

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,630/bale on Tuesday. ICE cotton futures closed green on Monday.

News: Cotton Corporation of India is operating 71 procurement centers in Andhra Pradesh. The CCI is operating 71 procurement centers in the state to assist the cotton growers. As per CCI they have opened 30 procurement centers besides 41 procurement points at notified ginning and pressing factories.

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.

Weather Forecast:

Dense fog very likely at isolated places over Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura. Thunderstorm accompanied with lightening very likely at isolated places over Tamil Nadu, Pondicherry & Karaikal and Coastal Andhra Pradesh & Yanam. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karaikal.

International Fundamentals:

The ICE cotton Futures was lower by 8 points at 112.01 cents/lb. The Cotlook A index was at 116 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	+250	30930	31310	30930	31220	859	4723

DOMESTIC PRICES AND ARRIVAL
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	07-Dec-21	06-Dec-21	
Gujarat	Ahmedabad	Shankar-6	8600	8600	Unch
	Gondal	Shankar-6	8755	8805	-50
	Rajkot	B.T. Cotton	8775	8800	-25
	Patan	B.T. Cotton	8640	8640	Unch
	Kadi	B.T. Cotton	8500	8500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8595	8675	-80
Haryana	Bhiwani	B.T. Cotton	8200	7900	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8400	8250	150
	Fatehabad	B.T. Cotton	8200	8000	200
	Jind	B.T. Cotton	8250	8200	50
	Uchana	B.T. Cotton	8300	8255	45
	Dabwali	B.T. Cotton	8480	8450	30
Rajasthan	Hanumangarh	B.T. Cotton	8700	8500	200
	Rawatsar	B.T. Cotton	8800	8500	300
Madhya Pradesh	Khandwa	Mech-1	8400	8300	100
	Khargaon	Mech-1	NA	8595	-
Maharashtra	Amravati	Mech-1	8500	8250	250
	Jamner	Medium Staple	NA	7800	-
Uttar Pradesh	Hathras	B.T. Cotton	6500	6500	Unch
	Hathras	Desi	6700	6700	Unch
Telangana	Adilabad	Un-Ginned	8010	NA	-
Karnataka	Bijapur	Bunny	8989	8719	270
	Hubli	D.C.H.	7730	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	07-Dec-21	06-Dec-21	
Punjab	Bhatinda	J-34	6520	6380	140

	Abohar	J-34	6530	6390	140
	Mansa	J-34	6510	6370	140
Haryana	Sirsa	J-34	6350	6280	70
Rajasthan	Sri-Ganganagar	J-34	6251	5969	282

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Dec-21	06-Dec-21	
Gujarat	Ahmedabad	Shankar-6	27200	20400	6800
	Gondal	Shankar-6	4295	3187	1108
	Rajkot	B.T. Cotton	5400	5000	400
	Patan	B.T. Cotton	13611	11505	2106
	Kadi	B.T. Cotton	30000	10000	20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	401	431	-30
Haryana	Bhiwani	B.T. Cotton	400	700	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	2040	-1020
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	510	850	-340
	Uchana	B.T. Cotton	1735	1100	635
	Dabwali	B.T. Cotton	2000	3200	-1200
Rajasthan	Hanumangarh	B.T. Cotton	2500	2500	Unch
	Rawatsar	B.T. Cotton	5000	8000	-3000
Madhya Pradesh	Khandwa	Mech-1	1900	1900	Unch
	Khargaon	Mech-1	NA	9735	-
Maharashtra	Amravati	Mech-1	8000	6000	2000
	Jamner	Medium Staple	NA	336	-
Uttar Pradesh	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	100	100	Unch
Telangana	Adilabad	Un-Ginned	39881	NA	-
Karnataka	Bijapur	Bunny	6511	6050	461
	Hubli	D.C.H.	25	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	07-Dec-21	06-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	2200	3000	-800

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	07-Dec-21	06-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1270	1260	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1255	1245	10
Maharashtra	Mumbai	Rs. /10 Kg.	1260	1250	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	07-Dec-21	06-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2833	2870	-37
Maharashtra	Akola	Rs./Qtl	2830	2833	-3

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	07-Dec-21	06-Dec-21	Change
CCIndex(328)	RMB/Ton	21985	21995	-10
CCIndex(527)	RMB/Ton	20692	20689	3
CCIndex(229)	RMB/Ton	22588	22608	-20
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	07-Dec-21	06-Dec-21	Change
FC Index (S)	Cents/lb	124.76	121.91	2.85
FC Index (M)	Cents/lb	123.33	120.48	2.85
FC Index (L)	Cents/lb	121.76	118.9	2.86

Cotlook Index:

Cotlook Indices	Unit	03-Dec-21	02-Dec-21	Change
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A-Index	Cents/Pound	116	116.5	-0.50
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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 Monday, Nov 06th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211206	110.55	112.01	110.55	112.01	+2.71	3	102	-3
Mar-22	211206	104.30	107.35	104.05	107.01	+2.81	22,433	133,918	-3,181
May-22	211206	102.99	105.95	102.88	105.67	+2.76	8,843	42,287	+527
Jul-22	211206	101.00	103.65	101.00	103.60	+2.59	3,828	24,114	-72
Oct-22	211206	94.27	94.27	94.27	94.27	+2.42	0	35	+0
Dec-22	211206	88.47	90.09	88.21	90.07	+2.32	3,360	32,364	+560
Total Volume and Open Interest							38,790	238,969	-2,108

Source: MRCI

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