

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,330/bale on Tuesday. ICE cotton futures closed red on Friday.

News: *Untimely rains, poor quality hybrid seeds used in HTBT (herbicide tolerant biotechnology) cotton seeds and incidence of pink bollworm in some areas have resulted in a severe drop in yields in the just concluded kharif season. Despite a huge demand for the fibre crop in the domestic and international markets, thousands of farmers are not able to cash in on a high price situation in several mandis.*

All 82 cotton ginning units of Punjab are unable to keep their operations running to capacity due to a shortage of nearly one-fourth of the required natural fibre in the market. *Industry sources say the shortage of raw cotton is due to pink bollworm attack in the major cotton-growing districts of Bathinda and Mansa and pockets of Barnala, Sangrur and Muktsar. State government's projection says a drastic drop in cotton production due to the pest attack. Factory owners say they are facing financial losses as the units are working between 25-50% of the capacity while nearly 10 units are lying shut in Bathinda and Mansa.*

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 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.*

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.*

Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds at isolated places over Adaman & Nicobar Islands, and with thunderstorm accompanied with lighting at isolated places over East Rajasthan, West Madhya Pradesh, Gujarat, north Madhya Maharashtra, Marathwada, Konkan, Goa, Kerala, Mahe, Tamil Nadu, Puducherry and Karaikal. Heavy to very

heavy rainfall at isolated places over Andaman and Nicobar and heavy rainfall at isolated places over Gujarat, North Konkan, Madhya Maharashtra, Saurashtra and Kutch.

International Fundamentals:

The ICE cotton Futures was higher by 5 points at 116.65 cents/lb. The Cotlook A index was firm. The AWP for cotton was at 102.65 cents/lb for the week through Thursday.

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	-710	30750	31180	30670	30680	144	227

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Nov-21	29-Nov-21	
Gujarat	Ahmedabad	Shankar-6	8350	8500	-150
	Gondal	Shankar-6	8605	8630	-25
	Rajkot	B.T. Cotton	8675	8700	-25
	Patan	B.T. Cotton	8375	8500	-125
	Kadi	B.T. Cotton	8400	8500	-100
	Deesa	B.T. Cotton	NA	8050	-
	Dhrol	B.T. Cotton	8400	8525	-125
Haryana	Bhiwani	B.T. Cotton	8200	8400	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8250	8400	-150
	Fatehabad	B.T. Cotton	8200	8350	-150
	Jind	B.T. Cotton	7900	8200	-300
	Uchana	B.T. Cotton	8300	8600	-300
	Dabwali	B.T. Cotton	8400	8700	-300
Rajasthan	Hanumangarh	B.T. Cotton	8500	8700	-200
	Rawatsar	B.T. Cotton	8500	8800	-300
Madhya Pradesh	Khandwa	Mech-1	8400	8500	-100
	Khargaon	Mech-1	NA	8490	-
Maharashtra	Amravati	Mech-1	8200	8550	-350
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7100	7100	Unch
	Hathras	Desi	7150	7150	Unch
Telangana	Adilabad	Un-Ginned	7880	NA	-
Karnataka	Bijapur	Bunny	8690	8669	21
	Hubli	D.C.H.	8251	7289	962
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	30-Nov-21	29-Nov-21	
Punjab	Bhatinda	J-34	6510	6620	-110
	Abohar	J-34	6510	6600	-90
	Mansa	J-34	6510	6620	-110
Haryana	Sirsa	J-34	6380	6500	-120
Rajasthan	Sri-Ganganagar	J-34	5922	6110	-188

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Nov-21	29-Nov-21	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	2754	2742	12
	Rajkot	B.T. Cotton	5200	7000	-1800
	Patan	B.T. Cotton	15575	14821	754
	Kadi	B.T. Cotton	10000	30000	-20000
	Deesa	B.T. Cotton	NA	1400	-
	Dhrol	B.T. Cotton	433	491	-58
Haryana	Bhiwani	B.T. Cotton	4000	2700	1300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2550	2040	510
	Fatehabad	B.T. Cotton	1000	1000	Unch
	Jind	B.T. Cotton	1190	510	680
	Uchana	B.T. Cotton	1000	400	600
	Dabwali	B.T. Cotton	3000	1800	1200
Rajasthan	Hanumangarh	B.T. Cotton	4000	3000	1000
	Rawatsar	B.T. Cotton	8000	5000	3000
Madhya Pradesh	Khandwa	Mech-1	1600	800	800
	Khargaon	Mech-1	NA	11485	-
Maharashtra	Amravati	Mech-1	14000	10000	4000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	100	Unch
	Hathras	Desi	50	50	Unch
Telangana	Adilabad	Un-Ginned	134505.3	NA	-
Karnataka	Bijapur	Bunny	5864	6621	-757
	Hubli	D.C.H.	14	59	-45
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Nov-21	29-Nov-21	
Punjab	Bhatinda	J-34	8500	6800	1700
	Abohar	J-34	1190	850	340
	Mansa	J-34	680	340	340
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	5000	3500	1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	30-Nov-21	29-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	1270	1270	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1255	1255	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1265	1265	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	30-Nov-21	29-Nov-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2725	2694	31
Maharashtra	Akola	Rs./Qtl	2754	2741	13

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

Index	Unit	30-Nov-21	29-Nov-21	Change
CCIndex(328)	RMB/Ton	22544	22609	-65
CCIndex(527)	RMB/Ton	21108	21141	-33
CCIndex(229)	RMB/Ton	23105	23144	-39

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

China Foreign Cotton (FCE) Index :

Index	Unit	30-Nov-21	29-Nov-21	Change
FC Index (S)	Cents/lb	128.33	128.86	-0.53
FC Index (M)	Cents/lb	126.82	127.38	-0.56
FC Index (L)	Cents/lb	125.22	125.78	-0.56

Cotlook Index:

Cotlook Indices	Unit	29-Nov-21	26-Nov-21	Change
A-Index	Cents/Pound	123.3	127.3	-4.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		29-Nov-21	26-Nov-21	Bales
Southeast	cents/lb.	112.41	115.03	0
North Delta	cents/lb.	111.16	113.78	0
South Delta	cents/lb.	111.16	113.78	0
East TX-OK	cents/lb.	106.66	109.53	1433
West Texas	cents/lb.	107.66	110.53	4266
Desert SW	cents/lb.	105.91	109.78	0

SJ Valley

cents/lb.

106.41

115.68

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 29-Nov-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	17500	180	17680
Equivalent	40 Kgs	18755	193	18948

Daily Futures Price Listing Friday, Nov 26th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211126	117.50	118.50	114.97	116.60	-3.78	214	326	-149
Mar-22	211126	114.47	114.49	110.81	111.78	-4.00	9,877	154,743	-758
May-22	211126	112.85	112.86	109.18	109.93	-4.17	3,068	43,214	+1,096
Jul-22	211126	109.50	109.50	106.35	106.85	-3.63	733	25,673	+112
Oct-22	211126	94.77	94.77	94.77	94.77	-2.61	0	35	+0
Dec-22	211126	91.36	91.36	89.50	89.77	-1.99	309	31,452	+130
Total Volume and Open Interest							14,242	261,005	+452

Source: MRCI

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