

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 Wednesday. ICE cotton futures closed red on Tuesday.

News: *The United States Department of Agriculture's Foreign Agricultural Services has predicted India's cotton output for the season at 28 million bales, which works out to about 359 lakh bales. The output estimate are consistent with the Cotton Association of India's (CAI) prediction of 360.13 lakh bales for 2021-22 season which is around 7 lakh bales higher from the 353 lakh bales estimated for 2020-21 season.*

The USDA'S India's cotton and product report for the 2021-22 seasons has stated that the country's cotton picking will be higher as prices of the fiber firm up. Despite of the October rains in various parts of the country disrupting arrivals, there are possibilities of an increased picking as farmers would look for higher realization from the crop. Cotton picking continues in central and south India, where farmers are being instructed to drain excess water from the standing crop and monitor for bollworm and sucking pest infestation. Earlier the heavy rains have delayed the harvest in north and central India.

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 fort night. 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.

International Fundamentals:

The ICE cotton Futures was lower by 91 points at 105.9 cents/lb. The Cotlook A index was at 119.25 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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-	31360	31600	31270	31470	671	5279

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Dec-21	14-Dec-21	
Gujarat	Ahmedabad	Shankar-6	8600	8600	Unch
	Gondal	Shankar-6	8905	8875	30
	Rajkot	B.T. Cotton	8950	8810	140
	Patan	B.T. Cotton	8735	8640	95
	Kadi	B.T. Cotton	8500	8500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8650	8605	45
Haryana	Bhiwani	B.T. Cotton	7520	7600	-80
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8500	8400	100
	Fatehabad	B.T. Cotton	8150	8200	-50
	Jind	B.T. Cotton	8250	8275	-25
	Uchana	B.T. Cotton	8200	8270	-70
	Dabwali	B.T. Cotton	8350	8400	-50
Rajasthan	Hanumangarh	B.T. Cotton	8700	8700	Unch
	Rawatsar	B.T. Cotton	8600	8600	Unch
Madhya Pradesh	Khandwa	Mech-1	8400	8400	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8700	8700	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6200	6300	-100
	Hathras	Desi	6800	7000	-200
Telangana	Adilabad	Un-Ginned	7930	7950	-20
Karnataka	Bijapur	Bunny	8853	8829	24
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Dec-21	14-Dec-21	
Punjab	Bhatinda	J-34	6530	6530	Unch
	Abohar	J-34	6530	6530	Unch
	Mansa	J-34	6530	6530	Unch
Haryana	Sirsa	J-34	6330	6360	-30

Rajasthan	Sri-Ganganagar	J-34	6458	6486	-28
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Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Dec-21	14-Dec-21	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	1091	3350	-2259
	Rajkot	B.T. Cotton	4400	3450	950
	Patan	B.T. Cotton	9697	8025	1672
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	302	294	8
Haryana	Bhiwani	B.T. Cotton	800	400	400
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1360	340
	Fatehabad	B.T. Cotton	1500	1500	Unch
	Jind	B.T. Cotton	1360	1445	-85
	Uchana	B.T. Cotton	1900	1950	-50
	Dabwali	B.T. Cotton	1500	2000	-500
Rajasthan	Hanumangarh	B.T. Cotton	3500	3500	Unch
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	1600	1600	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8000	8000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	20	20	Unch
	Hathras	Desi	50	20	30
Telangana	Adilabad	Un-Ginned	151448.1	88386.7	63061.4
Karnataka	Bijapur	Bunny	6478	6469	9
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Dec-21	14-Dec-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1190	1360	-170
Haryana	Sirsa	J-34	2550	1700	850
Rajasthan	Sri-Ganganagar	J-34	5000	2000	3000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	15-Dec-21	14-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1180	1210	-30
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1170	1200	-30
Maharashtra	Mumbai	Rs. /10 Kg.	1190	1220	-30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-Dec-21	14-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2793	2804	-11
Maharashtra	Akola	Rs./Qtl	2807	2800	7

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	15-Dec-21	14-Dec-21	Change
CCIndex(328)	RMB/Ton	21880	21916	-36
CCIndex(527)	RMB/Ton	20465	20495	-30
CCIndex(229)	RMB/Ton	22483	22499	-16

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

China Foreign Cotton (FCE) Index :

Index	Unit	15-Dec-21	14-Dec-21	Change
FC Index (S)	Cents/lb	123.48	124.44	-0.96
FC Index (M)	Cents/lb	122.1	123.02	-0.92
FC Index (L)	Cents/lb	120.53	121.44	-0.91

Cotlook Index:

Cotlook Indices	Unit	13-Dec-21	10-Dec-21	Change
A-Index	Cents/Pound	119	119.25	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		13-Dec-21	10-Dec-21	Bales
Southeast	cents/lb.	107.81	109.48	161
North Delta	cents/lb.	106.56	108.23	0
South Delta	cents/lb.	106.56	108.23	0



East TX-OK	cents/lb.	102.56	104.23	1677
West Texas	cents/lb.	103.06	104.98	12978
Desert SW	cents/lb.	101.31	103.48	300
SJ Valley	cents/lb.	101.81	110.13	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 13-Dec-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	16680
Equivalent	40 Kgs	10074	193	17876

Daily Futures Price Listing Tuesday, Nov 14th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211214	106.72	107.04	105.64	105.90	-0.91	9,021	124,606	-1,765
Mar-22	211214	105.30	105.60	104.30	104.55	-0.93	4,819	45,509	+1,446
May-22	211214	102.90	103.25	102.17	102.35	-0.85	1,811	24,876	+210
Jul-22	211214	94.90	94.90	94.90	94.90	-0.26	0	35	+0
Oct-22	211214	89.80	89.99	89.99	89.69	-0.23	1,013	32,671	+95
Dec-22	211214	86.57	86.80	86.80	86.80	-0.01	147	2,191	+97
Total Volume and Open Interest							16,844	234,156	+86

Source: MRCI

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