

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.35,260/bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: *Cotton arrivals were around 39 percent lower as compared to 2020-21 season. According to the market sources, total cotton arrivals in India till 31st December 2021 were around 1,20,78,900 bales as compared to previous season arrivals of 1,97,85,000 bales. Cotton arrivals in 2021-22 season are lower mainly because of lesser sown area and crop damage due to heavy rainfalls earlier in the season.*

Tripura Exporters Association (TEA) has asked the government to ban export of cotton due to the price rise in cotton and cotton yarn. Earlier, TEA has urged the industry to remove 11 percent import duty on cotton. The price in the international market has been lower than that of India according to the previous month data.

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.

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.

Weather Forecast:

Thunderstorm accompanied with lightening & hail at isolated places very likely over Odisha and with lightening at isolated places over Vidarbha, Chattisgarh, Coastal Andhra Pradesh & Yanam and Telangana. Heavy rainfall at isolated places over Odisha and Telanagna.

International Fundamentals:

The ICE cotton Futures was higher by 80 points at 116.02 cents/lb. The Cotlook A index was at 128.15 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	-	34960	35400	34840	34790	1610	13938

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Jan-22	11-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10000	10000	Unch
	Gondal	Shankar-6	NR	10105	-
	Rajkot	B.T. Cotton	9975	10100	-125
	Patan	B.T. Cotton	9940	10005	-65
	Kadi	B.T. Cotton	9700	9700	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9705	9625	80
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9300	9000	300
	Fatehabad	B.T. Cotton	9100	9300	-200
	Jind	B.T. Cotton	9300	9500	-200
	Uchana	B.T. Cotton	9000	9200	-200
	Dabwali	B.T. Cotton	9500	9500	Unch
Rajasthan	Hanumangarh	B.T. Cotton	9500	9500	Unch
	Rawatsar	B.T. Cotton	9400	9300	100
Madhya Pradesh	Khandwa	Mech-1	9800	9800	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9600	10000	-400
	Jamner	Medium Staple	NA	9300	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9250	9300	-50
Karnataka	Bijapur	Bunny	10351	10301	50
	Hubli	D.C.H.	NA	7029	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10501	9960	541
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	12-Jan-22	11-Jan-22	
Punjab	Bhatinda	J-34	7250	7200	50
	Abohar	J-34	7260	7230	30
	Mansa	J-34	7250	7280	-30
Haryana	Sirsa	J-34	7100	7100	Unch
Rajasthan	Sri-Ganganagar	J-34	6768	6909	-141

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Jan-22	11-Jan-22	
Gujarat	Ahmedabad	Shankar-6	37400	42500	-5100
	Gondal	Shankar-6	NR	4855	-
	Rajkot	B.T. Cotton	9000	7400	1600
	Patan	B.T. Cotton	6480	7250	-770
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	539	575	-36
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	2550	1700	850
	Fatehabad	B.T. Cotton	900	1000	-100
	Jind	B.T. Cotton	850	850	Unch
	Uchana	B.T. Cotton	800	1000	-200
	Dabwali	B.T. Cotton	1000	1200	-200
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	6000	2000	4000
Madhya Pradesh	Khandwa	Mech-1	1400	2000	-600
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	15000	1000
	Jamner	Medium Staple	NA	31	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	3524.3	13011.3	-9487
Karnataka	Bijapur	Bunny	5441	5175	266
	Hubli	D.C.H.	NA	3	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	9	12	-3
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Jan-22	11-Jan-22	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	1190	1190	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	2000	2000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	12-Jan-22	11-Jan-22	
Gujarat	Rajkot	Rs. /10 Kg.	1215	1215	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1220	1220	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1230	1225	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Jan-22	11-Jan-22	
Gujarat	Mahešana (Kadi)	Rs./Qtl	3356	3364	-8
Maharashtra	Akola	Rs./Qtl	3400	3373	27

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	11-Jan-22	10-Jan-22	Change
CCIndex(328)	RMB/Ton	22471	22374	97
CCIndex(527)	RMB/Ton	20719	20668	51
CCIndex(229)	RMB/Ton	22981	22901	80

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

China Foreign Cotton (FCE) Index :

Index	Unit	11-Jan-22	10-Jan-22	Change
FC Index (S)	Cents/lb	132.78	132.69	0.09

FC Index (M)	Cents/lb	131.35	131.25	0.10
FC Index (L)	Cents/lb	129.79	129.69	0.10

Cotlook Index:

Cotlook Indices	Unit	11-Jan-22	10-Jan-22	Change
A-Index	Cents/Pound	128.65	128.15	0.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Jan-22	10-Jan-22	Bales
Southeast	cents/lb.	117.02	118.47	62
North Delta	cents/lb.	115.52	116.97	0
South Delta	cents/lb.	115.52	116.97	141
East TX-OK	cents/lb.	110.52	111.97	306
West Texas	cents/lb.	110.77	111.97	2768
Desert SW	cents/lb.	109.52	111.47	0
SJ Valley	cents/lb.	110.02	118.12	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 11-Jan-2022

(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, Jan 11, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220111	115.08	116.58	115.00	116.02	+0.80	12,577	117,366	-1,939
May-22	220111	113.00	114.25	112.87	113.89	+0.82	7,060	55,845	+129
Jul-22	220111	110.56	111.74	110.48	111.61	+0.93	3,935	30,170	+1,722
Oct-22	220111	100.96	100.96	100.96	100.96	+0.63	2	44	-1
Dec-22	220111	94.79	95.27	94.71	95.27	+0.35	1,705	34,773	+81
Mar-23	220111	91.55	91.81	91.43	91.81	+0.30	140	2,792	+33
Total Volume and Open Interest							26,126	245,943	+561

Source: MRCI

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