

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,830/bale on Monday. 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	20-Dec-21	18-Dec-21	
Gujarat	Ahmedabad	Shankar-6	9000	9000	Unch
	Gondal	Shankar-6	9030	9055	-25
	Rajkot	B.T. Cotton	8900	8940	-40
	Patan	B.T. Cotton	8800	8805	-5
	Kadi	B.T. Cotton	8500	8500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	7425	NR	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8400	8600	-200
	Fatehabad	B.T. Cotton	8400	8700	-300
	Jind	B.T. Cotton	8400	8500	-100
	Uchana	B.T. Cotton	8200	8400	-200
	Dabwali	B.T. Cotton	8600	8600	Unch
Rajasthan	Hanumangarh	B.T. Cotton	8800	8900	-100
	Rawatsar	B.T. Cotton	8800	9000	-200
Madhya Pradesh	Khandwa	Mech-1	8500	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8700	8400	300
	Jamner	Medium Staple	NA	8000	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6200	-200
	Hathras	Desi	6300	6500	-200
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	8917	NA	-
	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	20-Dec-21	18-Dec-21	
Punjab	Bhatinda	J-34	6680	6550	130
	Abohar	J-34	6650	6700	-50
	Mansa	J-34	6650	6700	-50
Haryana	Sirsa	J-34	6540	6550	-10
Rajasthan	Sri-Ganganagar	J-34	6251	6204	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Dec-21	18-Dec-21	
Gujarat	Ahmedabad	Shankar-6	45900	59500	-13600
	Gondal	Shankar-6	1515	1584	-69
	Rajkot	B.T. Cotton	3350	6000	-2650
	Patan	B.T. Cotton	4264	6691	-2427
	Kadi	B.T. Cotton	30000	35000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1300	NR	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2380	2210	170
	Fatehabad	B.T. Cotton	1300	1500	-200
	Jind	B.T. Cotton	1360	850	510
	Uchana	B.T. Cotton	2000	1500	500
	Dabwali	B.T. Cotton	2500	2000	500
Rajasthan	Hanumangarh	B.T. Cotton	2500	3000	-500
	Rawatsar	B.T. Cotton	1500	1200	300
Madhya Pradesh	Khandwa	Mech-1	700	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	14000	12000	2000
	Jamner	Medium Staple	NA	21	-
Uttar Pradesh	Hathras	B.T. Cotton	70	50	20
	Hathras	Desi	90	60	30
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5025	NA	-
	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	20-Dec-21	18-Dec-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1360	340
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	1190	1700	-510
Rajasthan	Sri-Ganganagar	J-34	3000	700	2300

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	20-Dec-21	18-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1215	1200	15
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1205	1180	25
Maharashtra	Mumbai	Rs. /10 Kg.	1220	1190	30

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	20-Dec-21	18-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2867	2892	-25
Maharashtra	Akola	Rs./Qtl	2858	2888	-30

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	20-Dec-21	17-Dec-21	Change
CCIndex(328)	RMB/Ton	21968	21876	92
CCIndex(527)	RMB/Ton	20423	20391	32
CCIndex(229)	RMB/Ton	22556	22500	56
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	20-Dec-21	17-Dec-21	Change
FC Index (S)	Cents/lb	125.32	127.24	-1.92
FC Index (M)	Cents/lb	123.97	125.86	-1.89



FC Index (L)	Cents/lb	122.4	124.28	-1.88
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Cotlook Index:

Cotlook Indices	Unit	17-Dec-21	16-Dec-21	Change
A-Index	Cents/Pound	122.4	118.65	3.75

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Dec-21	15-Dec-21	Bales
Southeast	cents/lb.	108.3	109.04	0
North Delta	cents/lb.	107.05	107.79	0
South Delta	cents/lb.	107.05	107.79	1095
East TX-OK	cents/lb.	103.05	103.79	1863
West Texas	cents/lb.	103.3	104.04	7119
Desert SW	cents/lb.	101.8	103.04	62
SJ Valley	cents/lb.	102.3	109.69	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 18-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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