

Domestic Fundamentals:

Market Outlook:

The cotton physical market showed a mixed trend today. MCX cotton spot price was higher at Rs.31,930/bale on Tuesday. ICE cotton futures closed red on Monday.

News: Cotton Association of India has maintained its yearly cotton crop estimate at 360.13 lakh bales. Cotton Association of India has released its monthly balance sheet for October 2021. Cotton supply for October month is estimated at 107.12 lakh bales, which consist of the arrivals of 31.12 lakh bales, imports of 1 lakh bales during October 2021 and consumption is estimated at 27.91 lakh bales while export shipments of cotton up to 31st October 2021 is estimated at 4 lakh bales. Stock at the end of October 2021 is estimated at 75.21 lakh bales.

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 18th 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 1/3rd 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.

Weather Forecast:

Thunderstorm accompanied with lightening at isolated places over Konkan & Goa, Tamil Nadu, Pondicherry & Karikal and Kerala & Mahe. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karikal and Andaman and Nicobar Islands.

International Fundamentals:

The ICE cotton Futures was lower by 151 points at 117.71 cents/lb. The Cotlook A index was at 126.65 cents/lb. The AWP for cotton was at 102.56 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.

USDA has released US cotton harvested as of 21st November 2021, showing the US at 75 percent versus the 5 year average of 71 percent. Georgia and South Carolina were the furthest behind, while California, Texas and Oklahoma were the furthest ahead.

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.

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	-190	32070	32070	31420	32010	1192	1278

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Nov-21	22-Nov-21	
Gujarat	Ahmedabad	Shankar-6	8500	8500	Unch
	Gondal	Shankar-6	8630	8630	Unch
	Rajkot	B.T. Cotton	8575	8605	-30
	Patan	B.T. Cotton	8350	8470	-120
	Kadi	B.T. Cotton	8200	8000	200
	Deesa	B.T. Cotton	7900	7650	250
	Dhrol	B.T. Cotton	8505	8465	40
Haryana	Bhiwani	B.T. Cotton	8200	8100	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8400	8470	-70
	Fatehabad	B.T. Cotton	8450	8200	250
	Jind	B.T. Cotton	7500	8250	-750
	Uchana	B.T. Cotton	8160	8100	60
	Dabwali	B.T. Cotton	8550	8500	50
Rajasthan	Hanumangarh	B.T. Cotton	8600	8600	Unch
	Rawatsar	B.T. Cotton	8500	8500	Unch
Madhya Pradesh	Khandwa	Mech-1	8300	8300	Unch
	Khargaon	Mech-1	8405	8395	10
Maharashtra	Amravati	Mech-1	8500	8500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7400	7400	Unch
	Hathras	Desi	7300	7300	Unch
Telangana	Adilabad	Un-Ginned	7900	NA	-
Karnataka	Bijapur	Bunny	8529	NA	-
	Hubli	D.C.H.	8100	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	23-Nov-21	22-Nov-21	
Punjab	Bhatinda	J-34	6640	6640	Unch
	Abohar	J-34	6640	6640	Unch
	Mansa	J-34	6640	6640	Unch
Haryana	Sirsa	J-34	6520	6500	20
Rajasthan	Sri-Ganganagar	J-34	6157	6110	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Nov-21	22-Nov-21	
Gujarat	Ahmedabad	Shankar-6	56100	59500	-3400
	Gondal	Shankar-6	4173	4494	-321
	Rajkot	B.T. Cotton	6000	7000	-1000
	Patan	B.T. Cotton	15517	10773	4744
	Kadi	B.T. Cotton	30000	15000	15000
	Deesa	B.T. Cotton	2600	1200	1400
	Dhrol	B.T. Cotton	431	502	-71
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	500	150	350
	Jind	B.T. Cotton	595	2210	-1615
	Uchana	B.T. Cotton	595	1325	-730
	Dabwali	B.T. Cotton	2500	2500	Unch
Rajasthan	Hanumangarh	B.T. Cotton	3000	2800	200
	Rawatsar	B.T. Cotton	5000	2000	3000
Madhya Pradesh	Khandwa	Mech-1	1400	1100	300
	Khargaon	Mech-1	4626	3975	651
Maharashtra	Amravati	Mech-1	11000	14000	-3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	100	Unch
	Hathras	Desi	100	100	Unch
Telangana	Adilabad	Un-Ginned	63832.7	NA	-
Karnataka	Bijapur	Bunny	2804	NA	-
	Hubli	D.C.H.	57	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Nov-21	22-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	1360	1190	170
Rajasthan	Sri-Ganganagar	J-34	3000	4000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	23-Nov-21	22-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	1295	1290	5
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1285	1280	5
Maharashtra	Mumbai	Rs. /10 Kg.	1290	1285	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Nov-21	22-Nov-21	
Gujarat	Maheana (Kadi)	Rs./Qtl	2515	2518	-3
Maharashtra	Akola	Rs./Qtl	2573	2554	19

INTERNATIONAL PRICES AND INDICES
China Cotton Index:

Index	Unit	23-Nov-21	22-Nov-21	Change
CCIndex(328)	RMB/Ton	22678	22683	-5
CCIndex(527)	RMB/Ton	21249	21270	-21
CCIndex(229)	RMB/Ton	23214	23223	-9

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

China Foreign Cotton (FCE) Index :

Index	Unit	23-Nov-21	22-Nov-21	Change
FC Index (S)	Cents/lb	133.36	133.5	-0.14
FC Index (M)	Cents/lb	131.91	132.04	-0.13
FC Index (L)	Cents/lb	130.31	130.44	-0.13

Cotlook Index:

Cotlook Indices	Unit	19-Nov-21	18-Nov-21	Change
A-Index	Cents/Pound	126.65	128.45	-1.80

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 22-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 Monday, Nov 22nd, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211122	118.93	119.46	117.50	117.71	-1.51	6,535	5,946	-3,978
Mar-22	211122	116.45	116.50	115.97	115.97	-0.46	17,411	155,517	-1,011
May-22	211122	114.95	114.95	114.86	114.38	-0.40	3,747	41,044	+462
Jul-22	211122	111.24	111.24	110.64	110.64	-0.25	2,365	25,681	+14
Oct-22	211122	97.26	97.26	97.26	97.26	-0.28	0	35	+0
Dec-22	211122	91.91	91.99	91.99	91.99	+0.13	874	31,263	-75
Total Volume and Open Interest							31,358	265,028	+4,273

Source: MRCI

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