

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

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.31,880/bale on Wednesday. ICE cotton futures closed green on Tuesday.

**News:** The Indian cotton federation has estimated cotton production during 2021-22 to be above 350 lakh bales. As per the federation the increase in the minimum support price had encouraged farmers to take cotton crop this year. On the export front too, the demand was robust.

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.

### Weather Forecast:

Thunderstorm accompanied with lightening & hail very likely at isolated places over Arunachal Pradesh, Assam & Meghalaya, Nagaland & Manipur.

### 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

According to USDA, cotton imports to Bangladesh may drop in the 2021-22 season (June 2021- May 2022) despite a rise in its consumption by the garment industry. Cotton imports may fall to 8.2 million bales in the 2022 season from 8.75 million in 2021 season.

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 ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Dec-21	21-Dec-21	
Gujarat	Ahmedabad	Shankar-6	9000	9000	Unch
	Gondal	Shankar-6	9080	9030	50
	Rajkot	B.T. Cotton	9050	8920	130
	Patan	B.T. Cotton	8815	8760	55
	Kadi	B.T. Cotton	8500	8500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	8705	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8500	8350	150
	Fatehabad	B.T. Cotton	8300	8300	Unch
	Jind	B.T. Cotton	8500	8400	100
	Uchana	B.T. Cotton	8600	8200	400
	Dabwali	B.T. Cotton	8550	8550	Unch
Rajasthan	Hanumangarh	B.T. Cotton	8800	8825	-25
	Rawatsar	B.T. Cotton	8800	8700	100
Madhya Pradesh	Khandwa	Mech-1	8400	8500	-100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	8700	8600	100
	Jamner	Medium Staple	8050	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch
	Hathras	Desi	6300	6300	Unch
Telangana	Adilabad	Un-Ginned	8020	8010	10
Karnataka	Bijapur	Bunny	8939	8927	12
	Hubli	D.C.H.	8450	8325	125
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Dec-21	21-Dec-21	
Punjab	Bhatinda	J-34	6680	6675	5
	Abohar	J-34	6700	6670	30
	Mansa	J-34	6700	6650	50

Haryana	Sirsa	J-34	6570	6520	50
Rajasthan	Sri-Ganganagar	J-34	6580	6580	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Dec-21	21-Dec-21	
Gujarat	Ahmedabad	Shankar-6	54400	51000	3400
	Gondal	Shankar-6	2080	1115	965
	Rajkot	B.T. Cotton	3050	3400	-350
	Patan	B.T. Cotton	5185	4599	586
	Kadi	B.T. Cotton	35000	30000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	282	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2380	1700	680
	Fatehabad	B.T. Cotton	1200	1500	-300
	Jind	B.T. Cotton	935	1360	-425
	Uchana	B.T. Cotton	1030	1750	-720
	Dabwali	B.T. Cotton	2000	2500	-500
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	1300	500	800
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	18000	13000	5000
	Jamner	Medium Staple	35	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	70	70	Unch
	Hathras	Desi	90	90	Unch
Telangana	Adilabad	Un-Ginned	63642	72811	-9169
Karnataka	Bijapur	Bunny	5184	4799	385
	Hubli	D.C.H.	31	72	-41
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Dec-21	21-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	1190	510

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	22-Dec-21	21-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1140	1185	-45
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1135	1175	-40
Maharashtra	Mumbai	Rs. /10 Kg.	1175	1190	-15

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Dec-21	21-Dec-21	
Gujarat	Maheana (Kadi)	Rs./Qtl	2842	2855	-13
Maharashtra	Akola	Rs./Qtl	2818	2827	-9

**INTERNATIONAL PRICES AND INDICES****China Cotton Index:**

Index	Unit	22-Dec-21	21-Dec-21	Change
CCIndex(328)	RMB/Ton	21929	21921	8
CCIndex(527)	RMB/Ton	20368	20400	-32
CCIndex(229)	RMB/Ton	22582	22564	18

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	22-Dec-21	21-Dec-21	Change
FC Index (S)	Cents/lb	124.9	123.22	1.68
FC Index (M)	Cents/lb	123.53	121.86	1.67
FC Index (L)	Cents/lb	121.96	120.28	1.68

**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
		20-Dec-21	17-Dec-21	Bales
Southeast	cents/lb.	106.54	110.55	0
North Delta	cents/lb.	105.29	109.3	0

South Delta	cents/lb.	105.29	109.3	0
East TX-OK	cents/lb.	100.54	105.3	8686
West Texas	cents/lb.	101.04	105.55	26479
Desert SW	cents/lb.	100.04	104.55	200
SJ Valley	cents/lb.	100.54	111.2	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 21-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 Tuesday, Nov 21st, 2021									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-21</a>	211221	105.78	108.35	105.72	107.27	+1.73	12,205	119,302	-490
<a href="#">Mar-22</a>	211221	104.25	106.34	103.95	105.23	+1.40	2,269	48,860	+281
<a href="#">May-22</a>	211221	101.53	103.60	101.53	102.23	+0.89	1,410	26,296	-53
<a href="#">Jul-22</a>	211221	94.68	94.68	94.68	94.68	+0.76	1	39	+0
<a href="#">Oct-22</a>	211221	90.50	90.50	89.56	89.91	+0.34	692	32,630	+58
<a href="#">Dec-22</a>	211221	86.80	86.80	86.80	86.80	+0.24	11	2,203	-1
Total Volume and Open Interest							17,596	233,593	-205

Source: MRCI

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