

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

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,940/bale on Friday. ICE cotton futures closed green on Thursday.

**News:** CAI has estimated total cotton supply at 154.76 lakh bales, which consists of the arrivals of 77.76 lakh bales, imports of 2 lakh bales during the month of November 2021 and Opening Stock of 75 lakh bales equivalent to 79.69 lakh running bales at the beginning of the season on 1<sup>st</sup> October 2021. Further, the CAI has estimated cotton consumption for the months of October and November 2021 at 55.83 lakh bales while export shipment of cotton during the months of October and November 2021 is estimated at 7.00 lakh bales. Stock at the end of November 2021 is estimated at 91.93 lakh bales. The cotton stock held by mills in their godown on 30<sup>th</sup> November 2021 is estimated at 56.00 lakh bales of 170 kgs. each. The mills have on an average 60 days stock in their godown.

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.

### Weather Forecast:

Cold wave conditions very likely in isolated places over Punjab, Haryana, Chandigarh and north Rajasthan and cold wave conditions in isolated pockets over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Himachal Pradesh, Uttarakhand, west Uttar Pradesh and Gujarat state.

### International Fundamentals:

The ICE cotton Futures was higher by 389 points at 109.68 cents/lb. The Cotlook A index was at 118.70 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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-0.37	32220	32410	31900	32030	1763	141819

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Dec-21	16-Dec-21	
Gujarat	Ahmedabad	Shankar-6	9000	9000	Unch
	Gondal	Shankar-6	9080	8955	125
	Rajkot	B.T. Cotton	9050	9000	50
	Patan	B.T. Cotton	8825	8725	100
	Kadi	B.T. Cotton	8500	8500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9000	8565	435
Haryana	Bhiwani	B.T. Cotton	NR	7520	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8650	8450	200
	Fatehabad	B.T. Cotton	8700	8400	300
	Jind	B.T. Cotton	8500	8300	200
	Uchana	B.T. Cotton	8425	8375	50
	Dabwali	B.T. Cotton	8650	8580	70
Rajasthan	Hanumangarh	B.T. Cotton	9000	8850	150
	Rawatsar	B.T. Cotton	9000	8700	300
Madhya Pradesh	Khandwa	Mech-1	8500	8500	Unch
	Khargaon	Mech-1	8620	8500	120
Maharashtra	Amravati	Mech-1	8500	8700	-200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6200	6200	Unch
	Hathras	Desi	6500	6500	Unch
Telangana	Adilabad	Un-Ginned	8100	7980	120
Karnataka	Bijapur	Bunny	8950	8900	50
	Hubli	D.C.H.	NA	5009	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Dec-21	16-Dec-21	

Punjab	Bhatinda	J-34	6600	6550	50
	Abohar	J-34	6750	6630	120
	Mansa	J-34	6700	6600	100
Haryana	Sirsa	J-34	6550	6400	150
Rajasthan	Sri-Ganganagar	J-34	6204	6204	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Dec-21	16-Dec-21	
Gujarat	Ahmedabad	Shankar-6	59500	54400	5100
	Gondal	Shankar-6	1861	2617	-756
	Rajkot	B.T. Cotton	3600	3500	100
	Patan	B.T. Cotton	8510	7644	866
	Kadi	B.T. Cotton	35000	30000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	307	379	-72
Haryana	Bhiwani	B.T. Cotton	NR	800	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	2040	Unch
	Fatehabad	B.T. Cotton	1300	1200	100
	Jind	B.T. Cotton	850	935	-85
	Uchana	B.T. Cotton	1825	2245	-420
	Dabwali	B.T. Cotton	1500	2500	-1000
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	1500	3000	-1500
Madhya Pradesh	Khandwa	Mech-1	1500	1500	Unch
	Khargaon	Mech-1	6514	6516	-2
Maharashtra	Amravati	Mech-1	1000	10000	-9000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	60	60	Unch
Telangana	Adilabad	Un-Ginned	52268.9	78887.9	-26619
Karnataka	Bijapur	Bunny	6673	6884	-211
	Hubli	D.C.H.	NA	11	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Dec-21	16-Dec-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1360	1360	Unch
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	2040	2550	-510
Rajasthan	Sri-Ganganagar	J-34	700	700	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	17-Dec-21	16-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1200	1210	-10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1190	1190	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1210	1200	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Dec-21	16-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2892	2858	34
Maharashtra	Akola	Rs./Qtl	2888	2859	29

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	17-Dec-21	16-Dec-21	Change
CCIndex(328)	RMB/Ton	21876	21890	-14
CCIndex(527)	RMB/Ton	20391	20425	-34
CCIndex(229)	RMB/Ton	22500	22500	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	17-Dec-21	16-Dec-21	Change
FC Index (S)	Cents/lb	127.24	123.48	3.76
FC Index (M)	Cents/lb	125.86	122.1	3.76

FC Index (L)	Cents/lb	124.28	120.52	3.76
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**Cotlook Index:**

Cotlook Indices	Unit	14-Dec-21	13-Dec-21	Change
A-Index	Cents/Pound	119.6	119	0.60

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-Dec-21	13-Dec-21	Bales
Southeast	cents/lb.	106.9	110.06	0
North Delta	cents/lb.	105.65	108.81	0
South Delta	cents/lb.	105.65	108.81	0
East TX-OK	cents/lb.	101.65	104.81	1386
West Texas	cents/lb.	101.9	105.31	12426
Desert SW	cents/lb.	100.4	104.06	133
SJ Valley	cents/lb.	100.9	110.71	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 16-Dec-2021**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	16980
Equivalent	40 Kgs	10074	193	18198

**Daily Futures Price Listing Thursday, Nov 16th, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-21</a>	211216	105.88	109.79	105.88	109.68	+3.89	8,779	121,851	-1,697
<a href="#">Mar-22</a>	211216	104.55	108.25	104.53	107.93	+3.56	3,419	47,056	+220
<a href="#">May-22</a>	211216	102.33	105.52	102.37	105.37	+3.23	1,604	25,032	+204
<a href="#">Jul-22</a>	211216	96.09	96.02	96.09	96.09	+1.52	1	35	+0
<a href="#">Oct-22</a>	211216	89.75	90.70	89.69	90.59	+0.88	934	32,750	+13
<a href="#">Dec-22</a>	211216	86.78	87.74	86.77	87.36	+0.66	31	2,177	-7
Total Volume and Open Interest							14,807	233,174	-1,264

Source: MRCI

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