

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,020/bale on Thursday. ICE cotton futures closed red on Wednesday.

News: *The prices in the local cotton market in Ahmedabad has dropped by Rs. 1,000- Rs. 1,200 per candy as the new covid -19 variant Omicron, currently circulating in south Africa. Cotton shanker-6 prices were down to Rs. 65,300- Rs. 65,800 per candy in local market. Although the new crop arrivals are slow in the local markets and domestic mills are making limited purchases due to the high prices of the natural fibre compared to the previous season. About 35,000 to 40,000 cotton are daily arriving in the market. Currently arrivals are slow as farmers are busy with marriage season and there is also labour shortage to pluck cotton. The arrivals are expected to pick up after 10th December 2021.*

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. 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, the state 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. During 2016-17, around 9.16 lakh quintals of cotton crop was purchased in various mandis whereas 9.15 lakh quintals was purchased during 2017-18 and more than 10 lakh quintals each in 2018 and 2019. Also, Factory owners has said that 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 at isolated places over Coastal Andhra Pradesh & Yanam, Tamil Nadu, Pondicherry & Karikal and Kerala & Mahe. Heavy rainfall at isolated places over north Coastal Andhra Pradesh, south Odisha.

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.

According to the International Cotton Advisory Committee December report, India's cotton production for the 2021-22 season is projected at 5.90 million metric tons lower from the previous season estimate of 6.00 million metric tonnes. While consumption is estimated at 5.70 million metric tonnes. Global cotton production is projected at 25.73 million metric tonnes higher from previous season of 24.30 million metric tons.

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	-920	32490	32600	31300	32440	205	376

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Dec-21	1-Dec-21	
Gujarat	Ahmedabad	Shankar-6	8250	8250	Unch
	Gondal	Shankar-6	8430	8430	Unch
	Rajkot	B.T. Cotton	8690	8600	90
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	8200	8250	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8425	8500	-75
Haryana	Bhiwani	B.T. Cotton	7650	7500	150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8000	8000	Unch
	Fatehabad	B.T. Cotton	7600	7950	-350
	Jind	B.T. Cotton	7700	7700	Unch
	Uchana	B.T. Cotton	8200	8200	Unch
	Dabwali	B.T. Cotton	8300	8300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	8200	8450	-250
	Rawatsar	B.T. Cotton	8200	8300	-100
Madhya Pradesh	Khandwa	Mech-1	8200	8400	-200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	8000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7100	7100	Unch
	Hathras	Desi	7150	7150	Unch
Telangana	Adilabad	Un-Ginned	7700	7740	-40
Karnataka	Bijapur	Bunny	8693	8689	4
	Hubli	D.C.H.	7650	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Dec-21	1-Dec-21	
Punjab	Bhatinda	J-34	6350	6420	-70
	Abohar	J-34	6350	6470	-120
	Mansa	J-34	6350	6440	-90
Haryana	Sirsa	J-34	6350	6320	30

Rajasthan	Sri-Ganganagar	J-34	6063	6134	-71
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Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Dec-21	1-Dec-21	
Gujarat	Ahmedabad	Shankar-6	17000	17000	Unch
	Gondal	Shankar-6	892	2548	-1656
	Rajkot	B.T. Cotton	2800	7000	-4200
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	6000	10000	-4000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	239	316	-77
Haryana	Bhiwani	B.T. Cotton	1500	1200	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	1500	1200	300
	Jind	B.T. Cotton	2550	1700	850
	Uchana	B.T. Cotton	1700	1100	600
	Dabwali	B.T. Cotton	2300	1900	400
Rajasthan	Hanumangarh	B.T. Cotton	3500	4000	-500
	Rawatsar	B.T. Cotton	10000	10000	Unch
Madhya Pradesh	Khandwa	Mech-1	1600	1500	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	12000	18000	-6000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	100	100	Unch
	Hathras	Desi	50	50	Unch
Telangana	Adilabad	Un-Ginned	57805	94674.1	-36869.1
Karnataka	Bijapur	Bunny	7710	7008	702
	Hubli	D.C.H.	13	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Dec-21	1-Dec-21	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1530	1700	-170
	Mansa	J-34	1360	1020	340
Haryana	Sirsa	J-34	2380	2380	Unch
Rajasthan	Sri-Ganganagar	J-34	3000	3500	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	2-Dec-21	1-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1230	1230	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1215	1215	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1220	1220	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	2-Dec-21	1-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2746	2758	-12
Maharashtra	Akola	Rs./Qtl	2778	2784	-6

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	2-Dec-21	1-Dec-21	Change
CCIndex(328)	RMB/Ton	22020	22242	-222
CCIndex(527)	RMB/Ton	20720	20854	-134
CCIndex(229)	RMB/Ton	22666	22854	-188

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

China Foreign Cotton (FCE) Index :

Index	Unit	2-Dec-21	1-Dec-21	Change
FC Index (S)	Cents/lb	121.69	123.8	-2.11
FC Index (M)	Cents/lb	120.28	122.36	-2.08
FC Index (L)	Cents/lb	118.7	120.78	-2.08

Cotlook Index:

Cotlook Indices	Unit	30-Nov-21	29-Nov-21	Change
A-Index	Cents/Pound	123.05	123.3	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Nov-21	29-Nov-21	Bales
Southeast	cents/lb.	107.41	114.66	224
North Delta	cents/lb.	106.16	113.41	0
South Delta	cents/lb.	106.16	113.41	0



East TX-OK	cents/lb.	101.66	109.16	1488
West Texas	cents/lb.	102.66	110.16	3418
Desert SW	cents/lb.	100.91	109.41	0
SJ Valley	cents/lb.	101.41	115.31	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 01-Dec-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	17380
Equivalent	40 Kgs	10074	193	18626

Daily Futures Price Listing Wednesday, Nov 01st, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211201	110.97	113.25	109.39	109.39	-2.26	29	162	-22
Mar-22	211201	105.97	108.44	103.86	104.19	-2.22	15,046	146,826	-3,502
May-22	211201	104.60	106.85	102.44	102.77	-1.84	3,716	41,312	-560
Jul-22	211201	102.00	104.48	100.36	100.67	-1.49	1,398	25,206	-137
Oct-22	211201	90.86	90.86	90.86	90.86	-0.75	0	35	+0
Dec-22	211201	86.59	89.25	86.20	86.40	-0.31	680	31,536	-13
Total Volume and Open Interest							21,208	250,903	-4,051

Source: MRCI

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