

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,270/bale on Wednesday. ICE cotton futures closed red on Tuesday.

News: According to the Cotton Association of India prices are expected to soften from its peak levels of around Rs. 8,000-Rs. 8,800 a quintal as the arrivals gain momentum.

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 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.

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 Himachal Pradesh, Uttar Pradesh, East Rajasthan, West Madhya Pradesh, Gujarat region. Heavy to very heavy rainfall at isolated places over Andaman and Nicobar and Gujarat region.

International Fundamentals:

The ICE cotton Futures was lower by 500 points at 111.65 cents/lb. The Cotlook A index was 4 cents weaker at 123.30 cents/lb . 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	+40	30850	31370	30650	30820	1910	4864

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Dec-21	30-Nov-21	
Gujarat	Ahmedabad	Shankar-6	8250	8350	-100
	Gondal	Shankar-6	8430	8605	-175
	Rajkot	B.T. Cotton	8600	8675	-75
	Patan	B.T. Cotton	NA	8375	-
	Kadi	B.T. Cotton	8250	8400	-150
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	8400	-
Haryana	Bhiwani	B.T. Cotton	7500	8200	-700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8000	8250	-250
	Fatehabad	B.T. Cotton	7950	8200	-250
	Jind	B.T. Cotton	7700	7900	-200
	Uchana	B.T. Cotton	8200	8300	-100
	Dabwali	B.T. Cotton	8300	8400	-100
Rajasthan	Hanumangarh	B.T. Cotton	8450	8500	-50
	Rawatsar	B.T. Cotton	8300	8500	-200
Madhya Pradesh	Khandwa	Mech-1	8400	8400	Unch
	Khargaon	Mech-1	NA	8445	-
Maharashtra	Amravati	Mech-1	8000	8200	-200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7100	7100	Unch
	Hathras	Desi	7150	7150	Unch
Telangana	Adilabad	Un-Ginned	7740	7880	-140
Karnataka	Bijapur	Bunny	8689	8690	-1
	Hubli	D.C.H.	NA	8251	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Dec-21	30-Nov-21	
Punjab	Bhatinda	J-34	6420	6510	-90
	Abohar	J-34	6470	6510	-40
	Mansa	J-34	6440	6510	-70
Haryana	Sirsa	J-34	6320	6380	-60
Rajasthan	Sri-Ganganagar	J-34	6134	5922	212

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	1-Dec-21	30-Nov-21	
Gujarat	Ahmedabad	Shankar-6	17000	59500	-42500
	Gondal	Shankar-6	2548	2754	-206
	Rajkot	B.T. Cotton	7000	5200	1800
	Patan	B.T. Cotton	NA	15575	-
	Kadi	B.T. Cotton	10000	10000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	433	-
Haryana	Bhiwani	B.T. Cotton	1200	4000	-2800
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	2550	-850
	Fatehabad	B.T. Cotton	1200	1000	200
	Jind	B.T. Cotton	1700	1190	510
	Uchana	B.T. Cotton	1100	1000	100
	Dabwali	B.T. Cotton	1900	3000	-1100
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	10000	8000	2000
Madhya Pradesh	Khandwa	Mech-1	1500	1600	-100
	Khargaon	Mech-1	NA	7650	-
Maharashtra	Amravati	Mech-1	18000	14000	4000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	100	Unch
	Hathras	Desi	50	50	Unch
Telangana	Adilabad	Un-Ginned	94674.1	134505.3	-39831.2
Karnataka	Bijapur	Bunny	7008	5864	1144
	Hubli	D.C.H.	NA	14	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Dec-21	30-Nov-21	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1700	1190	510
	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	2380	1700	680
Rajasthan	Sri-Ganganagar	J-34	3500	5000	-1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	1-Dec-21	30-Nov-21	
Gujarat	Rajkot	Rs. /10 Kg.	1230	1270	-40
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1215	1255	-40
Maharashtra	Mumbai	Rs. /10 Kg.	1220	1265	-45



Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Dec-21	30-Nov-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2758	2725	33
Maharashtra	Akola	Rs./Qtl	2784	2754	30

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	1-Dec-21	30-Nov-21	Change
CCIndex(328)	RMB/Ton	22242	22544	-302
CCIndex(527)	RMB/Ton	20854	21108	-254
CCIndex(229)	RMB/Ton	22854	23105	-251

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

China Foreign Cotton (FCE) Index :

Index	Unit	1-Dec-21	30-Nov-21	Change
FC Index (S)	Cents/lb	123.8	128.33	-4.53
FC Index (M)	Cents/lb	122.36	126.82	-4.46
FC Index (L)	Cents/lb	120.78	125.22	-4.44

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 30-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 Tuesday, Nov 30th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211130	116.40	116.40	111.50	111.65	-5.00	97	184	-65
Mar-22	211130	110.85	110.85	106.41	106.41	-5.00	22,290	150,328	-4,681
May-22	211130	108.57	109.00	104.61	104.61	-5.00	7,805	41,872	-1,752
Jul-22	211130	106.57	106.31	102.00	102.16	-4.43	2,883	25,343	-404
Oct-22	211130	91.61	91.61	91.61	91.61	-2.86	14	35	+0
Dec-22	211130	89.20	89.20	86.25	86.71	-2.93	1,069	31,549	+24
Total Volume and Open Interest							34,233	254,954	-6.821

Source: MRCI

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