

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,610/bale on Monday. ICE cotton futures closed red on Friday.

News: Cotton yarn prices in north India have declined by about 5-10 percent during the last two weeks. This is in line with the drastic fall in cotton pricing in the domestic as well as in the international market due to fear of spread of Omicron variant of Covid 19.

A Cotton procurement operation has increased in Odisha. The procurement of cotton under minimum support price operation has been increased in Odisha. During 2018-19 only 6 percent of cotton was procured under the MSP operation but it has increased to 41 percent in the previous season 2020-21.

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.

International Fundamentals:

The ICE cotton Futures was lower by 36 points at 106.23 cents/lb. The Cotlook A index was at 119.50 cents/lb. The AWP for cotton was at 93.55 cents/lb

The US has banned imports of products made with Xinjiang cotton. The justification is that the china oppresses minorities in this province and imposes forced labor and other form of torture. Products made with Xinjiang cotton have been illegal in the US since January 2021. But despite the US ban, exports of textile and garments from Xinjiang increased by 53 percent in the first nine months of the 2021 season.

The USDA has increased its 2021 production estimate for upland cotton. The crop is now seen at 17.91 million bales, up 58,000 from November with a slightly higher average yield estimate, now at 877 pounds per acre, compared to 874 last month.

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	+87	31410	31510	31360	31210	592	44955

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Dec-21	11-Dec-21	
Gujarat	Ahmedabad	Shankar-6	8600	8600	Unch
	Gondal	Shankar-6	8835	8770	65
	Rajkot	B.T. Cotton	8875	8780	95
	Patan	B.T. Cotton	8605	8600	5
	Kadi	B.T. Cotton	8500	8500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8705	8635	70
Haryana	Bhiwani	B.T. Cotton	7500	7500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8400	8000	400
	Fatehabad	B.T. Cotton	8000	8100	-100
	Jind	B.T. Cotton	8525	8500	25
	Uchana	B.T. Cotton	8720	8700	20
	Dabwali	B.T. Cotton	8385	8380	5
Rajasthan	Hanumangarh	B.T. Cotton	8550	8550	Unch
	Rawatsar	B.T. Cotton	8500	8400	100
Madhya Pradesh	Khandwa	Mech-1	8400	Closed	-
	Khargaon	Mech-1	NA	8435	-
Maharashtra	Amravati	Mech-1	8400	8200	200
	Jamner	Medium Staple	7950	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6300	6500	-200
	Hathras	Desi	7000	6700	300
Telangana	Adilabad	Un-Ginned	NA	7880	-
Karnataka	Bijapur	Bunny	8797	NA	-
	Hubli	D.C.H.	7600	7809	-209
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	13-Dec-21	11-Dec-21	
Punjab	Bhatinda	J-34	6490	6520	-30
	Abohar	J-34	6490	6520	-30
	Mansa	J-34	6490	6520	-30
Haryana	Sirsa	J-34	6320	6250	70
Rajasthan	Sri-Ganganagar	J-34	6392	6110	282

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Dec-21	11-Dec-21	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	3580	4125	-545
	Rajkot	B.T. Cotton	3600	4000	-400
	Patan	B.T. Cotton	5466	7268	-1802
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	336	317	19
Haryana	Bhiwani	B.T. Cotton	700	1500	-800
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	2210	-850
	Fatehabad	B.T. Cotton	1500	1500	Unch
	Jind	B.T. Cotton	1131	1122	9
	Uchana	B.T. Cotton	1600	1575	25
	Dabwali	B.T. Cotton	2400	2100	300
Rajasthan	Hanumangarh	B.T. Cotton	3000	4000	-1000
	Rawatsar	B.T. Cotton	2000	2200	-200
Madhya Pradesh	Khandwa	Mech-1	1800	Closed	-
	Khargaon	Mech-1	NA	3785	-
Maharashtra	Amravati	Mech-1	11000	13000	-2000
	Jamner	Medium Staple	33	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	20	50	-30
	Hathras	Desi	20	100	-80
Telangana	Adilabad	Un-Ginned	NA	86224.1	-
Karnataka	Bijapur	Bunny	7172	NA	-
	Hubli	D.C.H.	9	21	-12

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Dec-21	11-Dec-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1360	2040	-680
	Mansa	J-34	1020	1530	-510
Haryana	Sirsa	J-34	1700	2040	-340
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	13-Dec-21	11-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1210	1255	-45
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1200	1240	-40
Maharashtra	Mumbai	Rs. /10 Kg.	1220	1240	-20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Dec-21	11-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2822	2794	28
Maharashtra	Akola	Rs./Qtl	2823	2800	23

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	13-Dec-21	10-Dec-21	Change
CCIndex(328)	RMB/Ton	21874	21883	-9
CCIndex(527)	RMB/Ton	20493	20534	-41
CCIndex(229)	RMB/Ton	22490	22492	-2

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

China Foreign Cotton (FCE) Index :

Index	Unit	13-Dec-21	10-Dec-21	Change
FC Index (S)	Cents/lb	124.21	124.51	-0.30
FC Index (M)	Cents/lb	122.77	123.07	-0.30
FC Index (L)	Cents/lb	121.19	121.49	-0.30

Cotlook Index:

Cotlook Indices	Unit	10-Dec-21	08-Dec-21	Change
A-Index	Cents/Pound	119.25	119	0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Dec-21	08-Dec-21	Bales
Southeast	cents/lb.	107.23	109.97	207
North Delta	cents/lb.	105.98	108.72	0
South Delta	cents/lb.	105.98	108.72	0
East TX-OK	cents/lb.	101.98	104.72	5944
West Texas	cents/lb.	102.48	105.47	6561
Desert SW	cents/lb.	100.73	104.72	0
SJ Valley	cents/lb.	101.23	110.62	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 09-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 10th, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211210	106.29	107.11	105.72	106.23	-0.36	9,451	128,294	-467
Mar-22	211210	104.95	105.66	104.35	104.35	-0.31	3,145	42,918	+99
May-22	211210	102.81	103.25	102.22	102.80	-0.30	2,685	24,886	+23
Jul-22	211210	94.55	94.55	94.55	94.55	+0.36	0	35	+0
Oct-22	211210	89.64	89.75	89.75	89.75	-0.09	1,411	32,528	+263
Dec-22	211210	86.58	86.60	86.60	86.60	-0.15	127	1,939	+44
Total Volume and Open Interest							16,846	234,900	-81

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