

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

*The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.35,540/bale on Saturday. ICE cotton futures closed green on Friday.*

**News:** *The Textile Ministry has taken up with the Ministry of Finance the need for removal of 10% import duty on cotton. Textile Secretary Upendra Prasad Singh held a meeting with representatives of the textiles and clothing sector on Thursday to discuss the issue of rising raw cotton and yarn prices. 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 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.*

### Weather Forecast:

Thunderstorm accompanied with lightening & hail at isolated places very likely over Jharkhand, Chattisgarh, Telangana, Uttarakhand, and Vidarbha and with lightening at isolated places over Marathwada. Heavy rainfall at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan and Muzzafarabad. Dense fog very likely at isolated places over Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh and West Madhya Pradesh.

### International Fundamentals:

The ICE cotton Futures was lower by 40 points at 115.12 cents/lb. The Cotlook A index was at 128.5 cents/lb. The AWP for cotton was at 103.85 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 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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-	35670	36300	35100	35590	2640	234070

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Jan-22	07-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10250	10250	Unch
	Gondal	Shankar-6	10380	10900	-520
	Rajkot	B.T. Cotton	10575	10550	25
	Patan	B.T. Cotton	10185	10360	-175
	Kadi	B.T. Cotton	9700	9700	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9456	9580	-124
	Fatehabad	B.T. Cotton	9000	9000	Unch
	Jind	B.T. Cotton	NR	NR	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	9650	9650	Unch
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	9700	9700	Unch
Madhya Pradesh	Khandwa	Mech-1	10000	10000	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10100	10100	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	08-Jan-22	07-Jan-22	
Punjab	Bhatinda	J-34	7400	7400	Unch
	Abohar	J-34	7400	7425	-25
	Mansa	J-34	7400	7400	Unch
Haryana	Sirsa	J-34	7250	7250	Unch
Rajasthan	Sri-Ganganagar	J-34	6674	6674	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Jan-22	07-Jan-22	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	3051	2185	866
	Rajkot	B.T. Cotton	3000	2500	500
	Patan	B.T. Cotton	491	1038	-547
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	2550	1700	850
	Fatehabad	B.T. Cotton	300	300	Unch
	Jind	B.T. Cotton	NR	NR	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	400	400	Unch
Rajasthan	Hanumangarh	B.T. Cotton	NR	NR	-
	Rawatsar	B.T. Cotton	1200	2000	-800
Madhya Pradesh	Khandwa	Mech-1	1500	1300	200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	14000	14000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	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	08-Jan-22	07-Jan-22	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	255	170	85
	Mansa	J-34	170	170	Unch
Haryana	Sirsa	J-34	#VALUE!	170	-
Rajasthan	Sri-Ganganagar	J-34	2700	2700	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	08-Jan-22	07-Jan-22	
Gujarat	Rajkot	Rs. /10 Kg.	1205	1205	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1200	1200	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1210	1210	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Jan-22	07-Jan-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3493	3492	1
Maharashtra	Akola	Rs./Qtl	3402	3382	20

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	07-Jan-22	06-Jan-22	Change
CCIndex(328)	RMB/Ton	22333	22326	7
CCIndex(527)	RMB/Ton	20633	20637	-4
CCIndex(229)	RMB/Ton	22887	22878	9
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	07-Jan-22	06-Jan-22	Change
FC Index (S)	Cents/lb	132.28	133.29	-1.01
FC Index (M)	Cents/lb	130.65	131.86	-1.21
FC Index (L)	Cents/lb	130.85	130.3	0.55

Cotlook Index:

Cotlook Indices	Unit	07-Jan-22	06-Jan-22	Change
A-Index	Cents/Pound	127.2	128.5	-1.30

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		06-Jan-22	05-Jan-22	Bales
Southeast	cents/lb.	115.72	119.53	1746
North Delta	cents/lb.	114.22	118.03	3762
South Delta	cents/lb.	114.22	118.03	2502



East TX-OK	cents/lb.	109.22	113.03	<b>7408</b>
West Texas	cents/lb.	109.72	113.28	<b>15840</b>
Desert SW	cents/lb.	108.22	112.53	<b>134</b>
SJ Valley	cents/lb.	108.72	119.18	<b>0</b>

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 06-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 Friday, Dec 07, 2022									
Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-22</a>	220107	114.96	116.86	114.80	115.12	+0.40	12,212	120,149	-644
<a href="#">May-22</a>	220107	112.31	114.28	112.28	112.88	+0.60	6,807	54,497	+1,077
<a href="#">Jul-22</a>	220107	109.59	111.11	109.40	100.28	+0.87	3,175	27,942	-390
<a href="#">Oct-22</a>	220107	98.99	99.57	98.99	99.57	+0.58	2	45	+1
<a href="#">Dec-22</a>	220107	93.88	94.60	93.72	94.52	+0.53	1,381	34,279	+391
<a href="#">Mar-23</a>	220107	90.80	90.95	90.36	90.92	+0.35	397	2,709	+215
Total Volume and Open Interest							24,033	244,038	+643

Source: MRCI

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