

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,620/bale on Wednesday. ICE cotton futures closed red on Tuesday.

News: The sudden dip in the global demand due to the pandemic scare and poor quality of raw cotton in areas of Punjab has lowered the rates of cotton crop by Rs. 1,500 per quintal in the last two weeks. For the 2021-22 season, average prices for the cotton at Punjab market was Rs. 9,500 per quintal which means 70 percent of the crop was purchased at around Rs. 9,500 and nearly 10 percent of the best quality was sold even higher than Rs. 9,500. Whereas, 20 percent of the cotton was being sold below the model rate due to poor quality. However, the mode rate of cotton in the last 10 days remains static at about Rs. 8,000 per quintal. For the current season the worst ever quality of cotton is being reported from Bhatinda and Mansa districts due to pink bollworm infestation earlier in the crop. According to the Punjab Mandi Board data, About 9.57 lakh quintal of cotton was purchased in the state till 04th December 2021 as compared to 21 lakh quintals in the corresponding period last year. As per the Industry sources the cotton prices may pick up again after 15th December 2021 as the picture of new Covid-19 variant Omicron may be clearer and demand regains the momentum.

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.

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, Mizoram & Tripura. Thunderstorm accompanied with lightening very likely at isolated places over Tamil Nadu, Pondicherry & Karaikal, Rayalaseema and Coastal Andhra Pradesh & Yanam. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karaikal.

International Fundamentals:

The ICE cotton Futures was lower by 74 points at 111.27 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	-0.6	31490	31490	31200	31510	1152	88010

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Dec-21	07-Dec-21	
Gujarat	Ahmedabad	Shankar-6	8600	8600	Unch
	Gondal	Shankar-6	8810	8755	55
	Rajkot	B.T. Cotton	8825	8775	50
	Patan	B.T. Cotton	8805	8640	165
	Kadi	B.T. Cotton	8500	8500	Unch
	Deesa	B.T. Cotton	8025	8030	-5
	Dhrol	B.T. Cotton	8665	8595	70
Haryana	Bhiwani	B.T. Cotton	8000	8200	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8450	8400	50
	Fatehabad	B.T. Cotton	8200	8200	Unch
	Jind	B.T. Cotton	8280	8250	30
	Uchana	B.T. Cotton	8330	8300	30
	Dabwali	B.T. Cotton	8500	8480	20
Rajasthan	Hanumangarh	B.T. Cotton	8600	8700	-100
	Rawatsar	B.T. Cotton	8700	8800	-100
Madhya Pradesh	Khandwa	Mech-1	8300	8400	-100
	Khargaon	Mech-1	NA	8545	-
Maharashtra	Amravati	Mech-1	8300	8500	-200
	Jamner	Medium Staple	8500	8500	Unch
Uttar Pradesh	Hathras	B.T. Cotton	6500	6500	Unch
	Hathras	Desi	6700	6700	Unch
Telangana	Adilabad	Un-Ginned	8010	8010	Unch
Karnataka	Bijapur	Bunny	9001	8989	12
	Hubli	D.C.H.	7909	7730	179
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	08-Dec-21	07-Dec-21	
Punjab	Bhatinda	J-34	6540	6520	20
	Abohar	J-34	6540	6530	10
	Mansa	J-34	6540	6510	30

Haryana	Sirsa	J-34	6380	6350	30
Rajasthan	Sri-Ganganagar	J-34	6110	6251	-141

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Dec-21	07-Dec-21	
Gujarat	Ahmedabad	Shankar-6	42500	27200	15300
	Gondal	Shankar-6	5400	4295	1105
	Rajkot	B.T. Cotton	6000	5400	600
	Patan	B.T. Cotton	11660	13611	-1951
	Kadi	B.T. Cotton	35000	30000	5000
	Deesa	B.T. Cotton	1500	2300	-800
	Dhrol	B.T. Cotton	299	401	-102
Haryana	Bhiwani	B.T. Cotton	800	400	400
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1020	340
	Fatehabad	B.T. Cotton	1200	500	700
	Jind	B.T. Cotton	1190	510	680
	Uchana	B.T. Cotton	1425	1735	-310
	Dabwali	B.T. Cotton	2100	2000	100
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	7000	5000	2000
Madhya Pradesh	Khandwa	Mech-1	1800	1900	-100
	Khargaon	Mech-1	NA	7380	-
Maharashtra	Amravati	Mech-1	13000	8000	5000
	Jamner	Medium Staple	131	136	-5
Uttar Pradesh	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	100	100	Unch
Telangana	Adilabad	Un-Ginned	93232.1	39881	53351.1
Karnataka	Bijapur	Bunny	6918	6511	407
	Hubli	D.C.H.	2	25	-23
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	08-Dec-21	07-Dec-21	
Punjab	Bhatinda	J-34	6800	8500	-1700
	Abohar	J-34	2040	2040	Unch
	Mansa	J-34	1530	1530	Unch

Haryana	Sirsa	J-34	2550	1700	850
Rajasthan	Sri-Ganganagar	J-34	2500	2200	300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	08-Dec-21	07-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1250	1270	-20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1235	1255	-20
Maharashtra	Mumbai	Rs. /10 Kg.	1245	1260	-15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Dec-21	07-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2819	2833	-14
Maharashtra	Akola	Rs./Qtl	2846	2830	16

INTERNATIONAL PRICES AND INDICES**China 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	06-Dec-21	03-Dec-21	Change
A-Index	Cents/Pound	116.5	116	0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		06-Dec-21	03-Dec-21	Bales
Southeast	cents/lb.	108.01	107.45	208

North Delta	cents/lb.	106.76	106.2	0
South Delta	cents/lb.	106.76	106.2	0
East TX-OK	cents/lb.	102.76	102.45	2756
West Texas	cents/lb.	103.26	102.95	3950
Desert SW	cents/lb.	101.51	102.2	250
SJ Valley	cents/lb.	102.01	108.1	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 Tuesday, Nov 07th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211207	111.93	112.15	111.27	111.27	-0.74	24	75	-27
Mar-22	211207	107.02	107.31	106.15	106.37	-0.64	12,515	131,366	-2,552
May-22	211207	105.67	105.85	104.83	105.04	-0.63	4,595	42,470	+183
Jul-22	211207	103.35	103.56	102.64	102.98	-0.62	3,092	24,916	+802
Oct-22	211207	93.88	93.88	93.88	93.88	-0.39	0	35	+0
Dec-22	211207	90.00	90.11	89.28	89.78	-0.29	1,181	32,357	-7
Total Volume and Open Interest							21,450	237,378	-1,591

Source: MRCI

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