

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 red on Friday.

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 1st 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 30th 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 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.

Weather Forecast:

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

International Fundamentals:

The ICE cotton Futures was lower by 238 points at 107.3 cents/lb. The Cotlook A index was at 118.65 cents/lb. The AWP for cotton was at 94.81 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 | 18-Dec-21 | 17-Dec-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 9000 | 9000 | Unch |
| | Gondal | Shankar-6 | 9055 | 9080 | -25 |
| | Rajkot | B.T. Cotton | 8940 | 9050 | -110 |
| | Patan | B.T. Cotton | 8805 | 8825 | -20 |
| | Kadi | B.T. Cotton | 8500 | 8500 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 9000 | - |
| Haryana | Bhiwani | B.T. Cotton | NR | NR | - |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 8600 | 8650 | -50 |
| | Fatehabad | B.T. Cotton | 8700 | 8700 | Unch |
| | Jind | B.T. Cotton | 8500 | 8500 | Unch |
| | Uchana | B.T. Cotton | 8400 | 8425 | -25 |
| | Dabwali | B.T. Cotton | 8600 | 8650 | -50 |
| Rajasthan | Hanumangarh | B.T. Cotton | 8900 | 9000 | -100 |
| | Rawatsar | B.T. Cotton | 9000 | 9000 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 8500 | - |
| | Khargaon | Mech-1 | NA | 8620 | - |
| Maharashtra | Amravati | Mech-1 | 8400 | 8500 | -100 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 6200 | 6200 | Unch |
| | Hathras | Desi | 6500 | 6500 | Unch |
| Telangana | Adilabad | Un-Ginned | NA | 8100 | - |
| Karnataka | Bijapur | Bunny | NA | 8950 | - |
| | 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 | 18-Dec-21 | 17-Dec-21 | |
|-----------|----------------|---------|-----------|-----------|------|
| Punjab | Bhatinda | J-34 | 6550 | 6600 | -50 |
| | Abohar | J-34 | 6700 | 6750 | -50 |
| | Mansa | J-34 | 6700 | 6700 | Unch |
| Haryana | Sirsa | J-34 | 6550 | 6550 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | 6204 | 6204 | Unch |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 18-Dec-21 | 17-Dec-21 | |
| Gujarat | Ahmedabad | Shankar-6 | 59500 | 59500 | Unch |
| | Gondal | Shankar-6 | 1584 | 1861 | -277 |
| | Rajkot | B.T. Cotton | 6000 | 3600 | 2400 |
| | Patan | B.T. Cotton | 6691 | 8510 | -1819 |
| | Kadi | B.T. Cotton | 35000 | 35000 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 307 | - |
| Haryana | Bhiwani | B.T. Cotton | NR | NR | - |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 2210 | 2040 | 170 |
| | Fatehabad | B.T. Cotton | 1500 | 1300 | 200 |
| | Jind | B.T. Cotton | 850 | 850 | Unch |
| | Uchana | B.T. Cotton | 1500 | 1825 | -325 |
| | Dabwali | B.T. Cotton | 2000 | 1500 | 500 |
| Rajasthan | Hanumangarh | B.T. Cotton | 3000 | 4000 | -1000 |
| | Rawatsar | B.T. Cotton | 1200 | 1500 | -300 |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 1500 | - |
| | Khargaon | Mech-1 | NA | 6514 | - |
| Maharashtra | Amravati | Mech-1 | 12000 | 10000 | 2000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 50 | 50 | Unch |
| | Hathras | Desi | 60 | 60 | Unch |
| Telangana | Adilabad | Un-Ginned | NA | 52268.9 | - |
| Karnataka | Bijapur | Bunny | NA | 6673 | - |
| | 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 | 18-Dec-21 | 17-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 | 1700 | 2040 | -340 |
| Rajasthan | Sri-Ganganagar | J-34 | 700 | 700 | Unch |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 18-Dec-21 | 17-Dec-21 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1200 | 1200 | Unch |
| Delhi | New Delhi | Rs. /10 Kg. | NR | NR | - |
| Telangana | Hyderabad | Rs. /10 Kg. | 1180 | 1190 | -10 |
| Maharashtra | Mumbai | Rs. /10 Kg. | 1190 | 1210 | -20 |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 18-Dec-21 | 17-Dec-21 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2892 | 2892 | Unch |
| Maharashtra | Akola | Rs./Qtl | 2888 | 2888 | Unch |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index | Unit | 18-Dec-21 | 17-Dec-21 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | Closed | 21876 | - |
| CCIndex(527) | RMB/Ton | Closed | 20391 | - |
| CCIndex(229) | RMB/Ton | Closed | 22500 | - |

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

China Foreign Cotton (FCE) Index :

| Index | Unit | 18-Dec-21 | 17-Dec-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | Closed | 127.24 | - |

| | | | | |
|--------------|----------|--------|--------|---|
| FC Index (M) | Cents/lb | Closed | 125.86 | - |
| FC Index (L) | Cents/lb | Closed | 124.28 | - |

Cotlook Index:

| Cotlook Indices | Unit | 16-Dec-21 | 15-Dec-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 118.65 | 118.7 | -0.05 |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 16-Dec-21 | 14-Dec-21 | Bales |
| Southeast | cents/lb. | 110.68 | 109.15 | 362 |
| North Delta | cents/lb. | 109.43 | 107.9 | 0 |
| South Delta | cents/lb. | 109.43 | 107.9 | 0 |
| East TX-OK | cents/lb. | 105.43 | 103.9 | 1574 |
| West Texas | cents/lb. | 105.68 | 104.15 | 14124 |
| Desert SW | cents/lb. | 104.18 | 103.15 | 150 |
| SJ Valley | cents/lb. | 104.68 | 109.8 | 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 Friday, Nov 17th, 2021

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Dec-21 | 211217 | 109.22 | 109.40 | 106.30 | 107.30 | -2.38 | 9,658 | 121,084 | -767 |
| Mar-22 | 211217 | 107.50 | 107.50 | 105.70 | 105.70 | -2.23 | 2,840 | 47,373 | +317 |
| May-22 | 211217 | 104.74 | 104.74 | 103.35 | 103.35 | -2.02 | 1,765 | 25,064 | +32 |
| Jul-22 | 211217 | 94.87 | 94.87 | 94.87 | 94.87 | -1.22 | 2 | 35 | +0 |
| Oct-22 | 211217 | 90.50 | 90.50 | 90.04 | 90.04 | -0.55 | 1,319 | 32,556 | -194 |
| Dec-22 | 211217 | 86.90 | 86.90 | 86.89 | 86.89 | -0.47 | 33 | 2,203 | +26 |
| Total Volume and Open Interest | | | | | | | 15,652 | 232,578 | -596 |

Source: MRCI

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