

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

*The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.33,600/bale on Friday. ICE cotton futures closed green on Thursday.*

**News:** *Cotton prices at Rajkot traded at Rs. 10,050 per quintal at gondal market. With the expectation of decrease in production for the 2021-22 season cotton prices have increased in all the major markets across India.*

*Cotton prices have touched a record high of Rs. 8,715 per quintal for superior quality at the Enumamula agriculture market of Warangal district and Rs. 8,500 per quintal at the Jammikunta agriculture market in Karimnagar district. As per the official sources this is the highest price the cotton has got in the last three years due to less production following heavy rains that lashed the state four months back. The high demand for the produce in the international market has also triggered the hike in the prices. Earlier in the beginning of the season, cotton was selling at Rs 6,000 per quintal. However, for the last two months, prices have started increasing and ranged between Rs 7,500 and Rs 8,000 per quintal at the end of November.*

*According to the commerce ministry data, India's exports have increased 36.2 percent to \$23.82 billion during 1<sup>st</sup>-21<sup>st</sup> December (year-on-year). In the third week of December 2021, exports increased 20.83 percent to \$7.36 billion indicating a declaration in growth.*

*Cotton yarn prices of major varieties remained stable today in north Indian markets due to weaker demand. But Panipat market saw price rise of ₹5-10 per kg for optical yarn. Panipat is prominent market for recycled yarn used for furnishing textile. Traders expect muted trend in cotton yarn market this week, ahead of the implementation of GST hike.*

*As Indian cotton price continue to rule high, the trade fears a decline in export for the current season to September 2022. According to the Cotton Association of India estimates, exports were 7 lakh bales during the first 2 months of the season compared with 12 lakh bales in the same period last year. If the prices continue to remain high it would be difficult to achieve the export target of 48 lakh bales. Presently, cotton prices are rulling high across the country and growers are seen holding back their produce, anticipating better prices.*

*Despite the concerns expressed by the industry, the government is unlikely to defer implementation of higher goods and service tax on certain textile products as the decision was taken by the GST council.*

*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.*

### Weather Forecast:

Dense fog very likely at isolated places over East Uttar Pradesh dense fog at isolated places over West Uttar Pradesh, Nagaland, Manipur, Mizoram & Tripura and Assam & Meghalaya. Thunderstorm accompanied with lightening & hail at isolated places over south Coastal Andhra Pradesh & Yanam and Coastal Tamil Nadu, Pondicherry & Karikal.

### International Fundamentals:

The ICE cotton Futures was higher by 135 points at 114.34 cents/lb. The Cotlook A index was at 121.85 cents/lb. The AWP for cotton was at 99.12 cents/lb

According to the National Bureau of Statistics, cotton output in northwest china's Xinjiang Ugyur region has reached to 5.1 million tonnes. Xinjiang has ranked first in China for more than 20 consecutive years in terms of total cotton output, per unit yield, planting area and commodity allocation. During the 2021 cotton planting area in Xinjiang has reached 2.5 million hectares, accounting for 82.8 percent of the national planting area.

Earlier, the US has banned imports of products made with Xinjiang cotton, alleging human rights violation in the Chinese province. 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. China's exports of semi-finished cotton products are destined for countries within Asia such as Bangladesh, Vietnam, Indonesia and Cambodia.

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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+1.13	33650	33950	33600	33520	91	62502

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	31-Dec-21	30-Dec-21	
Gujarat	Ahmedabad	Shankar-6	10000	9625	375
	Gondal	Shankar-6	9925	9955	-30
	Rajkot	B.T. Cotton	10020	10050	-30
	Patan	B.T. Cotton	9805	9590	215
	Kadi	B.T. Cotton	9500	9000	500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9685	9580	105
Haryana	Bhiwani	B.T. Cotton	NR	8500	-
	Bhiwani	Desi	NR	NA	-
	Adampur	B.T. Cotton	9000	8900	100
	Fatehabad	B.T. Cotton	9200	8900	300
	Jind	B.T. Cotton	8900	8500	400
	Uchana	B.T. Cotton	8800	8500	300
	Dabwali	B.T. Cotton	9300	9200	100
Rajasthan	Hanumangarh	B.T. Cotton	9350	9350	Unch
	Rawatsar	B.T. Cotton	9200	9300	-100
Madhya Pradesh	Khandwa	Mech-1	9100	9200	-100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9100	9000	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	8860	8650	210
Karnataka	Bijapur	Bunny	10109	9972	137
	Hubli	D.C.H.	NA	9050	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	31-Dec-21	30-Dec-21	
Punjab	Bhatinda	J-34	7100	7050	50

	Abohar	J-34	7120	7070	50
	Mansa	J-34	7100	7060	40
Haryana	Sirsa	J-34	6970	6930	40
Rajasthan	Sri-Ganganagar	J-34	6533	6533	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	31-Dec-21	30-Dec-21	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	4000	2150	1850
	Rajkot	B.T. Cotton	5000	3450	1550
	Patan	B.T. Cotton	3548	3920	-372
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	281	285	-4
Haryana	Bhiwani	B.T. Cotton	NR	1000	-
	Bhiwani	Desi	NR	NA	-
	Adampur	B.T. Cotton	1700	2040	-340
	Fatehabad	B.T. Cotton	1000	1000	Unch
	Jind	B.T. Cotton	1700	2040	-340
	Uchana	B.T. Cotton	1000	1500	-500
	Dabwali	B.T. Cotton	2000	1500	500
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	5000	2500	2500
Madhya Pradesh	Khandwa	Mech-1	1400	1400	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	13000	10000	3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	27943.8	38029.9	-10086.1
Karnataka	Bijapur	Bunny	3191	3673	-482
	Hubli	D.C.H.	NA	74	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	31-Dec-21	30-Dec-21	

Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1360	1360	Unch
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1020	1700	-680
Rajasthan	Sri-Ganganagar	J-34	2500	2500	Unch

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	31-Dec-21	30-Dec-21	
Gujarat	Rajkot	Rs. /10 Kg.	1185	1185	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1175	1175	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1195	1195	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	31-Dec-21	30-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3167	3121	46
Maharashtra	Akola	Rs./Qtl	3053	3001	52

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

Index	Unit	31-Dec-21	30-Dec-21	Change
CCIndex(328)	RMB/Ton	22107	22029	78
CCIndex(527)	RMB/Ton	20435	20402	33
CCIndex(229)	RMB/Ton	22711	22661	50

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

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

Index	Unit	31-Dec-21	30-Dec-21	Change
FC Index (S)	Cents/lb	131.25	129.96	1.29
FC Index (M)	Cents/lb	129.81	128.54	1.27
FC Index (L)	Cents/lb	128.24	126.96	1.28

**Cotlook Index:**

Cotlook Indices	Unit	30-Dec-21	29-Dec-21	Change
A-Index	Cents/Pound	125.85	122.85	3.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Dec-21	29-Dec-21	Bales
Southeast	cents/lb.	115.34	116.24	0
North Delta	cents/lb.	114.09	114.99	0
South Delta	cents/lb.	114.09	114.99	0
East TX-OK	cents/lb.	109.09	109.99	4131
West Texas	cents/lb.	109.59	110.24	14603
Desert SW	cents/lb.	107.84	109.74	127
SJ Valley	cents/lb.	108.34	116.39	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 29-Dec-2021**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	17680
Equivalent	40 Kgs	10074	193	18948

**Daily Futures Price Listing Thursday, Nov 30, 2021**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Dec-21</a>	211230	112.99	115.33	112.00	114.34	+1.35	9,561	119,191	-445
<a href="#">Mar-22</a>	211230	110.14	112.33	109.41	111.44	+1.07	3,243	50,878	+729
<a href="#">May-22</a>	211230	107.04	108.96	106.50	108.19	+0.87	1,036	25,413	+111
<a href="#">Jul-22</a>	211230	97.34	97.34	97.34	97.34	+0.69	0	44	+0
<a href="#">Oct-22</a>	211230	91.50	92.55	91.50	92.29	+0.64	653	32,785	+82
<a href="#">Dec-22</a>	211230	88.45	89.22	88.45	89.09	+0.65	8	2,283	+7
Total Volume and Open Interest							14,503	234,850	+484

Source: MRCI

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