

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 red on Friday.

News: *Cotton prices at Adoni traded at Rs. 9,611 per quintal at gondal market. Cotton traded steady tone across major spot market of north India on Monday. Prices were down Rs. 20-30 per maund compared to Saturday.*

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 1st-21st 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 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.

Weather Forecast:

Cold wave at very likely at isolated places over Odisha. Thunderstorm accompanied with lightening & hail at isolated places very likely over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh and Uttarakhand.

International Fundamentals:

The ICE cotton Futures was lower by 174 points at 112.6 cents/lb. The Cotlook A index was at 125.85 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 Uygur 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	+1.16	33650	33950	33600	33520	95	62502

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	03-Jan-22	31-Dec-21	
Gujarat	Ahmedabad	Shankar-6	10000	10000	Unch
	Gondal	Shankar-6	10105	9925	180
	Rajkot	B.T. Cotton	10100	10020	80
	Patan	B.T. Cotton	10005	9805	200
	Kadi	B.T. Cotton	9500	9500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10255	9685	570
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9200	9000	200
	Fatehabad	B.T. Cotton	9150	9200	-50
	Jind	B.T. Cotton	9100	8900	200
	Uchana	B.T. Cotton	9000	8800	200
	Dabwali	B.T. Cotton	9400	9300	100
Rajasthan	Hanumangarh	B.T. Cotton	9400	9350	50
	Rawatsar	B.T. Cotton	9300	9200	100
Madhya Pradesh	Khandwa	Mech-1	9100	9100	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9600	9100	500
	Jamner	Medium Staple	8060	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	8860	-
Karnataka	Bijapur	Bunny	10211	10109	102
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	03-Jan-22	31-Dec-21	

Punjab	Bhatinda	J-34	7070	7100	-30
	Abohar	J-34	7090	7120	-30
	Mansa	J-34	7070	7100	-30
Haryana	Sirsa	J-34	6950	6970	-20
Rajasthan	Sri-Ganganagar	J-34	6674	6533	141

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	03-Jan-22	31-Dec-21	
Gujarat	Ahmedabad	Shankar-6	47600	59500	-11900
	Gondal	Shankar-6	2972	4000	-1028
	Rajkot	B.T. Cotton	3200	5000	-1800
	Patan	B.T. Cotton	3940	3548	392
	Kadi	B.T. Cotton	35000	30000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	697	281	416
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	2550	1700	850
	Fatehabad	B.T. Cotton	1100	1000	100
	Jind	B.T. Cotton	1700	1700	Unch
	Uchana	B.T. Cotton	800	1000	-200
	Dabwali	B.T. Cotton	3000	2000	1000
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	2000	5000	-3000
Madhya Pradesh	Khandwa	Mech-1	1500	1400	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	15000	13000	2000
	Jamner	Medium Staple	47	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	27943.8	-
Karnataka	Bijapur	Bunny	691	3191	-2500
	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	03-Jan-22	31-Dec-21	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1190	1360	-170
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	1360	1020	340
Rajasthan	Sri-Ganganagar	J-34	4000	2500	1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	03-Jan-22	31-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	03-Jan-22	31-Dec-21	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3317	3167	150
Maharashtra	Akola	Rs./Qtl	3234	3053	181

INTERNATIONAL PRICES AND INDICESChina 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 Friday, Dec 31, 2021

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-21	211231	114.00	114.49	112.36	112.60	-1.74	12,202	120,136	+945
Mar-22	211231	111.32	111.64	109.94	110.48	-0.96	5,792	51,982	+1,104
May-22	211231	108.19	108.49	106.97	107.88	-0.31	2,309	26,010	+597
Jul-22	211231	97.39	97.39	97.39	97.39	+0.05	2	44	+0
Oct-22	211231	92.00	92.75	91.80	92.65	+0.36	846	32,861	+76
Dec-22	211231	89.26	89.42	89.25	89.42	+0.33	32	2,296	+13
Total Volume and Open Interest							21,207	237,609	+2,759

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. The use of data and information contained in this report is at your own risk. This document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors, and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.