

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

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,780/bale on Monday. ICE cotton futures closed green on Friday.

**News: Cotton arrivals have slowed down in Punjab.** Due to pink bollworm infestation earlier in the season, the crop has been affected in the major cotton producing areas of Bhatinda, Mansa, Sangrur and Barnala. The arrivals has been the slowest in the last five years, indicating a drastic fall in production this season. As per the Punjab Mandi Board, Punjab this time may face it challenging to touch even 50 percent of the 50 lakh quintals of cotton produced in 2020-21. Till 18<sup>th</sup> November 2021, around 7.98 lakh quintals of cotton was purchased in 9 districts as compared to 16 lakh quintals for the corresponding period last year.

The central Board of Indirect Taxes and customs notified the hike in GST rate from 5-12 percent on fabric, apparel and footwear w.e.f. January 2022. The objective behind the proposed increase is to correct the problem of Inverted Duty Structure faced by a small segment of the textile value chain.

Rising price of cotton bales have posed a huge threat to Karur textile manufacturing and export industries, which are gearing up for the annual international textile fair, which is set to take place in Germany as majority of the trade depends on foreign orders received during the expo.

**Cotton prices have dropped by 8-10 percent in Telangana.** The prices have dropped from the maximum level after 10 days. Prices have dropped to Rs. 7,830 per quintal from a high of Rs. 8,710 in a few mandis. Prices in other parts of the country have also dropped by some three percent, while on the multi commodity exchange, cotton futures fell 5 percent on Monday.

**Cotton production for 2021-22 is projected at 362 lakh bales.** The Committee on Cotton Production and Consumption has projected the cotton production for 2021-22 season at 362 lakh bales, opening stock is projected at 73.20 lakh bales and imports at 10.50 lakh bales, the total availability for this season is likely to be 445.88 lakh bales as against 485.66 bales the previous season. The demand from textile mills including small scale units is estimated at 322 lakh bales, and exports were pegged at 45 lakh bales.

Cotton prices have fallen in Adilabad. Cotton prices in adilabad have fallen from Rs.8,600 too Rs. 7,910 in past 12 days. Farmers allege that the fall in price is due to the gimmicks of traders.

In a bid to provide financial relief to cotton farm labourers, the Punjab Cabinet has approved the policy formulated for extending relief to the families of cotton-picking farm labourers affected by the damage caused to the crop by the pink bollworm disease. With this decision, 10 per cent of total compensation to be given to the farmers on this count would be provided to the families of cotton-picking farm labourers affected by the pest attack on cotton crop.

**The cabinet committee on economic affairs (CCEA) has approved committed price support of Rs. 17,408.85 crore to Cotton Corporation of India** for the cotton season from 2014-15 to 2020-21 (up to 30.09.2021). The CCEA has approved incurring expenditure for reimbursing losses under MSP operation for cotton during the cotton season 2014-15 to 2020-21. This price support operation will help in stabilizing the cotton prices and will also protect cotton farmers from distress sales during any adverse price situation. During the last 2 season CCI has procured around 1/3<sup>rd</sup> of the cotton production in the country i.e. about 200 lakh bales and disbursed more than Rs. 55,000 crore directly in the bank account of around 40 lakh farmers.

**Cotton traded strong tone across major spot markets of north India on Tuesday.** Prices were up by 20-30 per maund compare to yesterday evening. In Punjab, cotton traded at Rs. 6,700-6,800 a maund and in Haryana, prices were at Rs. 6,700-6,750 a maund while in Upper Rajasthan cotton quoted at Rs. 6,730-6,780 a maund.

### Weather Forecast:

Thunderstorm accompanied with lightening at isolated places over Andhra Pradesh, Konkan & Goa, Madhya Maharashtra. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karikal.

### International Fundamentals:

The ICE cotton Futures was higher by 172 points at 119.7 cents/lb. The Cotlook A index was at 126.45 cents/lb. The AWP for cotton was at 101.56 cents/lb.

The United States is now looking to enhance its stake in cotton exports to Bangladesh to strengthen the US foothold in Bangladesh's market, the US exporters and their representative put an emphasis on resolving issues, such as obligation to fumigate US cotton after imports, not being able to send cotton laden ships directly to Bangladesh in the absence of a deep seaport, a hike in shipping costs and other logistic costs.

According to the USDA'S WASDE November report, the U.S. production was projected slightly higher at 18.2 million bales while the domestic mill use and exports were unchanged. U.S. ending stock were projected higher at 3.4 million which is 250,000 above the previous year.

The cotton harvest season in Xinjiang is expected to last until mid-November this year, with the output expected to reach 5.2 million tonnes. The region has contributed nearly 90 percent of china's cotton production capacity and about 20 percent of the global cotton production.

According to USDA, US crop progress report of 14<sup>th</sup> November 2021, and cotton harvest had advanced 10 percent points to 65 percent complete as of 11/14. The average is to be 64 percent harvested. Most of the Delta and southeast states were behind, while the rest of the states were generally ahead.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+230	31660	32370	31650	31800	830	1808

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Nov-21	20-Nov-21	
Gujarat	Ahmedabad	Shankar-6	8500	8250	250
	Gondal	Shankar-6	8630	8580	50
	Rajkot	B.T. Cotton	8605	8575	30
	Patan	B.T. Cotton	8470	NA	-
	Kadi	B.T. Cotton	8000	8000	Unch
	Deesa	B.T. Cotton	7650	NA	-
	Dhrol	B.T. Cotton	8465	8340	125
Haryana	Bhiwani	B.T. Cotton	8100	7800	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8470	8425	45
	Fatehabad	B.T. Cotton	8200	7900	300
	Jind	B.T. Cotton	8250	8075	175
	Uchana	B.T. Cotton	8100	7760	340
	Dabwali	B.T. Cotton	8500	8150	350
Rajasthan	Hanumangarh	B.T. Cotton	8600	8500	100
	Rawatsar	B.T. Cotton	8500	8450	50
Madhya Pradesh	Khandwa	Mech-1	8300	Closed	-
	Khargaon	Mech-1	NA	8020	-
Maharashtra	Amravati	Mech-1	8500	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7400	7400	Unch
	Hathras	Desi	7300	7300	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	8420	-
	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	22-Nov-21	20-Nov-21	
Punjab	Bhatinda	J-34	6640	6580	60
	Abohar	J-34	6640	6580	60
	Mansa	J-34	6640	6580	60
Haryana	Sirsa	J-34	6500	6400	100
Rajasthan	Sri-Ganganagar	J-34	6110	5734	376

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Nov-21	20-Nov-21	

Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	4494	3790	704
	Rajkot	B.T. Cotton	7000	3200	3800
	Patan	B.T. Cotton	10773	NA	-
	Kadi	B.T. Cotton	15000	10000	5000
	Deesa	B.T. Cotton	1200	NA	-
	Dhrol	B.T. Cotton	502	127	375
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	150	400	-250
	Jind	B.T. Cotton	2210	1360	850
	Uchana	B.T. Cotton	1325	1150	175
	Dabwali	B.T. Cotton	2500	1800	700
Rajasthan	Hanumangarh	B.T. Cotton	2800	2200	600
	Rawatsar	B.T. Cotton	2000	3000	-1000
Madhya Pradesh	Khandwa	Mech-1	1100	Closed	-
	Khargaon	Mech-1	NA	1460	-
Maharashtra	Amravati	Mech-1	14000	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	100	Unch
	Hathras	Desi	100	100	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	2626	-
	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	22-Nov-21	20-Nov-21	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	1190	1190	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	3200	800

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	22-Nov-21	20-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	1290	1275	15
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1280	1265	15
Maharashtra	Mumbai	Rs. /10 Kg.	1285	1270	15

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake	Price	Change
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State	Centre	Unit	22-Nov-21	20-Nov-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2518	2453	65
Maharashtra	Akola	Rs./Qtl	2554	2555	-1

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

Index	Unit	22-Nov-21	19-Nov-21	Change
CCIndex(328)	RMB/Ton	22683	22710	-27
CCIndex(527)	RMB/Ton	21270	21280	-10
CCIndex(229)	RMB/Ton	23223	23235	-12

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

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

Index	Unit	22-Nov-21	19-Nov-21	Change
FC Index (S)	Cents/lb	133.5	132.17	1.33
FC Index (M)	Cents/lb	132.04	130.7	1.34
FC Index (L)	Cents/lb	130.44	129.11	1.33

**Cotlook Index:**

Cotlook Indices	Unit	19-Nov-21	17-Nov-21	Change
A-Index	Cents/Pound	126.65	126.85	-0.20

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		19-Nov-21	17-Nov-21	Bales
Southeast	cents/lb.	117.43	119.67	0
North Delta	cents/lb.	116.18	118.67	0
South Delta	cents/lb.	116.18	118.67	0
East TX-OK	cents/lb.	111.68	114.17	4143
West Texas	cents/lb.	112.68	115.17	21769
Desert SW	cents/lb.	110.93	114.92	0
SJ Valley	cents/lb.	111.43	120.82	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 20-Nov-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	17680
Equivalent	40 Kgs	10074	193	18948

Daily Futures Price Listing Friday, Nov 19th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-21</a>	211119	117.62	120.29	117.21	119.22	+1.63	8,477	9,924	-4,144
<a href="#">Mar-22</a>	211119	115.14	116.99	114.70	116.43	+1.29	22,010	156,528	+3,920
<a href="#">May-22</a>	211119	113.81	115.34	113.22	114.78	+1.19	6,042	40,582	+1,819
<a href="#">Jul-22</a>	211119	110.21	111.41	109.90	110.89	+0.68	1,783	25,667	+296
<a href="#">Oct-22</a>	211119	97.54	97.54	97.54	97.54	+0.79	0	35	+0
<a href="#">Dec-22</a>	211119	91.99	92.00	91.10	91.86	+0.07	1,309	31,338	+387
Total Volume and Open Interest							40,081	269,301	+2,653

Source: MRCI

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