

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

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,910/bale on Friday. 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 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 lakhh 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 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.

**Weather Forecast:**

Thunderstorm accompanied with lightening at isolated places over Tamil Nadu, Pondicherry & Karikal. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karikal and Coastal Andhra Pradesh & Yanam, Rayalaseema, 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	-920	32490	32600	31300	32440	205	376

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Nov-21	25-Nov-21	
Gujarat	Ahmedabad	Shankar-6	8500	8575	-75
	Gondal	Shankar-6	8755	8680	75
	Rajkot	B.T. Cotton	8750	8600	150
	Patan	B.T. Cotton	8475	8500	-25
	Kadi	B.T. Cotton	8500	8200	300
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8670	8460	210
Haryana	Bhiwani	B.T. Cotton	8350	8250	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8600	8400	200
	Fatehabad	B.T. Cotton	8500	8500	Unch
	Jind	B.T. Cotton	8200	7800	400
	Uchana	B.T. Cotton	8640	8550	90
	Dabwali	B.T. Cotton	8735	8620	115
Rajasthan	Hanumangarh	B.T. Cotton	8800	8800	Unch
	Rawatsar	B.T. Cotton	8800	8650	150
Madhya Pradesh	Khandwa	Mech-1	8500	8300	200
	Khargaon	Mech-1	NA	8955	-
Maharashtra	Amravati	Mech-1	8600	8400	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7000	7500	-500
	Hathras	Desi	7000	7000	Unch
Telangana	Adilabad	Un-Ginned	8130	8000	130
Karnataka	Bijapur	Bunny	8759	8690	69
	Hubli	D.C.H.	8050	8009	41
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	26-Nov-21	25-Nov-21	

Punjab	Bhatinda	J-34	6680	6660	20
	Abohar	J-34	6680	6660	20
	Mansa	J-34	6680	6660	20
Haryana	Sirsa	J-34	6630	6560	70
Rajasthan	Sri-Ganganagar	J-34	6242	6181	61

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Nov-21	25-Nov-21	
Gujarat	Ahmedabad	Shankar-6	59500	54400	5100
	Gondal	Shankar-6	3729	4538	-809
	Rajkot	B.T. Cotton	5000	6400	-1400
	Patan	B.T. Cotton	15629	16695	-1066
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	329	364	-35
Haryana	Bhiwani	B.T. Cotton	2500	3000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2210	2040	170
	Fatehabad	B.T. Cotton	1000	450	550
	Jind	B.T. Cotton	850	782	68
	Uchana	B.T. Cotton	830	350	480
	Dabwali	B.T. Cotton	3000	2300	700
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	10000	5000	5000
Madhya Pradesh	Khandwa	Mech-1	1100	1600	-500
	Khargaon	Mech-1	NA	6883	-
Maharashtra	Amravati	Mech-1	15000	12000	3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	60	150	-90
	Hathras	Desi	10	25	-15
Telangana	Adilabad	Un-Ginned	104926.5	71358.3	33568.2
Karnataka	Bijapur	Bunny	3726	3529	197
	Hubli	D.C.H.	29	14	15
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	26-Nov-21	25-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	4000	2500	1500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	26-Nov-21	25-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	1265	1285	-20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1260	1275	-15
Maharashtra	Mumbai	Rs. /10 Kg.	1265	1280	-15

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	26-Nov-21	25-Nov-21	
Gujarat	Maheana (Kadi)	Rs./Qtl	2719	2619	100
Maharashtra	Akola	Rs./Qtl	2750	2668	82

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

Index	Unit	26-Nov-21	25-Nov-21	Change
CCIndex(328)	RMB/Ton	22641	22653	-12
CCIndex(527)	RMB/Ton	21158	21158	Unch
CCIndex(229)	RMB/Ton	23176	23162	14

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

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

Index	Unit	26-Nov-21	25-Nov-21	Change
FC Index (S)	Cents/lb	133.31	133.31	Unch
FC Index (M)	Cents/lb	131.85	131.86	-0.01
FC Index (L)	Cents/lb	130.26	130.26	Unch

**Cotlook Index:**

Cotlook Indices	Unit	23-Nov-21	22-Nov-21	Change
A-Index	Cents/Pound	127.5	127.9	-0.40

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		23-Nov-21	22-Nov-21	Bales
Southeast	cents/lb.	116.66	119.22	0
North Delta	cents/lb.	115.41	117.97	0
South Delta	cents/lb.	115.41	117.97	0
East TX-OK	cents/lb.	110.91	113.72	1587
West Texas	cents/lb.	111.91	114.72	6034
Desert SW	cents/lb.	110.16	113.97	0
SJ Valley	cents/lb.	110.66	119.87	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 25-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 Wednesday, Nov 24th, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<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

Source: MRCI

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