

COTTON WEEKLY RESEARCH REPORT
18th Oct 2021**Domestic market summary**

Domestic Market Scenario: Telanagna government has targeted procurement of 33.2 lakh metric tonnes of cotton during the current year. The cotton crop on 1,500 acres in 85 villages of Sangrur has come under pink bollworm attack. New cotton arrivals have started coming in mandi.

Weekly Price Outlook:

The average price of Kapas is likely to remain firm between Rs. 7800-8500/q in Rajkot while the prices in Andhra Pradesh are likely to hover around Rs.5600-7500/q.

Major Market Highlights:

- The Cotlook index stood higher (119.25cents/lbs) compared to the ICE cotton future that stood at 109.79 cents/lbs.
- Indian currency has crossed Rs. 75 per dollar.

Market Highlights:

- According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) October report, India's 2020-21 cotton consumption is forecasted at a record 25.5 million bales and exports are projected at a second-highest level in 8 years at 5.8 million. This level of total use is forecasted to lower ending stocks to 12.4 million bales.
- The exorbitant global freight and shortage of containers have hit exporters of Panipat. This has resulted in declining export orders by 25-30 percent which is likely to result in loss of business worth Rs. 3,000- Rs. 3,500 crore in the current fiscal. Panipat has an annual exports turnover of approximately Rs. 15,000 crore.
- **Southern Indian Mills Association has urged the government to take action to stabilize the cotton prices.** On 12th October'21, the Southern Indian Mills Association has urged the prime minister to introduce an innovative cotton procurement and trading schemes for Cotton Corporation of India in order to maintain price stability. SIMA suggested that it can be done by providing government funding to procure 10-15 percent of the cotton that arrive in the market during the season and also by creating a strategic stock for price stability, selling cotton only to actual users in a staggered manner till the end of the season and maintaining buffer stock for the next season.
- **Cotton (narma) prices are at all-time highs in Punjab and Rajasthan, with costs much exceeding the Minimum Support Price in Haryana mandis as well (MSP).** The rise in price is due to the expectation of

lowest production in the past five years and due to the attack of pink bollworm in some parts, surplus rain in Haryana's cotton belt in August and September months and overall less area under cotton crop in the region this year. Cotton prices in the northern market are currently prevailing between 7,500- 7,700 per quintal against the minimum support price of Rs. 5,726 per quintal.

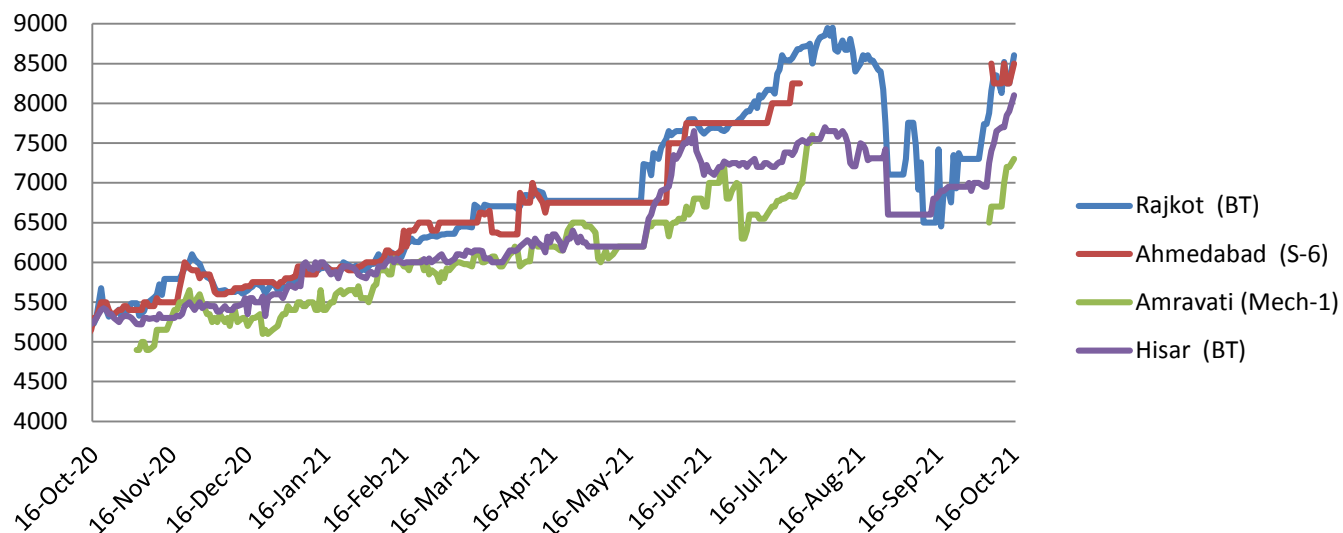
- **Telangana has targeted 33.2 lakh metric tonnes of cotton in 2021-22 season.** Telanagna government has targeted procurement of 33.2 lakh metric tonnes of cotton during the current year, which is almost double of the previous year (2020-21) yield of 17.89 lakh metric tonnes, which was procured from 5.49 lakh farmers with an estimated value of Rs. 10,167 crore. During the 2020-21 season, Telangana has topped the country in quality cotton production and second in the extent of area under which cotton was cultivated.
- **Pink Bollworm attack has attached cotton crop in Sangrur.** The cotton crop on 1,500 acres in 85 villages of Sangrur has come under pink bollworm attack. In Barnala, the attack has caused panic among farmers. In many villages the repeated sprays of insecticides have failed to prevent the spread of the attack.
- **Cotton export may go down in 2021-22 season.** India's cotton export may go down to 5 million bales in the new season since local demand has been rising. According to Agriwatch estimate, India has exported around 7.5million bales in 2020-21 season. However, good quality cotton is not available right now for exports. From November, supply of good quality cotton would improve, and prices may come down because of supply pressure. Leading cotton producing states including Gujarat, Maharashtra, Telangana and Andhra Pradesh received heavy rainfall in September. The production in the new season is expected to fall as rainfall has badly affected early-sown crop in all key producing states. Crop yields and quality of crop are going to be affected by rainfall. Cotton harvested in the first picking is likely to be of poor quality.

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

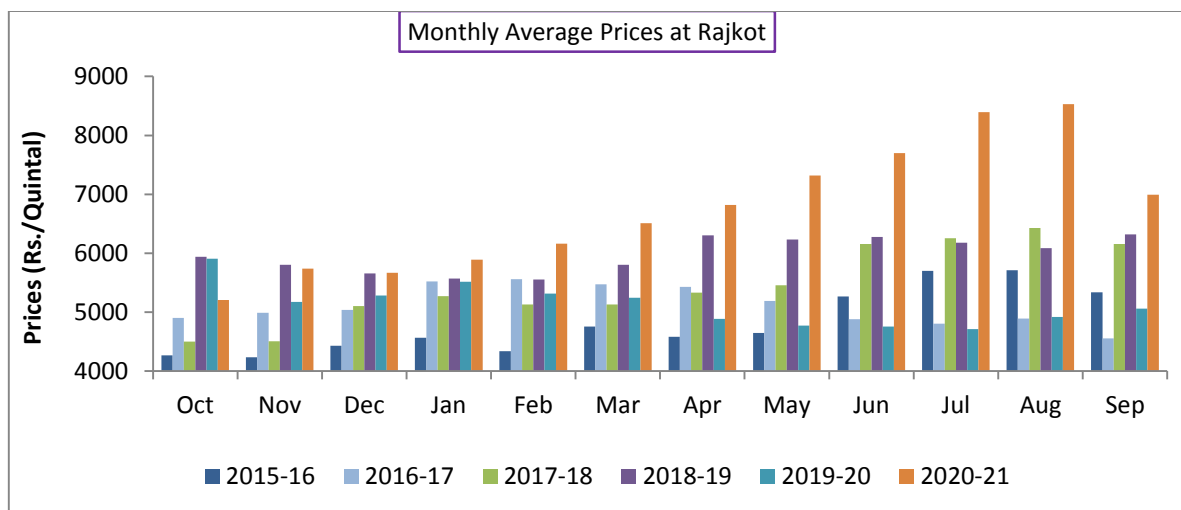
Weekly Price Review: With the coming of the new season 2021-22 weekly kapas average price at Rajkot stood higher at Rs. 8294/q compared to previous week Rs. 7542/q and in Hisar were prices stood higher at Rs. 7633/q compared to previous week price of Rs. 7025/qt. Arrivals have started from Amravati and Ahmedabad and prices were at Rs. 6833/qt and Rs. 8333/qt.

Variety wise Kapas Price trend (Rs/Qtl)



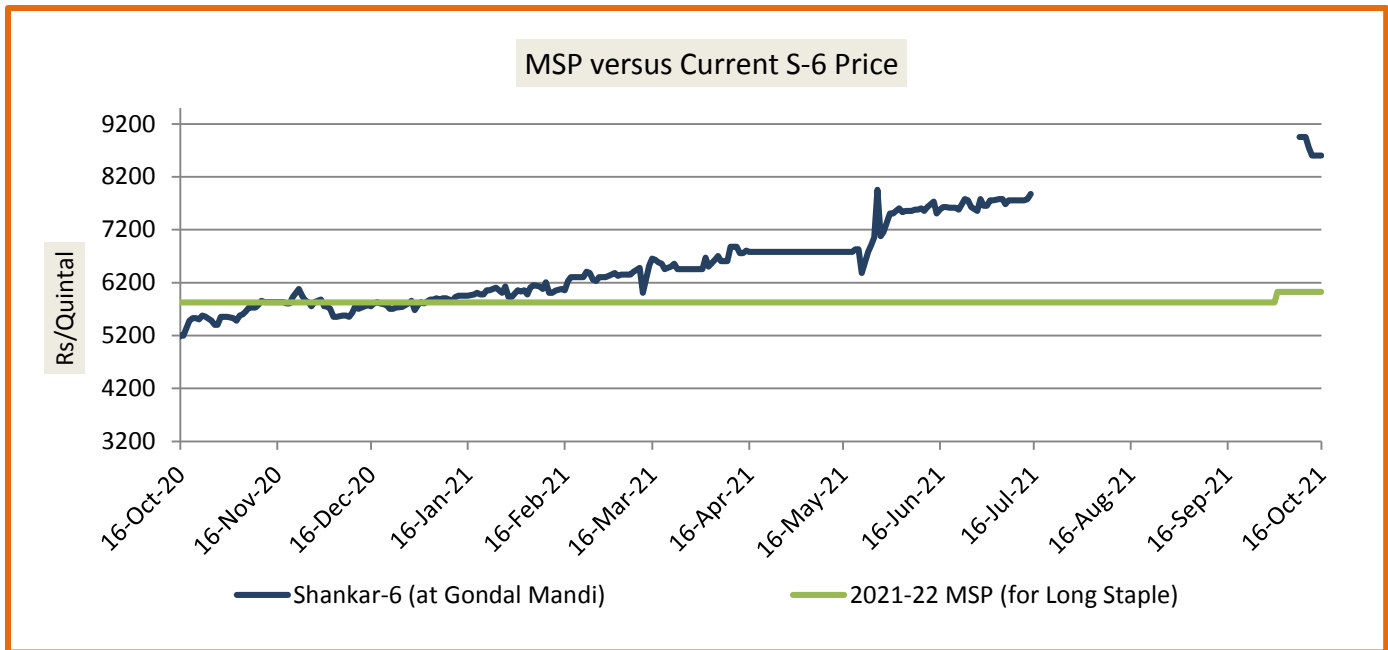
Kapas Monthly M-o-M Price Scenario

The arrivals in the month of September were lower in the market and the monthly average price were at Rs. 6991.8/q compared to the prices during the corresponding month of the previous season.(Rs. 5058/q)



Spot Price versus MSP

Arrivals have started in the Gondal Market. Average kapas price at Gondal market stood at Rs. 8817/q this week.

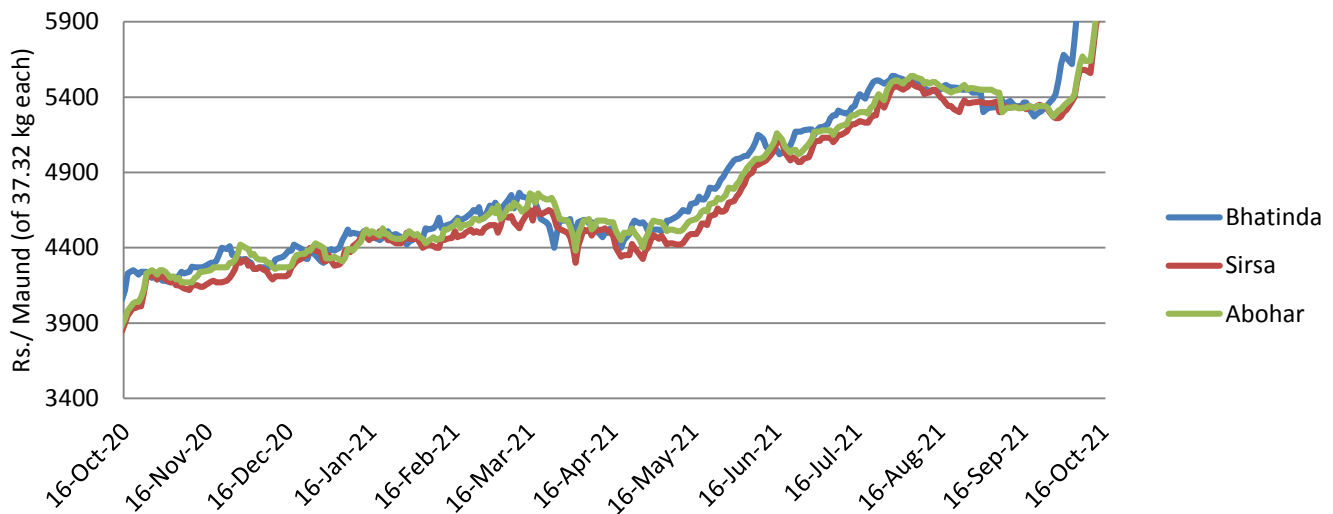


Source: Agriwatch

Lint price Outlook

The average price stood higher at Rs.6023/maund of lint in Abohar, in Bhatinda was at Rs.6022/ maund, and same in sirsa as that of previous week at Rs.5970/maund.

Lint Price Trend at Key Centers

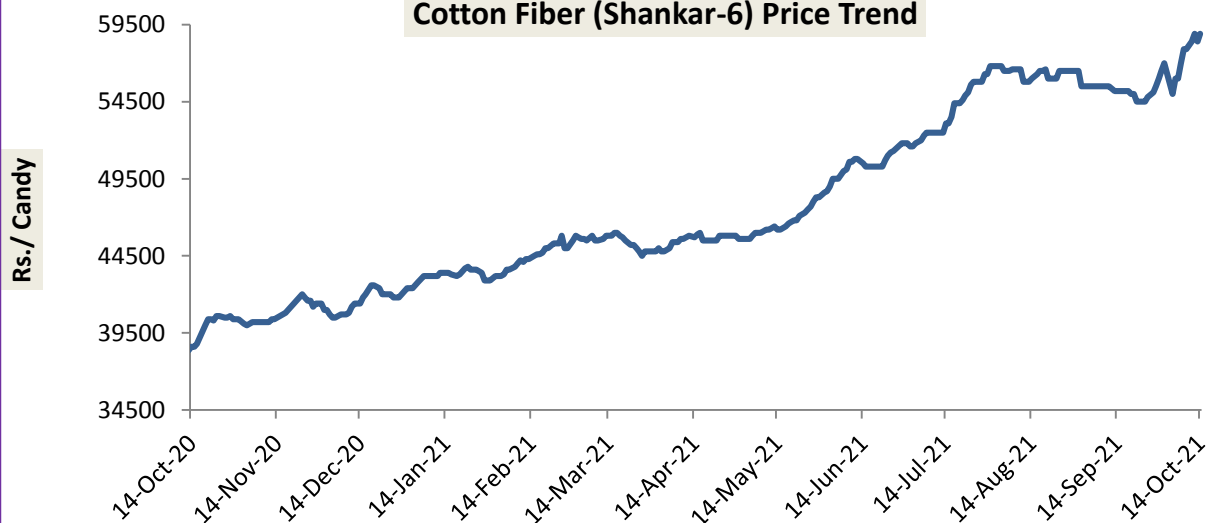


Source: Agriwatch

Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) of premium quality prices has increased from the previous week at Rs.58083/candy this week.

Cotton Fiber (Shankar-6) Price Trend



Source: Cotton Association of India (CAI)

Cotton Seed Oil and Cotton Seed Oil Cake

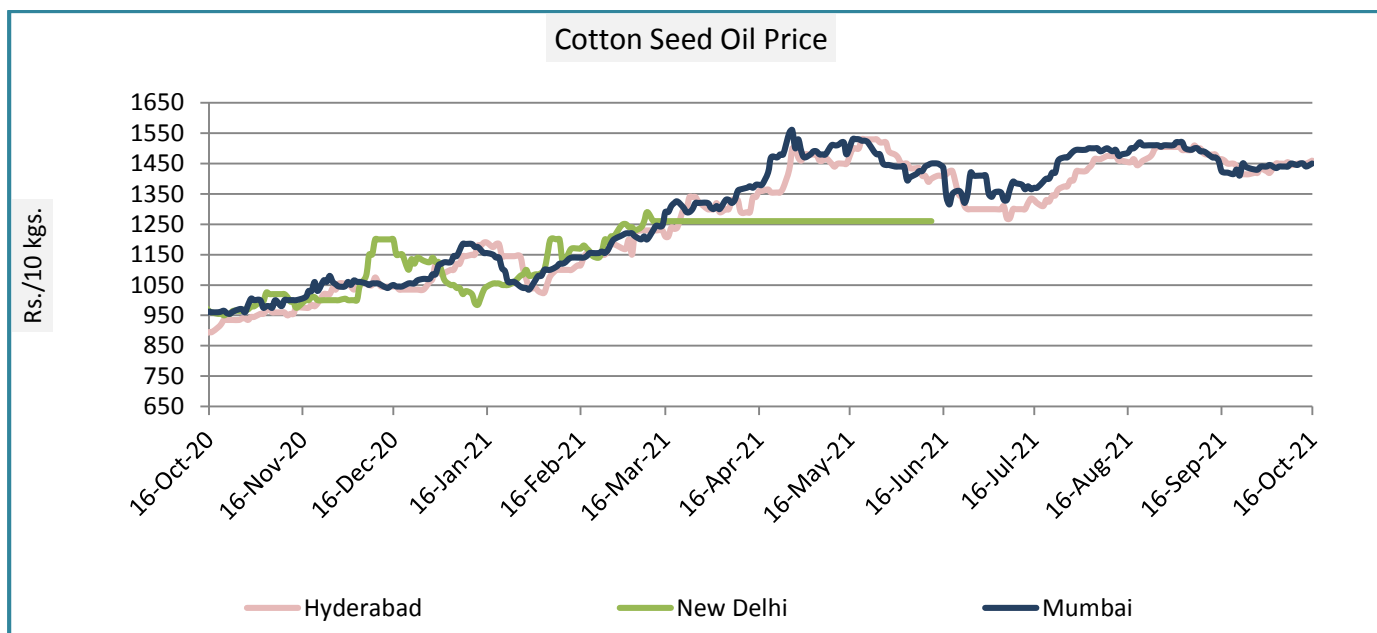
Cotton Seed Oil weekly

Price Scenario

Cottonseed oil prices have slightly increased across the major centers during the week ending on 13th Oct'21.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	13-Oct-21	06-Oct-21	
New Delhi	-	-	-
Rajkot	1478	1461	1.19
Hyderabad	1468	1451	1.19
Mumbai	1449	1441	0.57

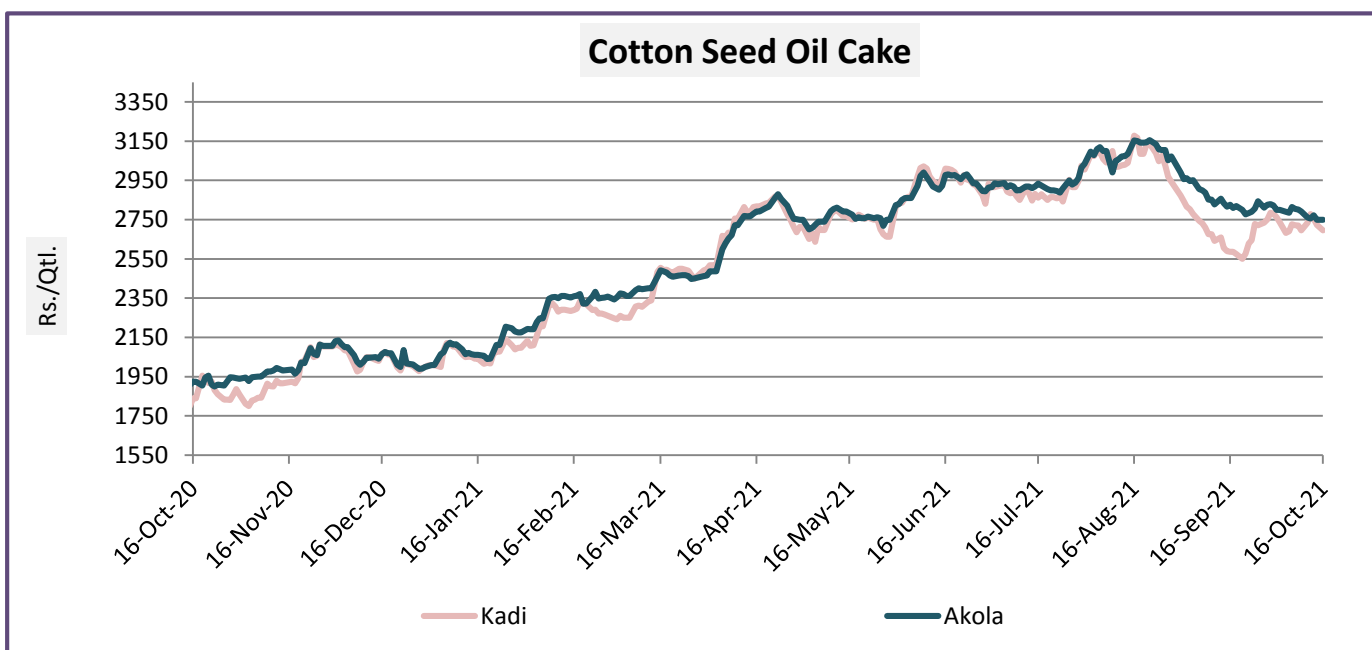
Source: Agriwatch



Cotton Seed Oil Cake weekly price Scenario

The cottonseed oilcake prices have slightly increased from the previous week. The average price of cottonseed oilcake in the Kadi market was Rs. 2734 per quintal from Rs. 2730 per quintal and in Akola prices have decreased and was at Rs. 2781 per quintal from Rs. 2802 per quintal the previous week.

	Weekly Average Price as on (Rs/quintal.)*		% Change
	13-Oct-21	06-Oct-21	
Kadi	2734	2730	0.14
Akola	2781	2802	-0.74



Source: NCDEX

International Market Scenario

- The cotton harvest season has started in October in Xinjiang which is the largest cotton-growing area in China. The region's cotton output hit 5.16 million tonnes in 2020, accounting for 87.3 percent of the total in the country. Therefore, the region has encouraged cotton farmers to apply modern agricultural machinery to boost the development of the industry in recent years. Meanwhile, the income of local farmers has increased due to the improvement of productivity.
- According to USDA'S World Agriculture Supply and Demand Estimate (WASDE) October report, the 2021/22 U.S. cotton supply and demand estimates show lower production, lower ending stocks, and a higher price compared with last month. Production is lowered 3 percent, to 18.0 million bales as projected yields in Texas are reduced. With domestic mill use and exports remain unchanged, ending stocks are 500,000 bales lower. At 3.2 million bales, U.S. ending stocks in 2021/22 are projected at 18 percent, compared with 17 percent in 2020/21.

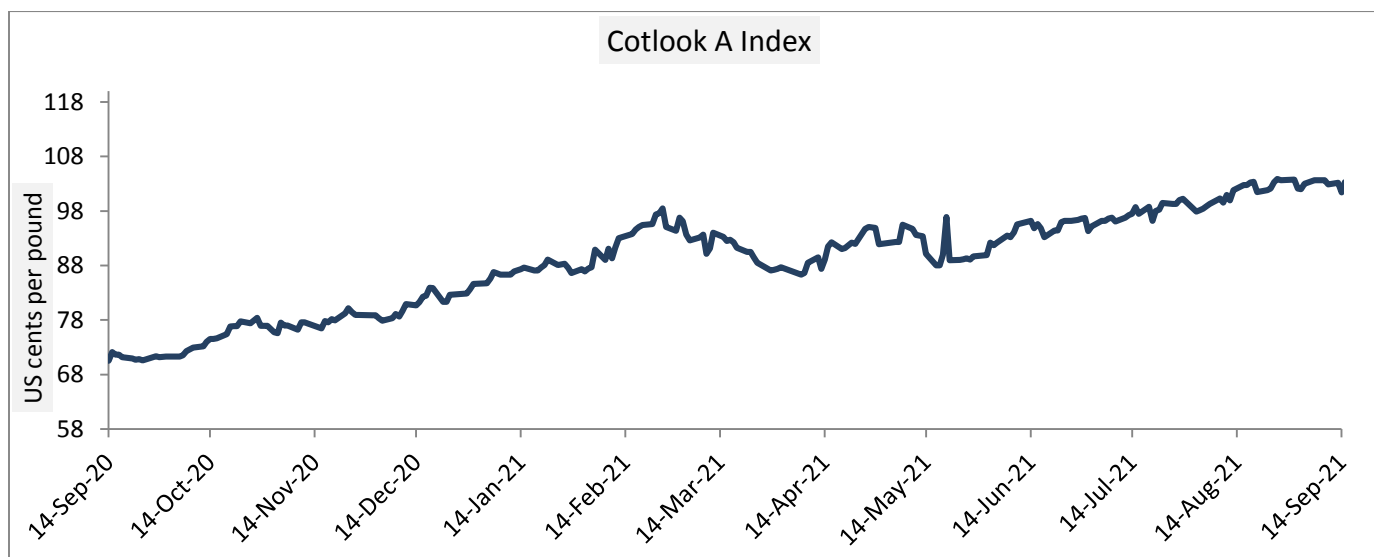
- According to USDA, as on 03rd October 2021, 13% US cotton has been harvested compared to 16 percent last year and 19 percent five year average. However, 62 percent US Cotton is in good to excellent condition compared to 40 percent last year.
- According to the International Cotton Advisory Committee October Report, cotton production and stock projections for the 2021-22 season, the International Cotton Advisory Committee (ICAC) has indicated that the global output of the fibre crop will be around 25.7 million tonnes (mt), which would be higher by six per cent over previous year, but still be lower than the pre-pandemic levels. The ending stocks for 2020-21 has been revised downward to 20 mt, leading to the world cotton supply to be around 45.8 mt for the 2021-22 season. The global consumption is estimated at 25.9 mt.
- The Cotton Crop Assessment Committee had revised the Pakistan's cotton production target downward by 19 percent from 10.5 million to 8.46 million bales. Apart from lowest area under cotton cultivation i.e. 1.871 million hectares, some major biotic constraints including cotton leaf curl virus, mealybug, and whitefly attacks have also forced the government to cut the estimates. According to Syed Fakhar Imam, Federal Minister for National Food Security and Research, cotton production may exceed the estimate of 8.46 million bales, as 2.69 million bales of cotton have been transferred to the ginning factories till September 15, compared to 1.04 million bales in same period of last year. Whereas last year, the cotton production was around 5.57 million bales.

Cotlook A Index

Cotlook A index was higher this week. The Cotlook A Index was at 118.56 cents/lb higher as compared to the previous week (114.82cents/lb).

Cotlook A Index	WeeklyAverage Price change as on		% Change
	13-Oct-21	06-Oct-21	
Prices	118.56	114.82	3.26
Prices in US cents per Pound			

Source: Cotlook

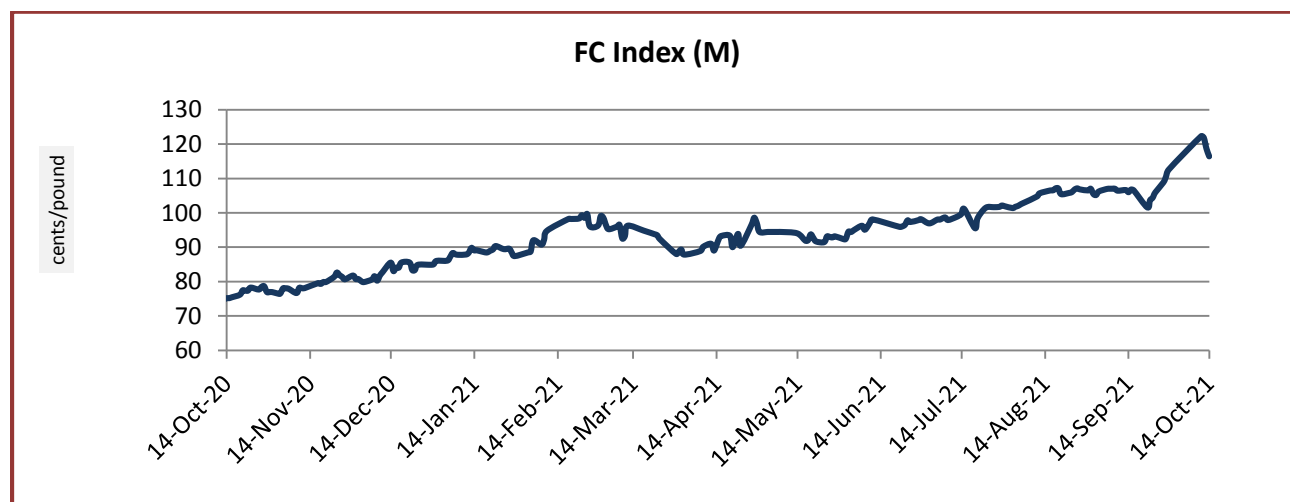


China Cotton Index and Foreign Cotton Index

Cotton Index	Weekly Average Price as on		% Change
	13-Oct-21	29-Sep-21	
FC (S)	122.61	109.82	11.65
FC (M)	120.88	108.47	11.44
FC (L)	119.68	107.33	11.51

Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	04-Oct-21	04-Oct-21	
CCIndex(328)	21605.33	19366.25	11.56
CCIndex(527)	20482.00	18388.25	11.39
CCIndex(229)	21961.00	19746.25	11.22
Prices in Yuan per ton			

Source: China Cotton Association

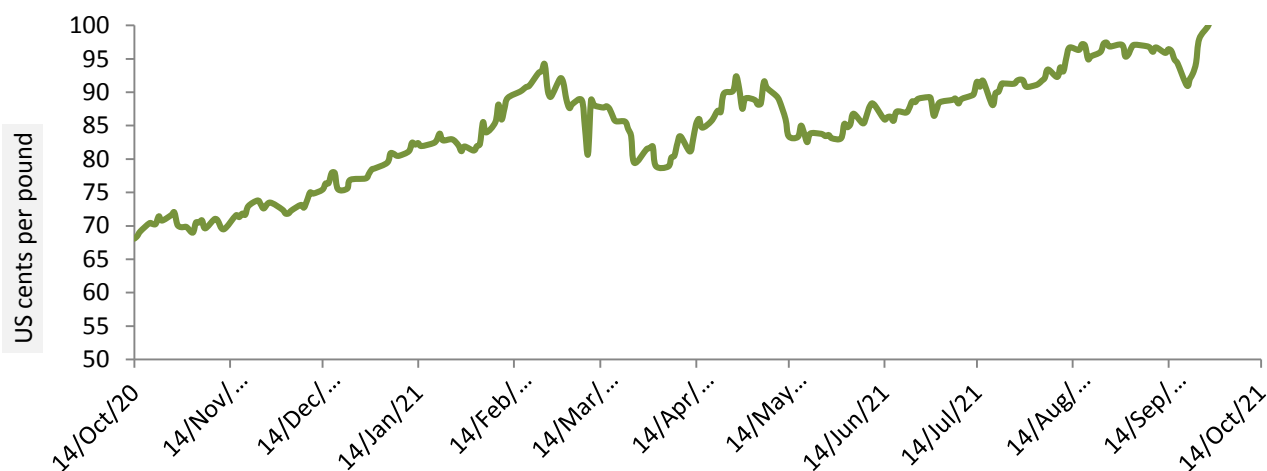


USA Spot Prices

U.S.A spot prices have increased from the prior week by 1.43 percent at 110.61 cents per pound.

USA Spot Prices	Monthly Average Price as on		% Change
	13-Oct-21	06-Oct-21	
Prices	110.61	109.05	1.43
Prices in US cents per Pound			

Source: USDA

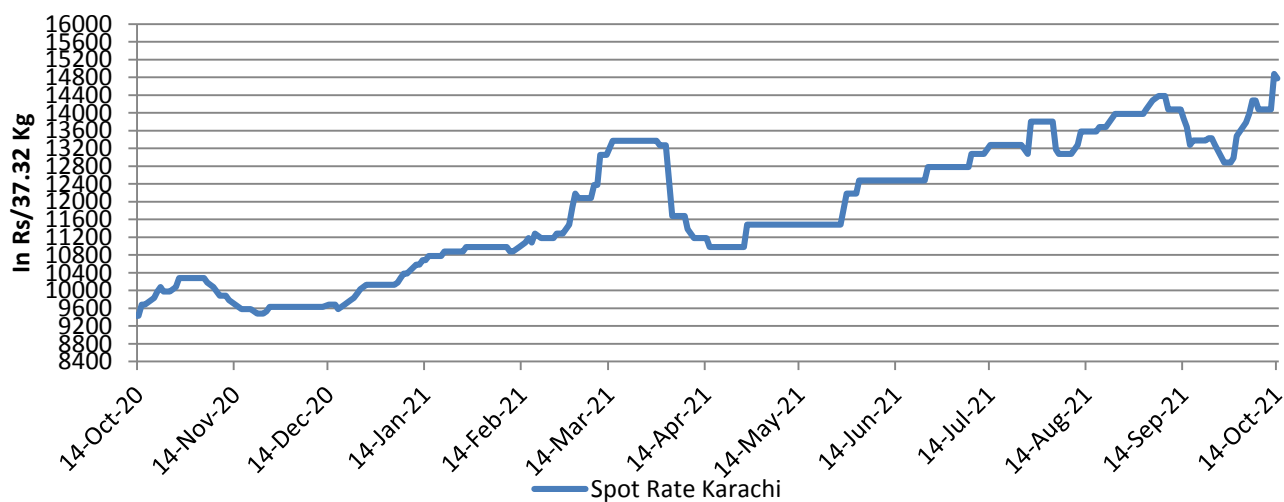
Daily Movement of USA Spot Price


Pakistan Spot Prices

The Karachi spot price stood higher around Rs.14680/q from previous week.

Karachi Spot Prices	Weekly Average Price as on		% Change
	13-Oct-21	06-Oct-21	
Prices	14680	14160	3.67
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com

Spot Rate Karachi


Commodity: Cotton

Exchange: MCX

Contract: Oct

Expiry: Oct. 30, 2021

Cotton

COTTON 1st(MXCTNC1)2021/10/17 - Weekly B 30970.00 A 31030.00
O 30890.00 H 31100.00 L 30860.00 C 30970.00 ↑ V 146 T 106,960 I 2,000 +440 +1.44%



Technical Commentary:

- Therecenttrendincottonhasbeenbullish.
- Asupportingtrendlineispassingthrough22000, while mild resistance is seen around 32000.
- If the market tests the support at 26000, intraday long positions may be created.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MC X	Oct	28000	27470	30530	32000	25400
			Call	Entry	T1	T2	SL
Cotton	MC X	Oct	Buy	30890	30920	31240	30810

* Do not carryforward the position the next day.

Commodity: Cotton Seed oil Cake
Contract: Dec

Exchange: NCDEX
Expiry: Dec 20th, 2021

Cottonseed Oilcake



Technical Commentary:

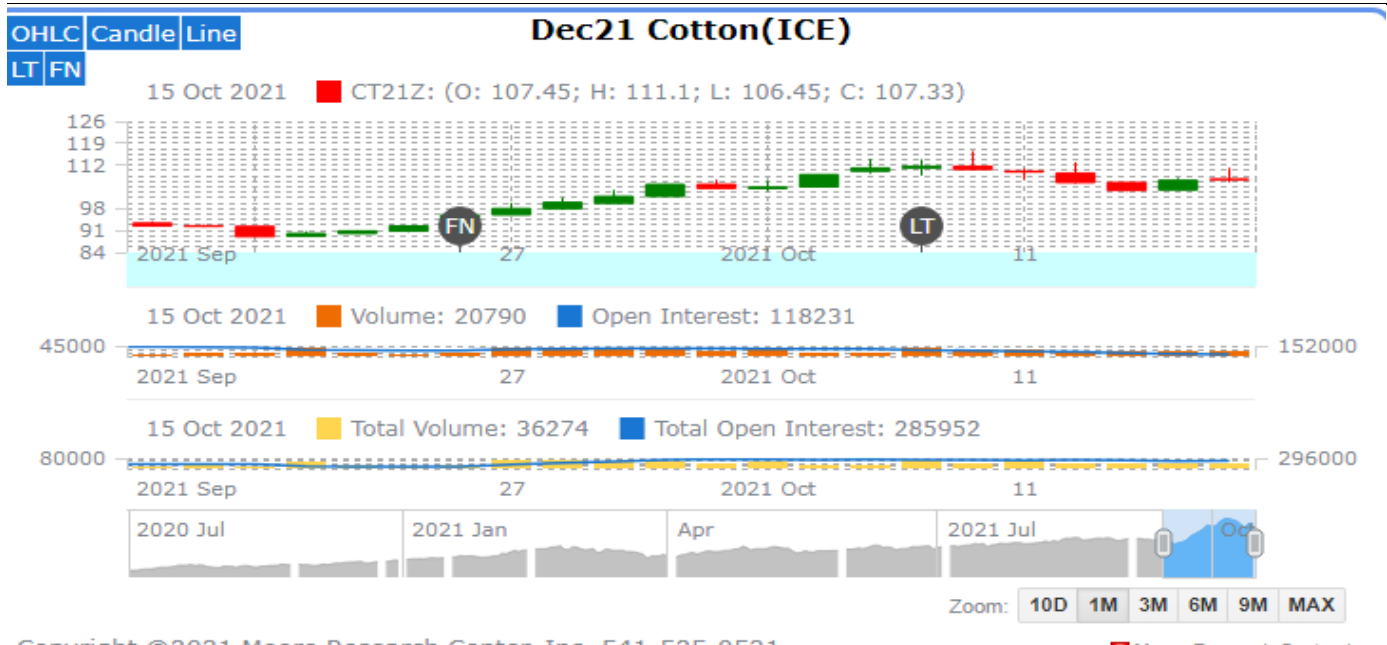
- Cottonseedoilcakeonthe weekly chartlooksbullish.
- On the intra-day chart, there exists a consolidation zone(support)at 2175andthenatrendlinesupportat 2800. Strong resistance is seen at 3000.

Strategy: **Sell**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	2400	2460	2568	3000	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Sell	2520	2560	2580	2540

Technical Analysis of Cotton Future (Dec'21Contract) at ICE

- The Dec'21 contract closed high by the end of the week.
- Candlesticks denote steady to an upward trend.
- Total volume increased & Open Interest decreased compared to last week.
- We expect cotton prices to remain rangebound in the coming week.



Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Firm	112-120

Expected Support and Resistance

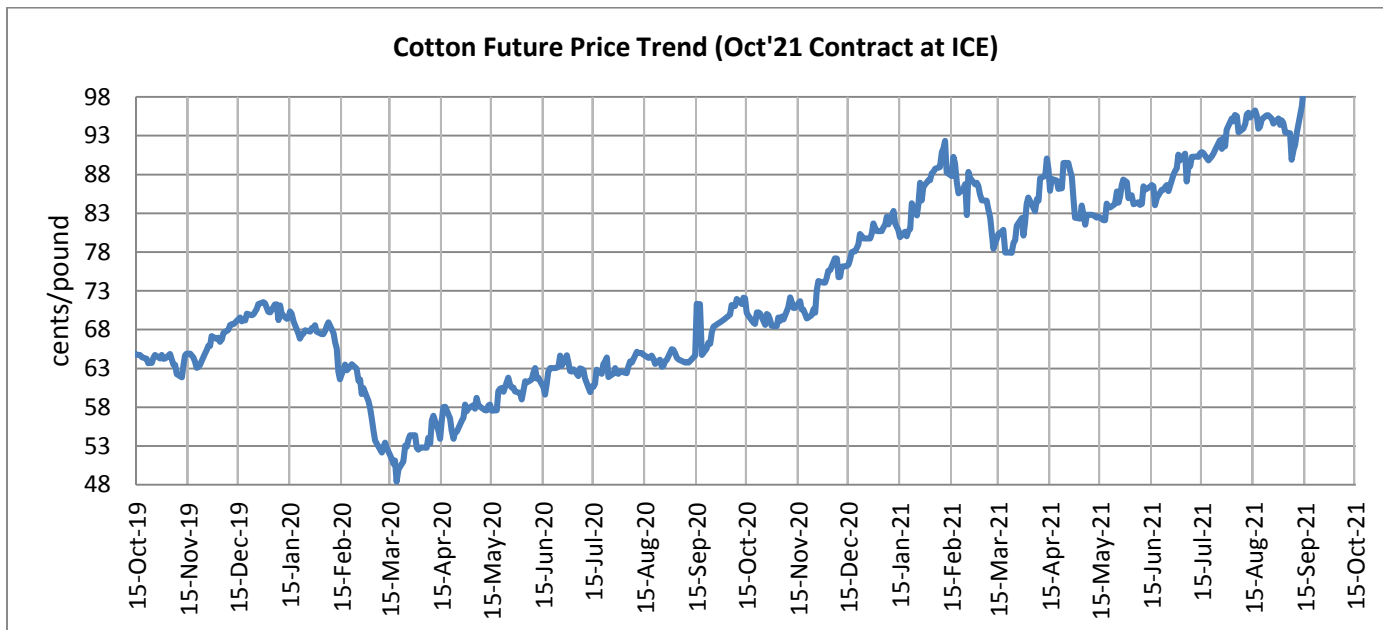
Support 1	Support 2	Resistance 1	Resistance 2
100	98	115	120

Figures in US cents/pound

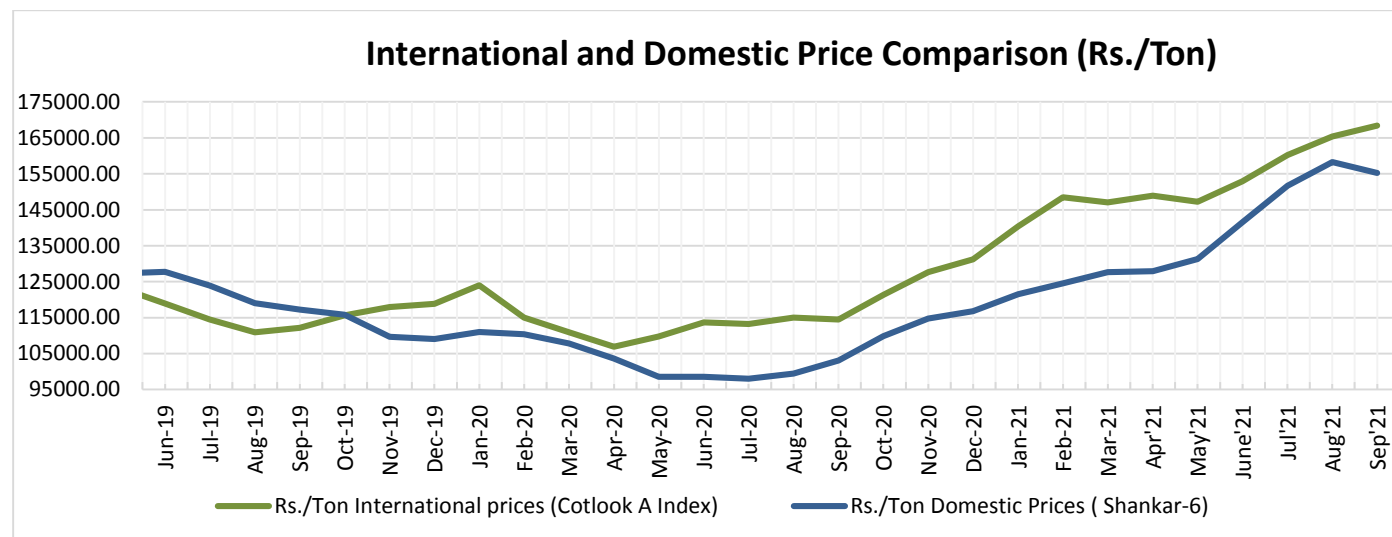
Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	15-Oct-21	15-Sep-21 (1 month ago)	17-Jul-21 (3 months ago)	18-Apr-20 (6 months ago)	15-Oct-20 (a year ago)	% Change over a month	% Change over previous year
Oct-21	107.33	94.67	90.70	85.03	69.93	13.37	53.48
Dec-21	105.00	93.37	89.93	83.40	70.65	12.46	48.62
Mar-21	103.97	92.62	89.30	82.53	71.21	12.25	46.00
May-22	102.34	92.23	88.44	82.22	69.91	10.96	46.39
Jul-22	94.6	90.54	87.01	81.77	69.22	4.48	36.67

Future Price Trend (Active Contract):



International and Domestic Price Comparison



Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
			07th Sep'21 to 13th Sep'21	30th Sep'21 to 06th Sep'21	
Gujarat	Ahmedabad	Shankar-6	8333	NA	-
	Gondal	Shankar-6	8772	NA	-
	Rajkot	B.T. Cotton	8294	7808	487
	Patan	B.T. Cotton	8439	NA	-
	Kadi	B.T. Cotton	7083	6642	442
	Deesa	B.T. Cotton	6717	NA	-
	Dhrol	B.T. Cotton	7267	5847	1420
Haryana	Bhiwani	B.T. Cotton	7411	7370	41
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	7633	7030	603
	Fatehabad	B.T. Cotton	7760	NA	-
	Jind	B.T. Cotton	8250	NA	-
	Uchana	B.T. Cotton	7700	NA	-
	Dabwali	B.T. Cotton	7750	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	7867	7317	550
	Rawatsar	B.T. Cotton	7717	7240	477
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6860	6500	360

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6483	6708	-225
	Hathras	Desi	6633	6367	267
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	8462	8006	456
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	07th Sep'21 to 13th Sep'21	30th Sep'21 to 06th Sep'21	
Punjab	Bhatinda	J-34	6011	5645	366
	Abohar	J-34	6013	5645	368
	Mansa	J-34	5988	5635	353
Haryana	Sirsa	J-34	5957	5589	368
Rajasthan	Sri-Ganganagar	J-34	5554	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	07th Sep'21 to 13th Sep'21	30th Sep'21 to 06th Sep'21	
Gujarat	Ahmedabad	Shankar-6	105400	NA	-
	Gondal	Shankar-6	7809	NA	-
	Rajkot	B.T. Cotton	23300	7000	16300
	Patan	B.T. Cotton	21481	NA	-
	Kadi	B.T. Cotton	57000	19000	38000
	Deesa	B.T. Cotton	700	NA	-
	Dhrol	B.T. Cotton	1006	142	864
Haryana	Bhiwani	B.T. Cotton	5300	14900	-9600
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1473	1190	283
	Fatehabad	B.T. Cotton	650	NA	-
	Jind	B.T. Cotton	536	NA	-
	Uchana	B.T. Cotton	1400	NA	-
	Dabwali	B.T. Cotton	1700	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	15200	13000	2200
	Rawatsar	B.T. Cotton	38000	20000	18000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-

Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	675	900	-225
	Hathras	Desi	230	140	90
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	3300	130	3170
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	07th Sep'21 to 13th Sep'21	30th Sep'21 to 06th Sep'21	Change
Punjab	Bhatinda	J-34	59500	39950	19550
	Abohar	J-34	15640	16490	-850
	Mansa	J-34	3910	2720	1190
Haryana	Sirsa	J-34	6630	5610	1020
Rajasthan	Sri-Ganganagar	J-34	8000	NA	-

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	16-Oct-21	9-Oct-21	16-Oct-21	16-Oct-20
Gujarat	Ahmedabad	Shankar-6	8500	8250	8500	5300
	Gondal	Shankar-6	Closed	Closed	Closed	5500
	Rajkot	B.T. Cotton	8605	8350	8605	5530
	Patan	B.T. Cotton	Closed	8250	Closed	5515
	Kadi	B.T. Cotton	7500	7000	7500	5550
	Deesa	B.T. Cotton	NA	0	NA	NA
	Dhrol	B.T. Cotton	NA	7400	NA	NR
Haryana	Bhiwani	B.T. Cotton	Closed	7400	Closed	5600
	Bhiwani	Desi	Closed	0	Closed	NA
	Adampur	B.T. Cotton	8100	7650	8100	5350
	Fatehabad	B.T. Cotton	8000	0	8000	5350
	Jind	B.T. Cotton	8350	0	8350	5700
	Uchana	B.T. Cotton	8000	0	8000	5385
	Dabwali	B.T. Cotton	7950	0	7950	NR
Rajasthan	Hanumangarh	B.T. Cotton	8200	7700	8200	Closed
	Rawatsar	B.T. Cotton	8250	7500	8250	Closed

Madhya Pradesh	Khandwa	Mech-1	NA	0	NA	5491
	Khargaon	Mech-1	NA	0	NA	5427
Maharashtra	Amravati	Mech-1	7300	6700	7300	5300
	Jamner	Medium Staple	NA	0	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	6800	6500	6800	NA
	Hathras	Desi	7050	6500	7050	NA
Telangana	Adilabad	Un-Ginned	NA	0	NA	5400
Karnataka	Bijapur	Bunny	NA	0	NA	5929
	Hubli	D.C.H.	NA	0	NA	NA
	Hubli	B.T. Cotton	NA	0	NA	NA
	Raichur	H-44 Cotton	NA	0	NA	5470
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	16-Oct-21	9-Oct-21	16-Oct-21	16-Oct-20
Punjab	Bhatinda	J-34	6280	5960	6280	4060
	Abohar	J-34	6280	5980	6280	4070
	Mansa	J-34	6250	5950	6250	4040
Haryana	Sirsa	J-34	6225	5925	6225	4010
Rajasthan	Sri-Ganganagar	J-34	5734	5499	5734	3760

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	16-Oct-21	9-Oct-21	16-Oct-21	16-Oct-20
Gujarat	Ahmedabad	Shankar-6	25500	17000	25500	23800
	Gondal	Shankar-6	Closed	Closed	Closed	#N/A
	Rajkot	B.T. Cotton	5500	3600	5500	#N/A
	Patan	B.T. Cotton	Closed	3262	Closed	3450
	Kadi	B.T. Cotton	20000	6000	20000	#N/A
	Deesa	B.T. Cotton	NA	0	NA	#N/A
	Dhrol	B.T. Cotton	NA	130	NA	#N/A
Haryana	Bhiwani	B.T. Cotton	Closed	5000	Closed	1200
	Bhiwani	Desi	Closed	0	Closed	#N/A
	Adampur	B.T. Cotton	1190	1190	1190	#N/A
	Fatehabad	B.T. Cotton	500	0	500	#N/A
	Jind	B.T. Cotton	425	0	425	#N/A
	Uchana	B.T. Cotton	2000	0	2000	#N/A
	Dabwali	B.T. Cotton	1000	0	1000	#N/A
Rajasthan	Hanumangarh	B.T. Cotton	4000	700	4000	#N/A
	Rawatsar	B.T. Cotton	5000	6000	5000	400

Madhya Pradesh	Khandwa	Mech-1	NA	0	NA	#N/A
	Khargaon	Mech-1	NA	0	NA	#N/A
Maharashtra	Amravati	Mech-1	2000	1500	2000	#N/A
	Jamner	Medium Staple	NA	0	NA	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	150	50	150	#N/A
	Hathras	Desi	50	50	50	#N/A
Telangana	Adilabad	Un-Ginned	NA	0	NA	0
Karnataka	Bijapur	Bunny	NA	0	NA	764
	Hubli	D.C.H.	NA	0	NA	0
	Hubli	B.T. Cotton	NA	0	NA	0
	Raichur	H-44 Cotton	NA	0	NA	1395
Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	16-Oct-21	9-Oct-21	16-Oct-21	16-Oct-20
Punjab	Bhatinda	J-34	10200	10200	10200	13600
	Abohar	J-34	2040	2040	2040	4760
	Mansa	J-34	510	510	510	3400
	Sirsa	J-34	1190	850	1190	2550
	Sri-Ganganagar	J-34	1000	1500	1000	2000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				07th Sep'21 to 13th Sep'21	30th Sep'21 to 06th Sep'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42400	41700	700
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	43000	42300	700
J-34(202)	26mm	3.5 - 4.9	23	54567	51700	2867
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	NA	52550	-
Shankar-6(105)	29mm	3.5 – 4.9	28	58083	56100	1983
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	63483	59980	3503
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	113000	102800	10200

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.