

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.35,160/bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: *High cotton prices this season has become a subject of concern to the domestic textile industry as the units are facing not only spike in raw material prices but also shortage in availability. According to the Southern Indian Mills Association, the 2021-22 season started with a comfortable opening stock of 75 lakh bales and estimated crop of 360 lakh bales, the cotton prices started increasing from the beginning. There was a pent-up demand for the cotton in the post-COVID period. As per the various market sources, MCX and NCDEX dominated by the large traders are also fuelling the market. At present, Indian cotton prices are higher than the international prices, affecting the competitiveness of the industry. As a result, government should immediately remove the import duty on cotton.*

According to the Tripura Exporters Association (TEA), the 11 per cent total import duty existing on cotton has been the reason for the cartelisation of players to increase the domestic cotton prices and make an abnormal profit. The Association said that the price hike of cotton does heavily impact the garment- exporting units and leads to loss of exports, including employment. Moreover, the sustainability of the MSME garment units will also be doubtful. Also, the association said that the removal of the import duty imposed on cotton will protect the garment sector. Necessary steps have to be taken to break the cartelisation and also see the possibility of imposing ban on cotton exports.

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.

Weather Forecast:

Thunderstorm accompanied with lightening & hail at isolated places very likely over West Madhya Pradesh. Dense fog at isolated places over West Uttar Pradesh, Odisha, Gangetic West Bengal, West Assam & Meghalaya, Manipur, Mizoram & Tripura.

International Fundamentals:

The ICE cotton Futures was higher by 316 points at 116.39 cents/lb. The Cotlook A index was at 127.20 cents/lb. The AWP for cotton was at 99.12 cents/lb

According to the USDA's Cotton and Products Update, Indonesia's cotton consumption is forecasted to increase to 2.5 million bales in 2021-22 season which is higher around 2 percent from 2.45 million bales in 2020-2021 season. The United States is losing market share in Indonesia mainly due to price and lead time uncompetitive compared to other major suppliers.

As per the Cotton Ginners Association, over 7.3 million of seed cotton have reached the ginning factories across the country till first of January 2022, registering increase of 36.81 percent as compared to corresponding period of last year.

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.

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	05-Jan-22	04-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10000	10000	Unch
	Gondal	Shankar-6	10305	10085	220
	Rajkot	B.T. Cotton	10555	10215	340
	Patan	B.T. Cotton	10330	10270	60
	Kadi	B.T. Cotton	9700	9500	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10000	9630	370
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9400	9400	Unch
	Fatehabad	B.T. Cotton	NR	9200	-
	Jind	B.T. Cotton	NR	9500	-
	Uchana	B.T. Cotton	NR	9300	-
	Dabwali	B.T. Cotton	NR	9565	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	9800	-
	Rawatsar	B.T. Cotton	NR	9500	-
Madhya Pradesh	Khandwa	Mech-1	10000	9500	500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	9800	200
	Jamner	Medium Staple	8150	8200	-50
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9660	8208	1452
Karnataka	Bijapur	Bunny	10934	10611	323
	Hubli	D.C.H.	8765	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	05-Jan-22	04-Jan-22	
Punjab	Bhatinda	J-34	7400	7200	200
	Abohar	J-34	7400	7200	200
	Mansa	J-34	7400	7170	230
Haryana	Sirsa	J-34	7270	7000	270

Rajasthan	Sri-Ganganagar	J-34	6674	6674	Unch
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Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Jan-22	04-Jan-22	
Gujarat	Ahmedabad	Shankar-6	44200	47600	-3400
	Gondal	Shankar-6	4335	2527	1808
	Rajkot	B.T. Cotton	3700	3600	100
	Patan	B.T. Cotton	2948	4345	-1397
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	498	677	-179
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	340	2550	-2210
	Fatehabad	B.T. Cotton	NR	1100	-
	Jind	B.T. Cotton	NR	2550	-
	Uchana	B.T. Cotton	NR	1200	-
	Dabwali	B.T. Cotton	NR	1800	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	3500	-
	Rawatsar	B.T. Cotton	NR	2000	-
Madhya Pradesh	Khandwa	Mech-1	1700	1200	500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	14000	15000	-1000
	Jamner	Medium Staple	42	37	5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	26317.7	36109.6	-9791.9
Karnataka	Bijapur	Bunny	4957	4470	487
	Hubli	D.C.H.	58	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	05-Jan-22	04-Jan-22	
Punjab	Bhatinda	J-34	6800	8500	-1700
	Abohar	J-34	340	850	-510
	Mansa	J-34	255	510	-255
Haryana	Sirsa	J-34	850	1360	-510
Rajasthan	Sri-Ganganagar	J-34	3500	3500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	05-Jan-22	04-Jan-22	
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	05-Jan-22	04-Jan-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3420	3304	116
Maharashtra	Akola	Rs./Qtl	3361	3235	126

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	05-Jan-22	04-Jan-22	Change
CCIndex(328)	RMB/Ton	22246	22207	39
CCIndex(527)	RMB/Ton	20564	20510	54
CCIndex(229)	RMB/Ton	22818	22781	37
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	05-Jan-22	04-Jan-22	Change
FC Index (S)	Cents/lb	133.29	130.21	3.08
FC Index (M)	Cents/lb	131.86	128.77	3.09
FC Index (L)	Cents/lb	130.3	127.21	3.09

Cotlook Index:

Cotlook Indices	Unit	04-Jan-22	30-Dec-21	Change
A-Index	Cents/Pound	125.05	125.85	-0.80

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		04-Jan-22	03-Jan-22	Bales
Southeast	cents/lb.	117.39	116.48	0
North Delta	cents/lb.	115.89	115.23	0



South Delta	cents/lb.	115.89	115.23	0
East TX-OK	cents/lb.	110.89	109.98	2644
West Texas	cents/lb.	111.39	110.23	10400
Desert SW	cents/lb.	109.89	109.48	0
SJ Valley	cents/lb.	110.39	116.13	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 04-Jan-2021				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	18480
Equivalent	40 Kgs	10074	193	19805

Daily Futures Price Listing Tuesday, Dec 04, 2022									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220104	113.43	117.68	113.37	116.39	+3.16	7,797	120,216	+120,216
May-22	220104	111.10	114.53	110.95	113.65	+2.74	3,995	52,927	+52,927
Jul-22	220104	108.64	111.25	108.43	110.50	+2.00	1,482	26,865	+26,865
Oct-22	220104	99.45	99.45	99.45	99.45	+1.55	2	44	+44
Dec-22	220104	92.95	94.02	92.90	94.02	+1.07	780	33,200	+33,200
Mar-23	220104	89.60	90.50	89.60	90.50	+0.80	52	2,341	+2,341
Total Volume and Open Interest							14,140	239,896	+318

Source: MRCI

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