

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.30,930/bale on Friday. ICE cotton futures closed red on Thursday.

News: *With the chance of reemergence of the covid-19 variant Omicron, the slump in prices of the cotton is also being seen as the direct impact of this the prices of raw cotton have witnessed a slump of up to Rs. 2,000 per quintal in the last fortnight. The prices were being quoted up to Rs. 9,400 – Rs. 9,500 per quintal which is now at Rs. 7,500- 7,700 per quintal. The lower quality crop is being traded even at Rs. 6,200 – 6,500 per quintal.*

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.

Weather Forecast:

Thunderstorm accompanied with lightening at isolated places over Gangetic West Bengal and 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, Odisha and heavy to very heavy rainfall at isolated places over Gangetic West Bengal and heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karikal.

International Fundamentals:

The ICE cotton Futures was lower by 49 points at 108.9 cents/lb. The Cotlook A index was at 118.55 cents/lb. The AWP for cotton was at 97.06 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	+350	30450	30690	30380	30610	1010	4665

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	03-Dec-21	02-Dec-21	
Gujarat	Ahmedabad	Shankar-6	8250	8250	Unch
	Gondal	Shankar-6	8455	8430	25
	Rajkot	B.T. Cotton	8670	8690	-20
	Patan	B.T. Cotton	8375	NA	-
	Kadi	B.T. Cotton	8200	8200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8355	8425	-70
Haryana	Bhiwani	B.T. Cotton	7500	7650	-150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8000	8000	Unch
	Fatehabad	B.T. Cotton	7900	7600	300
	Jind	B.T. Cotton	7800	7700	100
	Uchana	B.T. Cotton	7950	8200	-250
	Dabwali	B.T. Cotton	8150	8300	-150
Rajasthan	Hanumangarh	B.T. Cotton	8250	8200	50
	Rawatsar	B.T. Cotton	8400	8200	200
Madhya Pradesh	Khandwa	Mech-1	8100	8200	-100
	Khargaon	Mech-1	NA	7905	-
Maharashtra	Amravati	Mech-1	8125	8000	125
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7000	7100	-100
	Hathras	Desi	7200	7150	50
Telangana	Adilabad	Un-Ginned	7680	7700	-20
Karnataka	Bijapur	Bunny	8797	8693	104
	Hubli	D.C.H.	NA	7650	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	03-Dec-21	02-Dec-21	
Punjab	Bhatinda	J-34	6300	6350	-50
	Abohar	J-34	6325	6350	-25
	Mansa	J-34	6320	6350	-30

Haryana	Sirsa	J-34	6160	6250	-90
Rajasthan	Sri-Ganganagar	J-34	5922	6063	-141

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	03-Dec-21	02-Dec-21	
Gujarat	Ahmedabad	Shankar-6	51000	17000	34000
	Gondal	Shankar-6	1191	892	299
	Rajkot	B.T. Cotton	2900	2800	100
	Patan	B.T. Cotton	8583	NA	-
	Kadi	B.T. Cotton	5000	6000	-1000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	390	239	151
Haryana	Bhiwani	B.T. Cotton	800	1500	-700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	800	1500	-700
	Jind	B.T. Cotton	1360	2550	-1190
	Uchana	B.T. Cotton	1000	1700	-700
	Dabwali	B.T. Cotton	2300	2300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	3000	3500	-500
	Rawatsar	B.T. Cotton	7000	10000	-3000
Madhya Pradesh	Khandwa	Mech-1	1200	1600	-400
	Khargaon	Mech-1	NA	20	-
Maharashtra	Amravati	Mech-1	9000	12000	-3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	100	-50
	Hathras	Desi	25	50	-25
Telangana	Adilabad	Un-Ginned	32040.8	57805	-25764.2
Karnataka	Bijapur	Bunny	5787	7710	-1923
	Hubli	D.C.H.	NA	13	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	03-Dec-21	02-Dec-21	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1360	1530	-170
	Mansa	J-34	1190	1360	-170
Haryana	Sirsa	J-34	2040	2380	-340

Rajasthan	Sri-Ganganagar	J-34	6000	3000	3000
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Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	03-Dec-21	02-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	03-Dec-21	02-Dec-21	
Gujarat	Mahešana (Kadi)	Rs./Qtl	2719	2746	-27
Maharashtra	Akola	Rs./Qtl	2758	2778	-20

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	03-Dec-21	02-Dec-21	Change
CCIndex(328)	RMB/Ton	22050	22020	30
CCIndex(527)	RMB/Ton	20768	20720	48
CCIndex(229)	RMB/Ton	22674	22666	8

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

China Foreign Cotton (FCE) Index :

Index	Unit	03-Dec-21	02-Dec-21	Change
FC Index (S)	Cents/lb	121.16	121.69	-0.53
FC Index (M)	Cents/lb	119.72	120.28	-0.56
FC Index (L)	Cents/lb	118.15	118.7	-0.55

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 02-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 Thursday, Nov 02nd, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211202	110.05	110.05	108.90	108.90	-0.49	49	113	-49
Mar-22	211202	104.09	105.29	102.50	103.70	-0.49	29,024	141,095	-5,731
May-22	211202	102.38	103.79	101.19	102.40	-0.37	12,615	41,493	+181
Jul-22	211202	100.38	101.70	99.22	100.48	-0.19	5,225	24,552	-654
Oct-22	211202	90.91	90.91	90.91	90.91	+0.05	0	35	+0
Dec-22	211202	86.16	87.60	85.05	86.58	+0.18	2,486	31,453	-83
Total Volume and Open Interest							50,971	244,866	-6,037

Source: MRCI

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