

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,710/bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: *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. Although the Retailers Association of India has urged the government to reconsider the decision as it will adversely impact 85 percent of the textile sector. The Chamber of Industrial and Commercial Undertaking has also written a letter to Union Finance Minister seeking a rollback of the decision.*

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 have 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.*

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 to 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 Tamil Nadu, Pondicherry & Karikal and Kerala & Mahe. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karikal and Andaman and Nicobar Islands and Kerala & Mahe.

International Fundamentals:

The ICE cotton Futures was higher by 265 points at 120.36 cents/lb. The Cotlook A index was at 127.90 cents/lb. The AWP for cotton was at 102.56 cents/lb.

According to the fibre to fashion textile and apparel (texpro) data, Pakistan cotton production is expected to increase in 2021-22 season by 44.44 percent to 6.50 million bales compared to 4.50 million bales in 2020-21 season due to excellent conditions during harvest and a good growing season. Cotton imports are expected to fall by 6.19 percent during 2021-22 season as compared to 5.33 million bales in 2020-21 season. The country's cotton yarn and cloth exports have been rising consistently since the beginning of this year. Further Cotton consumption in Pakistan is also expected to increase by 5.64 percent to 11.23 million bales in 2021-22 compared to 10.63 million bales in 2020-21 season.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+180	31840	32010	31810	31810	899	855

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Nov-21	23-Nov-21	
Gujarat	Ahmedabad	Shankar-6	8575	8500	75
	Gondal	Shankar-6	8680	8630	50
	Rajkot	B.T. Cotton	8625	8575	50
	Patan	B.T. Cotton	8505	8350	155
	Kadi	B.T. Cotton	8200	8200	Unch
	Deesa	B.T. Cotton	NA	7900	-
	Dhrol	B.T. Cotton	8460	8505	-45
Haryana	Bhiwani	B.T. Cotton	8120	8200	-80
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8300	8400	-100
	Fatehabad	B.T. Cotton	8450	8450	Unch
	Jind	B.T. Cotton	7300	7500	-200
	Uchana	B.T. Cotton	8500	8160	340
	Dabwali	B.T. Cotton	8615	8550	65
Rajasthan	Hanumangarh	B.T. Cotton	8700	8600	100
	Rawatsar	B.T. Cotton	8400	8500	-100
Madhya Pradesh	Khandwa	Mech-1	8050	8300	-250
	Khargaon	Mech-1	NA	8405	-
Maharashtra	Amravati	Mech-1	8200	8500	-300
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7000	7400	-400
	Hathras	Desi	7300	7300	Unch
Telangana	Adilabad	Un-Ginned	7950	7900	50
Karnataka	Bijapur	Bunny	8639	8529	110
	Hubli	D.C.H.	NA	8100	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Nov-21	23-Nov-21	

Punjab	Bhatinda	J-34	6620	6640	-20
	Abohar	J-34	6620	6640	-20
	Mansa	J-34	6620	6640	-20
Haryana	Sirsa	J-34	6530	6520	10
Rajasthan	Sri-Ganganagar	J-34	6110	6157	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Nov-21	23-Nov-21	
Gujarat	Ahmedabad	Shankar-6	54400	56100	-1700
	Gondal	Shankar-6	5691	4173	1518
	Rajkot	B.T. Cotton	7000	6000	1000
	Patan	B.T. Cotton	16910	15517	1393
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	2600	-
	Dhrol	B.T. Cotton	410	431	-21
Haryana	Bhiwani	B.T. Cotton	5000	2000	3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	578	595	-17
	Uchana	B.T. Cotton	535	595	-60
	Dabwali	B.T. Cotton	1500	2500	-1000
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	2000	5000	-3000
Madhya Pradesh	Khandwa	Mech-1	1200	1400	-200
	Khargaon	Mech-1	NA	4626	-
Maharashtra	Amravati	Mech-1	16000	11000	5000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	100	100
	Hathras	Desi	20	100	-80
Telangana	Adilabad	Un-Ginned	53326.4	63832.7	-10506.3
Karnataka	Bijapur	Bunny	3128	2804	324
	Hubli	D.C.H.	NA	57	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Nov-21	23-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	1700	1360	340
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	24-Nov-21	23-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	1295	1295	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1285	1285	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1290	1290	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Nov-21	23-Nov-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2617	2515	102
Maharashtra	Akola	Rs./Qtl	2650	2573	77

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

Index	Unit	24-Nov-21	23-Nov-21	Change
CCIndex(328)	RMB/Ton	22667	22678	-11
CCIndex(527)	RMB/Ton	21203	21249	-46
CCIndex(229)	RMB/Ton	23191	23214	-23

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

China Foreign Cotton (FCE) Index :

Index	Unit	24-Nov-21	23-Nov-21	Change
FC Index (S)	Cents/lb	133.48	133.36	0.12
FC Index (M)	Cents/lb	132.05	131.91	0.14
FC Index (L)	Cents/lb	130.45	130.31	0.14

Cotlook Index:

Cotlook Indices	Unit	22-Nov-21	19-Nov-21	Change
A-Index	Cents/Pound	127.9	126.65	1.25



USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Nov-21	19-Nov-21	Bales
Southeast	cents/lb.	116.97	119.68	0
North Delta	cents/lb.	115.72	118.43	0
South Delta	cents/lb.	115.72	118.43	0
East TX-OK	cents/lb.	111.22	114.18	1859
West Texas	cents/lb.	112.22	115.18	6956
Desert SW	cents/lb.	110.47	114.43	61
SJ Valley	cents/lb.	110.97	120.33	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 23-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 Tuesday, Nov 23rd, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211123	117.65	120.63	116.80	120.36	+2.65	4,626	2,879	-3,067
Mar-22	211123	115.49	115.96	114.60	115.66	-0.31	13,148	155,660	+143
May-22	211123	114.73	114.73	113.05	114.09	-0.29	4,200	42,057	+1,013
Jul-22	211123	110.60	110.60	109.41	110.33	-0.31	834	25,716	+35
Oct-22	211123	97.37	97.37	97.37	97.37	+0.11	14	35	+0
Dec-22	211123	91.89	91.99	91.55	91.62	-0.37	460	31,220	-43
Total Volume and Open Interest							23,397	263,109	-1,919

Source: MRCI

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