

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,790/bale on Tuesday. ICE cotton futures closed red on Monday.

News: Cotton yarn prices of major varieties remained steady in north India amid weak demand from fabric manufacturers.

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.

Weather Forecast:

Cold wave conditions very likely in isolated places over East Madhya Pradesh, Chhattisgarh and Odisha. Dense fog in isolated pockets over Punjab, Haryana and Chandigarh. Thunderstorm accompanied with lightening & hail very likely at isolated places over Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura.

International Fundamentals:

The ICE cotton Futures was higher by 173 points at 107.27 cents/lb. The Cotlook A index was at 119.95 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.

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 ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Dec-21	20-Dec-21		
Gujarat	Ahmedabad	Shankar-6	9000	9000	Unch	
	Gondal	Shankar-6	9030	9030	Unch	
	Rajkot	B.T. Cotton	8920	8900	20	
	Patan	B.T. Cotton	8760	8800	-40	
	Kadi	B.T. Cotton	8500	8500	Unch	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	NA	NA	-	
Haryana	Bhiwani	B.T. Cotton	NR	7425	-	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	8350	8400	-50	
	Fatehabad	B.T. Cotton	8300	8400	-100	
	Jind	B.T. Cotton	8400	8400	Unch	
	Uchana	B.T. Cotton	8200	8200	Unch	
	Dabwali	B.T. Cotton	8550	8600	-50	
Rajasthan	Hanumangarh	B.T. Cotton	8825	8800	25	
	Rawatsar	B.T. Cotton	8700	8800	-100	
Madhya Pradesh	Khandwa	Mech-1	8500	8500	Unch	
	Khargaon	Mech-1	NA	NA	-	
Maharashtra	Amravati	Mech-1	8600	8700	-100	
	Jamner	Medium Staple	NA	8100	-	
Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch	
	Hathras	Desi	6300	6300	Unch	
Telangana	Adilabad	Un-Ginned	8010	NA	-	
Karnataka	Bijapur	Bunny	NA	8917	-	
	Hubli	D.C.H.	8325	NA	-	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	NA	NA	-	
Commodity		Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	21-Dec-21	20-Dec-21		
Punjab	Bhatinda	J-34	6675	6680	-5	
	Abohar	J-34	6670	6650	20	
	Mansa	J-34	6650	6650	Unch	

Haryana	Sirsa	J-34	6520	6540	-20
Rajasthan	Sri-Ganganagar	J-34	6580	6251	329

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Dec-21	20-Dec-21		
Gujarat	Ahmedabad	Shankar-6	51000	45900	5100	
	Gondal	Shankar-6	1115	1515	-400	
	Rajkot	B.T. Cotton	3400	3350	50	
	Patan	B.T. Cotton	4599	4264	335	
	Kadi	B.T. Cotton	30000	30000	Unch	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	NA	NA	-	
Haryana	Bhiwani	B.T. Cotton	NR	1300	-	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	1700	2380	-680	
	Fatehabad	B.T. Cotton	1500	1300	200	
	Jind	B.T. Cotton	1360	1360	Unch	
	Uchana	B.T. Cotton	1750	2000	-250	
	Dabwali	B.T. Cotton	2500	2500	Unch	
Rajasthan	Hanumangarh	B.T. Cotton	2500	2500	Unch	
	Rawatsar	B.T. Cotton	2000	1500	500	
Madhya Pradesh	Khandwa	Mech-1	500	700	-200	
	Khargaon	Mech-1	NA	NA	-	
Maharashtra	Amravati	Mech-1	13000	14000	-1000	
	Jamner	Medium Staple	NA	76	-	
Uttar Pradesh	Hathras	B.T. Cotton	70	70	Unch	
	Hathras	Desi	90	90	Unch	
Telangana	Adilabad	Un-Ginned	72811	NA	-	
Karnataka	Bijapur	Bunny	NA	5025	-	
	Hubli	D.C.H.	72	NA	-	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	NA	NA	-	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Dec-21	20-Dec-21		
Punjab	Bhatinda	J-34	8500	8500	Unch	
	Abohar	J-34	1360	1700	-340	
	Mansa	J-34	850	850	Unch	
Haryana	Sirsa	J-34	1190	1190	Unch	

Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch
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Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
	State	Centre	Unit	21-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1185	1215	-30
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1175	1205	-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	21-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2855	2867	-12
Maharashtra	Akola	Rs./Qtl	2827	2858	-31

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	21-Dec-21	20-Dec-21	Change
CCIndex(328)	RMB/Ton	21921	21968	-47
CCIndex(527)	RMB/Ton	20400	20423	-23
CCIndex(229)	RMB/Ton	22564	22556	8

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Dec-21	20-Dec-21	Change
FC Index (S)	Cents/lb	123.22	125.32	-2.10
FC Index (M)	Cents/lb	121.86	123.97	-2.11
FC Index (L)	Cents/lb	120.28	122.4	-2.12

Cotlook Index:

Cotlook Indices	Unit	20-Dec-21	17-Dec-21	Change
A-Index	Cents/Pound	119.95	122.4	-2.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Dec-21	16-Dec-21	Bales
Southeast	cents/lb.	106.54	112.93	0
North Delta	cents/lb.	105.29	111.68	0

South Delta	cents/lb.	105.29	111.68	0
East TX-OK	cents/lb.	100.54	107.68	3358
West Texas	cents/lb.	101.04	107.93	15338
Desert SW	cents/lb.	100.04	106.93	0
SJ Valley	cents/lb.	100.54	113.58	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 20-Dec-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	17480
Equivalent	40 Kgs	10074	193	18733

Daily Futures Price Listing Monday, Nov 20th, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211220	107.69	107.69	104.27	105.54	-1.76	17,271	119,792	-1,292
Mar-22	211220	105.70	105.70	102.73	103.83	-1.87	7,497	48,579	+1,206
May-22	211220	102.95	102.95	100.37	101.47	-1.88	3,716	26,349	+1,285
Jul-22	211220	93.92	93.92	93.92	93.92	-0.95	17	39	+4
Oct-22	211220	89.20	89.73	88.50	89.57	-0.47	1,709	32,572	+16
Dec-22	211220	86.19	86.56	86.19	86.56	-0.33	22	2,204	+1
Total Volume and Open Interest							30,248	233,798	+1,220

Source: MRCI

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