

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

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,880/bale on Thursday. ICE cotton futures closed green on Wednesday.

**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 31<sup>st</sup> 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 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.

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 1/3<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.

### Weather Forecast:

Thunderstorm accompanied with lightening at isolated places over Coastal Andhra Pradesh & Yanam, Rayalseema, Tamil Nadu, Pondicherry & Karikal and Kerala & Mahe. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karikal and Coastal Andhra Pradesh and Kerala & Mahe.

### International Fundamentals:

The ICE cotton Futures was higher by 2 points at 120.38 cents/lb. The Cotlook A index was at 127.50 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 21<sup>st</sup> 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	+230	32000	32300	31970	32020	164	536

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Nov-21	24-Nov-21	
Gujarat	Ahmedabad	Shankar-6	8575	8575	Unch
	Gondal	Shankar-6	8680	8680	Unch
	Rajkot	B.T. Cotton	8600	8625	-25
	Patan	B.T. Cotton	8500	8505	-5
	Kadi	B.T. Cotton	8200	8200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8460	8460	Unch
Haryana	Bhiwani	B.T. Cotton	8250	8120	130
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8400	8300	100
	Fatehabad	B.T. Cotton	8500	8450	50
	Jind	B.T. Cotton	7800	7300	500
	Uchana	B.T. Cotton	8550	8500	50
	Dabwali	B.T. Cotton	8620	8615	5
Rajasthan	Hanumangarh	B.T. Cotton	8800	8700	100
	Rawatsar	B.T. Cotton	8650	8400	250
Madhya Pradesh	Khandwa	Mech-1	8300	8050	250
	Khargaon	Mech-1	NA	8700	-
Maharashtra	Amravati	Mech-1	8400	8200	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7500	7000	500
	Hathras	Desi	7000	7300	-300
Telangana	Adilabad	Un-Ginned	8000	7950	50
Karnataka	Bijapur	Bunny	8690	8639	51
	Hubli	D.C.H.	8009	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	25-Nov-21	24-Nov-21	

Punjab	Bhatinda	J-34	6660	6620	40
	Abohar	J-34	6660	6620	40
	Mansa	J-34	6660	6620	40
Haryana	Sirsa	J-34	6560	6530	30
Rajasthan	Sri-Ganganagar	J-34	6181	6110	71

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Nov-21	24-Nov-21	
Gujarat	Ahmedabad	Shankar-6	54400	54400	Unch
	Gondal	Shankar-6	4538	5691	-1153
	Rajkot	B.T. Cotton	6400	7000	-600
	Patan	B.T. Cotton	16695	16910	-215
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	364	410	-46
Haryana	Bhiwani	B.T. Cotton	3000	5000	-2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	1700	-1360
	Fatehabad	B.T. Cotton	450	500	-50
	Jind	B.T. Cotton	782	578	204
	Uchana	B.T. Cotton	350	535	-185
	Dabwali	B.T. Cotton	2300	1500	800
Rajasthan	Hanumangarh	B.T. Cotton	2500	3000	-500
	Rawatsar	B.T. Cotton	5000	2000	3000
Madhya Pradesh	Khandwa	Mech-1	1600	1200	400
	Khargaon	Mech-1	NA	5833	-
Maharashtra	Amravati	Mech-1	12000	16000	-4000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	150	200	-50
	Hathras	Desi	25	20	5
Telangana	Adilabad	Un-Ginned	71358.3	53326.4	18031.9
Karnataka	Bijapur	Bunny	3529	3128	401
	Hubli	D.C.H.	14	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	25-Nov-21	24-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	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	2500	3000	-500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-Nov-21	24-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	1285	1295	-10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1275	1285	-10
Maharashtra	Mumbai	Rs. /10 Kg.	1280	1290	-10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Nov-21	24-Nov-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2619	2617	2
Maharashtra	Akola	Rs./Qtl	2668	2650	18

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

Index	Unit	25-Nov-21	24-Nov-21	Change
CCIndex(328)	RMB/Ton	22653	22667	-14
CCIndex(527)	RMB/Ton	21158	21203	-45
CCIndex(229)	RMB/Ton	23162	23191	-29

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

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

Index	Unit	25-Nov-21	24-Nov-21	Change
FC Index (S)	Cents/lb	133.31	133.48	-0.17
FC Index (M)	Cents/lb	131.86	132.05	-0.19
FC Index (L)	Cents/lb	130.26	130.45	-0.19

**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	18-Nov-21	Bales
Southeast	cents/lb.	116.97	118.39	<b>729</b>
North Delta	cents/lb.	115.72	117.14	<b>0</b>
South Delta	cents/lb.	115.72	117.14	<b>679</b>
East TX-OK	cents/lb.	111.22	112.89	<b>2561</b>
West Texas	cents/lb.	112.22	113.89	<b>10231</b>
Desert SW	cents/lb.	110.47	113.14	<b>175</b>
SJ Valley	cents/lb.	110.97	119.04	<b>0</b>

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
<b>Cotton</b>	37.32Kgs	9400	180	17680
<b>Equivalent</b>	40 Kgs	10074	193	18948

**Daily Futures Price Listing Wednesday, Nov 24th, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<b>Cotton(ICE)</b>									
<a href="#">Dec-21</a>	211124	119.83	120.78	119.49	120.38	+0.02	2,846	475	-2,404
<a href="#">Mar-22</a>	211124	115.66	116.24	115.15	115.78	+0.12	10,637	155,501	-159
<a href="#">May-22</a>	211124	114.44	114.56	113.60	114.10	+0.01	2,663	42,118	+61
<a href="#">Jul-22</a>	211124	110.42	110.86	109.96	110.48	+0.15	817	25,561	-155
<a href="#">Oct-22</a>	211124	97.38	97.38	97.38	97.38	+0.01	0	35	+0
<a href="#">Dec-22</a>	211124	91.56	91.56	91.56	91.76	+0.14	520	31,322	+102
Total Volume and Open Interest							17,484	260,553	-2,556

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