

**Domestic Fundamentals:****Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,390/bale on Monday. ICE cotton futures closed green on Friday.

**News:** Cotton traded steady tone across major spot markets of north India on Monday. Prices were higher by 20-30 maund on Week ending.

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 10<sup>th</sup> 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 18<sup>th</sup> 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 31<sup>st</sup> 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 18<sup>th</sup> 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.

### Weather Forecast:

Dense fog very likely at isolated places over Assam & Meghalaya, Nagaland, Manipur, Mizoram & 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 21<sup>st</sup> 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	+250	30930	31310	30930	31220	859	4723

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	06-Dec-21	04-Dec-21	
Gujarat	Ahmedabad	Shankar-6	8600	8400	200
	Gondal	Shankar-6	8805	8555	250
	Rajkot	B.T. Cotton	8800	8705	95
	Patan	B.T. Cotton	8640	8450	190
	Kadi	B.T. Cotton	8500	8200	300
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8675	8500	175
Haryana	Bhiwani	B.T. Cotton	7900	7800	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8250	8200	50
	Fatehabad	B.T. Cotton	8000	8300	-300
	Jind	B.T. Cotton	8200	8000	200
	Uchana	B.T. Cotton	8255	8150	105
	Dabwali	B.T. Cotton	8450	8300	150
Rajasthan	Hanumangarh	B.T. Cotton	8500	8400	100
	Rawatsar	B.T. Cotton	8500	Closed	-
Madhya Pradesh	Khandwa	Mech-1	8300	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8250	Closed	-
	Jamner	Medium Staple	7800	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6500	6850	-350
	Hathras	Desi	6700	7000	-300
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	8719	8599	120
	Hubli	D.C.H.	NA	7600	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	06-Dec-21	04-Dec-21	
Punjab	Bhatinda	J-34	6380	6330	50
	Abohar	J-34	6390	6360	30
	Mansa	J-34	6370	6340	30
Haryana	Sirsa	J-34	6280	6200	80
Rajasthan	Sri-Ganganagar	J-34	5969	6157	-188

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Dec-21	04-Dec-21	
Gujarat	Ahmedabad	Shankar-6	20400	25500	-5100
	Gondal	Shankar-6	3187	1596	1591
	Rajkot	B.T. Cotton	5000	5000	Unch
	Patan	B.T. Cotton	11505	11736	-231
	Kadi	B.T. Cotton	10000	3000	7000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	431	430	1
Haryana	Bhiwani	B.T. Cotton	700	1000	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	500	1500	-1000
	Jind	B.T. Cotton	850	2040	-1190
	Uchana	B.T. Cotton	1100	1400	-300
	Dabwali	B.T. Cotton	3200	2500	700
Rajasthan	Hanumangarh	B.T. Cotton	2500	3500	-1000
	Rawatsar	B.T. Cotton	8000	Closed	-
Madhya Pradesh	Khandwa	Mech-1	1900	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6000	Closed	-
	Jamner	Medium Staple	336	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	30	20
	Hathras	Desi	100	30	70
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6050	3711	2339
	Hubli	D.C.H.	NA	30	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	06-Dec-21	04-Dec-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	2040	2040	Unch
	Mansa	J-34	1530	1530	Unch
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	3000	2000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	06-Dec-21	04-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1260	1230	30
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1245	1215	30
Maharashtra	Mumbai	Rs. /10 Kg.	1250	1220	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	06-Dec-21	04-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2870	2724	146
Maharashtra	Akola	Rs./Qtl	2833	2762	71

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	06-Dec-21	03-Dec-21	Change
CCIndex(328)	RMB/Ton	21995	22050	-55
CCIndex(527)	RMB/Ton	20689	20768	-79
CCIndex(229)	RMB/Ton	22608	22674	-66
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	06-Dec-21	03-Dec-21	Change
FC Index (S)	Cents/lb	121.91	121.16	0.75
FC Index (M)	Cents/lb	120.48	119.72	0.76



FC Index (L)	Cents/lb	118.9	118.15	0.75
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**Cotlook Index:**

Cotlook Indices	Unit	03-Dec-21	01-Dec-21	Change
A-Index	Cents/Pound	116	118.55	-2.55

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		03-Dec-21	01-Dec-21	Bales
Southeast	cents/lb.	105.2	107.44	0
North Delta	cents/lb.	103.95	106.19	0
South Delta	cents/lb.	103.95	106.19	0
East TX-OK	cents/lb.	99.95	101.94	2597
West Texas	cents/lb.	100.45	102.94	1235
Desert SW	cents/lb.	98.7	102.19	0
SJ Valley	cents/lb.	99.2	108.09	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 04-Dec-2021**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	16880
Equivalent	40 Kgs	10074	193	18090

**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)									
<a href="#">Dec-21</a>	211203	108.90	110.59	108.90	109.30	+0.40	8	105	-8
<a href="#">Mar-22</a>	211203	103.70	105.66	103.64	104.20	+0.50	32,300	137,099	-3,996
<a href="#">May-22</a>	211203	102.40	104.22	102.34	102.91	+0.51	9,331	41,760	+267
<a href="#">Jul-22</a>	211203	100.52	102.15	100.52	101.01	+0.53	4,321	24,186	-366
<a href="#">Oct-22</a>	211203	91.85	91.85	91.85	91.85	+0.94	0	35	+0
<a href="#">Dec-22</a>	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

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