

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,010/bale on Saturday. ICE cotton futures closed green on Friday.

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 Kerala & Mahe, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura. Heavy rainfall at isolated places over Kerala & Mahe, Assam & Meghalaya and Tripura.

International Fundamentals:

The ICE cotton Futures was lower by 40 points at 109.3 cents/lb. The Cotlook A index was at 116.50 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	+700	30450	31040	30380	30270	1876	4624

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Dec-21	03-Dec-21	
Gujarat	Ahmedabad	Shankar-6	8400	8250	150
	Gondal	Shankar-6	8555	8455	100
	Rajkot	B.T. Cotton	8705	8670	35
	Patan	B.T. Cotton	8450	8375	75
	Kadi	B.T. Cotton	8200	8200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8500	8355	145
Haryana	Bhiwani	B.T. Cotton	7800	7500	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8200	8000	200
	Fatehabad	B.T. Cotton	8300	7900	400
	Jind	B.T. Cotton	8000	7800	200
	Uchana	B.T. Cotton	8150	7950	200
	Dabwali	B.T. Cotton	8300	8150	150
Rajasthan	Hanumangarh	B.T. Cotton	8400	8250	150
	Rawatsar	B.T. Cotton	Closed	8400	-
Madhya Pradesh	Khandwa	Mech-1	Closed	8100	-
	Khargaon	Mech-1	NA	8405	-
Maharashtra	Amravati	Mech-1	Closed	8125	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6850	7000	-150
	Hathras	Desi	7000	7200	-200
Telangana	Adilabad	Un-Ginned	NA	7680	-
Karnataka	Bijapur	Bunny	8599	8797	-198
	Hubli	D.C.H.	7600	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Dec-21	03-Dec-21	

Punjab	Bhatinda	J-34	6330	6300	30
	Abohar	J-34	6360	6325	35
	Mansa	J-34	6340	6320	20
Haryana	Sirsa	J-34	6200	6160	40
Rajasthan	Sri-Ganganagar	J-34	6157	5922	235

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Dec-21	03-Dec-21	
Gujarat	Ahmedabad	Shankar-6	25500	51000	-25500
	Gondal	Shankar-6	1596	1191	405
	Rajkot	B.T. Cotton	5000	2900	2100
	Patan	B.T. Cotton	11736	8583	3153
	Kadi	B.T. Cotton	3000	5000	-2000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	430	390	40
Haryana	Bhiwani	B.T. Cotton	1000	800	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	2040	-340
	Fatehabad	B.T. Cotton	1500	800	700
	Jind	B.T. Cotton	2040	1360	680
	Uchana	B.T. Cotton	1400	1000	400
	Dabwali	B.T. Cotton	2500	2300	200
Rajasthan	Hanumangarh	B.T. Cotton	3500	3000	500
	Rawatsar	B.T. Cotton	Closed	7000	-
Madhya Pradesh	Khandwa	Mech-1	Closed	1200	-
	Khargaon	Mech-1	NA	1000	-
Maharashtra	Amravati	Mech-1	Closed	9000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	30	50	-20
	Hathras	Desi	30	25	5
Telangana	Adilabad	Un-Ginned	NA	32040.8	-
Karnataka	Bijapur	Bunny	3711	5787	-2076
	Hubli	D.C.H.	30	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Dec-21	03-Dec-21	
Punjab	Bhatinda	J-34	8500	6800	1700
	Abohar	J-34	2040	1360	680
	Mansa	J-34	1530	1190	340
Haryana	Sirsa	J-34	1700	2040	-340
Rajasthan	Sri-Ganganagar	J-34	2000	6000	-4000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Dec-21	03-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	04-Dec-21	03-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2724	2719	5
Maharashtra	Akola	Rs./Qtl	2762	2758	4

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	02-Dec-21	30-Nov-21	Change
A-Index	Cents/Pound	116.5	123.05	-6.55

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		02-Dec-21	30-Nov-21	Bales
Southeast	cents/lb.	104.7	109.66	0
North Delta	cents/lb.	103.45	108.41	0
South Delta	cents/lb.	103.45	108.41	0
East TX-OK	cents/lb.	98.95	104.16	4401
West Texas	cents/lb.	99.95	105.16	6649
Desert SW	cents/lb.	98.2	104.41	0
SJ Valley	cents/lb.	98.7	110.31	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 Friday, Nov 03rd, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211203	108.90	110.59	108.90	109.30	+0.40	8	105	-8
Mar-22	211203	103.70	105.66	103.64	104.20	+0.50	32,300	137,099	-3,996
May-22	211203	102.40	104.22	102.34	102.91	+0.51	9,331	41,760	+267
Jul-22	211203	100.52	102.15	100.52	101.01	+0.53	4,321	24,186	-366
Oct-22	211203	91.85	91.85	91.85	91.85	+0.94	0	35	+0
Dec-22	211203	87.25	88.00	87.75	87.75	+1.17	2,781	31,804	+351
Total Volume and Open Interest							50,126	241,077	-3,789

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. The use of data and information contained in this report is at your own risk. This document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors, and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.