

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.35,530/bale on Monday. ICE cotton futures closed green on Saturday.

News: The textile industry on Monday has been demanding measures to reduce cotton rates, which have touched Rs. 10,000 a quintal and cut in import duty on the commodity.

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:

Dense to very dense fog at isolated places over East Uttar Pradesh, Rajasthan, West Madhya Pradesh, and in isolated places over Bihar, Odisha, West Bengal, Assam & Meghalaya and Nagaland, Manipur, Mizoram and Tripura.

International Fundamentals:

The ICE cotton Futures was higher by 286 points at 119.7 cents/lb. The Cotlook A index was at 131.15 cents/lb. The AWP for cotton was at 105.58 cents/lb

According to USDA January 2022 report, India's Cotton production is estimated at 5,987 MT in January 2022 lower from the previous month estimate of 6,096 MT. Domestic cotton consumption was estimated at 5,661 MT higher from previous estimate of 5,617 MT. Further, Cotton exports were at 1,263 MT. Ending stock for the 2021-22 season is estimated at 2,208 MT.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+1.13	35680	35680	35370	35440	1839	163938

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
	State	Centre	Variety	17-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10000	Closed	-
	Gondal	Shankar-6	10155	Closed	-
	Rajkot	B.T. Cotton	9925	10015	-90
	Patan	B.T. Cotton	9875	Closed	-
	Kadi	B.T. Cotton	9800	Closed	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9585	Closed	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9300	9400	-100
	Fatehabad	B.T. Cotton	9100	9200	-100
	Jind	B.T. Cotton	9200	9200	Unch
	Uchana	B.T. Cotton	9400	9200	200
	Dabwali	B.T. Cotton	9500	9400	100
Rajasthan	Hanumangarh	B.T. Cotton	9650	9850	-200
	Rawatsar	B.T. Cotton	9400	9700	-300
Madhya Pradesh	Khandwa	Mech-1	10500	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	9700	9800	-100
	Jamner	Medium Staple	NA	9100	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	10369	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10100	NA	-

Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Jan-22	15-Jan-22	
Punjab	Bhatinda	J-34	7400	7400	Unch
	Abohar	J-34	7420	7470	-50
	Mansa	J-34	7420	Closed	-
Haryana	Sirsa	J-34	7225	7250	-25
Rajasthan	Sri-Ganganagar	J-34	6886	6862	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jan-22	15-Jan-22	
Gujarat	Ahmedabad	Shankar-6	30600	Closed	-
	Gondal	Shankar-6	3760	Closed	-
	Rajkot	B.T. Cotton	4200	4000	200
	Patan	B.T. Cotton	2033	Closed	-
	Kadi	B.T. Cotton	30000	Closed	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	483	Closed	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	2550	1700	850
	Fatehabad	B.T. Cotton	700	800	-100
	Jind	B.T. Cotton	1700	1700	Unch
	Uchana	B.T. Cotton	3000	500	2500
	Dabwali	B.T. Cotton	1000	1000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	4000	5000	-1000
	Rawatsar	B.T. Cotton	5000	10000	-5000
Madhya Pradesh	Khandwa	Mech-1	1200	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	17000	17000	Unch
	Jamner	Medium Staple	NA	49	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-

Karnataka	Bijapur	Bunny	3940	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	3	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jan-22	15-Jan-22	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1530	1190	340
	Mansa	J-34	510	Closed	-
Haryana	Sirsa	J-34	2550	1700	850
Rajasthan	Sri-Ganganagar	J-34	4000	3000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	17-Jan-22	15-Jan-22	
Gujarat	Rajkot	Rs. /10 Kg.	1225	1220	5
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1230	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	1230	1230	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Jan-22	15-Jan-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3322	NR	-
Maharashtra	Akola	Rs./Qtl	3367	3391	-24

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	13-Jan-22	12-Jan-22	Change
CCIndex(328)	RMB/Ton	22455	22443	12
CCIndex(527)	RMB/Ton	20745	20726	19
CCIndex(229)	RMB/Ton	22960	22940	20

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

China Foreign Cotton (FCE) Index :

Index	Unit	13-Jan-22	12-Jan-22	Change
FC Index (S)	Cents/lb	135.18	133.59	1.59
FC Index (M)	Cents/lb	133.75	132.15	1.60
FC Index (L)	Cents/lb	132.19	130.59	1.60

Cotlook Index:

Cotlook Indices	Unit	13-Jan-22	12-Jan-22	Change
A-Index	Cents/Pound	131.15	129.55	1.60

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		13-Jan-22	12-Jan-22	Bales
Southeast	cents/lb.	120.7	120.89	836
North Delta	cents/lb.	119.45	119.39	0
South Delta	cents/lb.	119.45	119.39	0
East TX-OK	cents/lb.	114.2	114.39	9217
West Texas	cents/lb.	114.45	114.39	14985
Desert SW	cents/lb.	112.95	113.89	0
SJ Valley	cents/lb.	113.45	120.54	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 14-Jan-2022

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	19180
Equivalent	40 Kgs	10074	193	20555

Daily Futures Price Listing Friday, Jan 14, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220114	116.95	119.90	116.26	119.70	+2.86	18,911	111,051	-1,269
May-22	220114	114.47	116.58	113.88	116.34	+1.87	8,803	57,466	+1,839
Jul-22	220114	112.11	113.69	111.52	113.36	+1.22	5,149	35,590	+2,068
Oct-22	220114	102.73	102.73	102.73	102.73	+1.11	0	44	+0

Dec-22	220114	95.60	97.00	95.05	96.83	+1.15	2,659	35,154	+75	
Mar-23	220114	92.00	93.42	93.42	93.09	+0.92	698	3,164	+266	
Total Volume and Open Interest								36,649	247,625	+3,174

Source: MRCI

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