45,714	290,763	+748

Source: MRCI

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