

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

*The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,730/bale on Thursday. ICE cotton futures closed red on Wednesday.*

**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 04<sup>th</sup> 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 15<sup>th</sup> 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 10<sup>th</sup> December 2021.

#### Weather Forecast:

Cold wave conditions very likely in isolated places over Punjab, Haryana, Chandigarh and north Rajasthan.

#### International Fundamentals:

The ICE cotton Futures was lower by 11 points at 105.79 cents/lb. The Cotlook A index was at 119.60 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+1.46	31660	32060	31660	31580	1301	10373

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Dec-21	15-Dec-21	
Gujarat	Ahmedabad	Shankar-6	9000	8600	400
	Gondal	Shankar-6	8955	8905	50
	Rajkot	B.T. Cotton	9000	8950	50
	Patan	B.T. Cotton	8725	8735	-10
	Kadi	B.T. Cotton	8500	8500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	8565	8650	-85
Haryana	Bhiwani	B.T. Cotton	7520	7520	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8450	8500	-50
	Fatehabad	B.T. Cotton	8400	8150	250
	Jind	B.T. Cotton	8300	8250	50
	Uchana	B.T. Cotton	8375	8200	175
	Dabwali	B.T. Cotton	8580	8350	230
Rajasthan	Hanumangarh	B.T. Cotton	8850	8700	150
	Rawatsar	B.T. Cotton	8700	8600	100
Madhya Pradesh	Khandwa	Mech-1	8500	8400	100
	Khargaon	Mech-1	8500	NA	-
Maharashtra	Amravati	Mech-1	8700	8700	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6200	6200	Unch
	Hathras	Desi	6500	6800	-300
Telangana	Adilabad	Un-Ginned	7980	7930	50
Karnataka	Bijapur	Bunny	8900	8853	47
	Hubli	D.C.H.	5009	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	16-Dec-21	15-Dec-21	
Punjab	Bhatinda	J-34	6550	6530	20
	Abohar	J-34	6630	6530	100
	Mansa	J-34	6600	6530	70
Haryana	Sirsa	J-34	6400	6330	70

Rajasthan	Sri-Ganganagar	J-34	6204	6458	-254
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**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Dec-21	15-Dec-21	
Gujarat	Ahmedabad	Shankar-6	54400	59500	-5100
	Gondal	Shankar-6	2617	1091	1526
	Rajkot	B.T. Cotton	3500	4400	-900
	Patan	B.T. Cotton	7644	9697	-2053
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	379	302	77
Haryana	Bhiwani	B.T. Cotton	800	800	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	1200	1500	-300
	Jind	B.T. Cotton	935	1360	-425
	Uchana	B.T. Cotton	2245	1900	345
	Dabwali	B.T. Cotton	2500	1500	1000
Rajasthan	Hanumangarh	B.T. Cotton	4000	3500	500
	Rawatsar	B.T. Cotton	3000	2000	1000
Madhya Pradesh	Khandwa	Mech-1	1500	1600	-100
	Khargaon	Mech-1	6516	NA	-
Maharashtra	Amravati	Mech-1	10000	8000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	20	30
	Hathras	Desi	60	50	10
Telangana	Adilabad	Un-Ginned	78887.9	151448.1	-72560.2
Karnataka	Bijapur	Bunny	6884	6478	406
	Hubli	D.C.H.	11	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Dec-21	15-Dec-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1360	1700	-340
	Mansa	J-34	850	1190	-340
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	700	5000	-4300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	16-Dec-21	15-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1210	1180	30
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1190	1170	20
Maharashtra	Mumbai	Rs. /10 Kg.	1200	1190	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Dec-21	15-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2858	2793	65
Maharashtra	Akola	Rs./Qtl	2859	2807	52

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	16-Dec-21	15-Dec-21	Change
CCIndex(328)	RMB/Ton	21890	21880	10
CCIndex(527)	RMB/Ton	20425	20465	-40
CCIndex(229)	RMB/Ton	22500	22483	17

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

China Foreign Cotton (FCE) Index :

Index	Unit	16-Dec-21	15-Dec-21	Change
FC Index (S)	Cents/lb	123.48	123.48	Unch
FC Index (M)	Cents/lb	122.1	122.1	Unch
FC Index (L)	Cents/lb	120.52	120.53	-0.01

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	<b>1677</b>
West Texas	cents/lb.	103.06	104.98	<b>12978</b>
Desert SW	cents/lb.	101.31	103.48	<b>300</b>
SJ Valley	cents/lb.	101.81	110.13	<b>0</b>

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 15-Dec-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32Kgs	9400	180	16980
<b>Equivalent</b>	40 Kgs	10074	193	18198

Daily Futures Price Listing Wednesday, Nov 15th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-21</a>	211215	105.90	106.63	105.45	105.79	-0.11	9,152	123,548	-1,058
<a href="#">Mar-22</a>	211215	104.48	105.20	104.06	104.37	-0.18	4,229	46,836	+1,327
<a href="#">May-22</a>	211215	102.15	102.80	101.88	102.14	-0.21	1,848	24,828	-48
<a href="#">Jul-22</a>	211215	94.57	94.57	94.57	94.57	-0.33	0	35	+0
<a href="#">Oct-22</a>	211215	89.36	90.00	88.84	89.71	+0.02	1,074	32	+66
<a href="#">Dec-22</a>	211215	86.61	86.46	86.46	86.70	-0.10	33	2,184	-7
Total Volume and Open Interest							16,375	234,438	+282

Source: MRCI

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