

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.35,110/bale on Thursday. ICE cotton futures closed red on Wednesday.

News: *The Confederation of All India Traders has urged the government to withdraw proposed GST hike on textiles from 5 to 12 percent. As, it would put a big financial burden on over 85 percent of the people.*

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.

Weather Forecast:

Thunderstorm accompanied with lightening & hail at isolated places very likely over Punjab, Haryana, Chandigarh, Delhi, Rajasthan and West Madhya Pradesh. Heavy rainfall at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan and Muzzafarabad.

International Fundamentals:

The ICE cotton Futures was lower by 11 points at 116.28 cents/lb. The Cotlook A index was at 125.05 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	06-Jan-22	05-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10000	10000	Unch
	Gondal	Shankar-6	10030	10305	-275
	Rajkot	B.T. Cotton	10260	10555	-295
	Patan	B.T. Cotton	9925	10330	-405
	Kadi	B.T. Cotton	9700	9700	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9540	10000	-460
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9380	9400	-20
	Fatehabad	B.T. Cotton	9300	NR	-
	Jind	B.T. Cotton	NR	NR	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	9395	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	9400	NR	-
Madhya Pradesh	Khandwa	Mech-1	10500	10000	500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10200	10000	200
	Jamner	Medium Staple	9025	8150	875
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9350	9660	-310
Karnataka	Bijapur	Bunny	NA	10934	-
	Hubli	D.C.H.	NA	8765	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	06-Jan-22	05-Jan-22	

Punjab	Bhatinda	J-34	7280	7400	-120
	Abohar	J-34	7280	7400	-120
	Mansa	J-34	7280	7400	-120
Haryana	Sirsa	J-34	7125	7270	-145
Rajasthan	Sri-Ganganagar	J-34	6674	6674	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	06-Jan-22	05-Jan-22	
Gujarat	Ahmedabad	Shankar-6	44200	44200	Unch
	Gondal	Shankar-6	2439	4335	-1896
	Rajkot	B.T. Cotton	3200	3700	-500
	Patan	B.T. Cotton	648	2948	-2300
	Kadi	B.T. Cotton	12500	30000	-17500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	330	498	-168
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	1700	340	1360
	Fatehabad	B.T. Cotton	150	NR	-
	Jind	B.T. Cotton	NR	NR	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	500	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	1200	NR	-
Madhya Pradesh	Khandwa	Mech-1	1300	1700	-400
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	14000	14000	Unch
	Jamner	Medium Staple	136	42	94
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	28864.1	26317.7	2546.4
Karnataka	Bijapur	Bunny	NA	4957	-
	Hubli	D.C.H.	NA	58	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	06-Jan-22	05-Jan-22	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	170	255	-85
Haryana	Sirsa	J-34	170	850	-680
Rajasthan	Sri-Ganganagar	J-34	2700	3500	-800

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	06-Jan-22	05-Jan-22	
Gujarat	Rajkot	Rs. /10 Kg.	1205	1185	20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1200	1175	25
Maharashtra	Mumbai	Rs. /10 Kg.	1210	1195	15

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	06-Jan-22	05-Jan-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3419	3420	-1
Maharashtra	Akola	Rs./Qtl	3330	3361	-31

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	06-Jan-22	05-Jan-22	Change
CCIndex(328)	RMB/Ton	22326	22246	80
CCIndex(527)	RMB/Ton	20637	20564	73
CCIndex(229)	RMB/Ton	22878	22818	60

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

China Foreign Cotton (FCE) Index :

Index	Unit	06-Jan-22	05-Jan-22	Change
FC Index (S)	Cents/lb	133.29	133.29	Unch

FC Index (M)	Cents/lb	131.86	131.86	Unch
FC Index (L)	Cents/lb	130.3	130.3	Unch

Cotlook Index:

Cotlook Indices	Unit	05-Jan-22	04-Jan-22	Change
A-Index	Cents/Pound	128.5	125.05	3.45

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		05-Jan-22	04-Jan-22	Bales
Southeast	cents/lb.	117.28	119.64	758
North Delta	cents/lb.	115.78	118.14	1137
South Delta	cents/lb.	115.78	118.14	0
East TX-OK	cents/lb.	110.78	113.14	9592
West Texas	cents/lb.	111.28	113.39	29241
Desert SW	cents/lb.	109.78	112.64	462
SJ Valley	cents/lb.	110.28	119.29	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 Wednesday, Dec 05, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220105	116.26	117.66	115.51	116.28	-0.11	8,190	120,782	+566
May-22	220105	113.38	114.62	112.74	113.61	-0.04	4,206	52,426	-501
Jul-22	220105	110.17	111.00	110.44	110.44	-0.06	2,259	27,944	+1,079
Oct-22	220105	99.56	99.56	99.56	99.56	+0.11	44	44	+0
Dec-22	220105	93.85	94.30	93.51	94.30	+0.28	33,379	33,379	+179
Mar-23	220105	90.45	90.75	90.02	90.75	+0.25	2,360	2,360	+19
Total Volume and Open Interest							241,236	241,236	+1,340

Source: MRCI

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