

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.35,700/bale on Tuesday. ICE cotton futures closed green on Monday.

News: *The textile hub of Tirupur incurred a production loss of more than Rs. 200 crore on Monday (the first day of the 2-day strike called by textile firms against steep increase in yarn prices). Yarn prices have increased abnormally over the last one year causing disastrous impact on the textile sector. The prices have increased by Rs. 30 per kg with the start of 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 10 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 the need for removal of 10% import duty on cotton with the Ministry of Finance. Textile Secretary held a meeting with representatives of the textiles and clothing sector 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.

Cotton arrivals were around 39 percent lower as compared to 2020-21 season. According to the market sources, total cotton arrivals in India till 3rd 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.

High cotton prices this season has become a 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 an 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 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, Southern Indian Mills Association has urged the government to immediately remove the import duty on cotton.

In Rajkot, Agricultural Produce Market Committee prices of cotton have touched a historical high of Rs. 10,555 per quintal last week. In Gondal APMC the prices were at Rs. 10,000 per quintal. The lowest in both these APMCs was Rs 7,511 and Rs 5,000 respectively with the modal price being around Rs 9,500. The price of kapas in Jamnagar mandi remained in the range of Rs 7500 to Rs 10,555. This is a historic price and the highest in the entire state. Last year, the highest bid was Rs 6,825 but this year, farmers are realizing an average Rs 3,000 higher price.

Weather Forecast:

Dense to very dense fog at isolated places over Bihar and Odisha expected.

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

Thailand textile exports are expected to increase by 15 percent in 2021-22 season on expected good demand from Vietnam, Indonesia, India, Europe and the United States. Also, as the Cambodia does not have a textile industry to support the garment sector, textile exports from Thailand has increased and which are further expected to grow by 15 percent.

The Pakistan Ministry of Commerce has not withdrawn the Textile and Apparel Policy 2020-25 and the drawback of Local Taxes and Levies (DLTL) scheme will continue in future to enhance export of value added textile.

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 has 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.

Bangladesh may become India's fourth largest export destination in financial year 2021. Exports to Bangladesh grew 81 percent over the same period in the preceding year to \$7.7 billion. This may make Bangladesh India's fourth largest export market behind the US, UAE and China.

According to the National Bureau of Statistics, cotton output in northwest China's Xinjiang Uygur region has reached 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	+0.61	35950	36330	35860	35870	2548	22967

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Jan-22	17-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10000	10000	Unch
	Gondal	Shankar-6	10280	10155	125
	Rajkot	B.T. Cotton	10000	9925	75
	Patan	B.T. Cotton	10100	9875	225
	Kadi	B.T. Cotton	9800	9800	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9530	9585	-55
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9300	9300	Unch
	Fatehabad	B.T. Cotton	9100	9100	Unch
	Jind	B.T. Cotton	9000	9200	-200
	Uchana	B.T. Cotton	9400	9400	Unch
	Dabwali	B.T. Cotton	9650	9500	150
Rajasthan	Hanumangarh	B.T. Cotton	9800	9650	150
	Rawatsar	B.T. Cotton	9600	9400	200
Madhya Pradesh	Khandwa	Mech-1	10800	10500	300
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9700	9700	Unch
	Jamner	Medium Staple	NA	9190	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9640	NA	-
Karnataka	Bijapur	Bunny	NA	10369	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10200	10100	100
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	18-Jan-22	17-Jan-22	
Punjab	Bhatinda	J-34	7450	7400	50
	Abohar	J-34	7500	7420	80
	Mansa	J-34	7450	7420	30
Haryana	Sirsa	J-34	7200	7225	-25
Rajasthan	Sri-Ganganagar	J-34	6886	6886	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jan-22	17-Jan-22	
Gujarat	Ahmedabad	Shankar-6	37400	30600	6800
	Gondal	Shankar-6	4171	3760	411
	Rajkot	B.T. Cotton	3800	4200	-400
	Patan	B.T. Cotton	2330	2033	297
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	508	483	25
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	2380	2550	-170
	Fatehabad	B.T. Cotton	700	700	Unch
	Jind	B.T. Cotton	1530	1700	-170
	Uchana	B.T. Cotton	2500	3000	-500
	Dabwali	B.T. Cotton	1500	1000	500
Rajasthan	Hanumangarh	B.T. Cotton	3500	4000	-500
	Rawatsar	B.T. Cotton	3000	5000	-2000
Madhya Pradesh	Khandwa	Mech-1	1200	1200	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	17000	-1000
	Jamner	Medium Staple	NA	31	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	19876.4	NA	-
Karnataka	Bijapur	Bunny	NA	3940	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7	3	4
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jan-22	17-Jan-22	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1190	1530	-340
	Mansa	J-34	1190	510	680
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	3500	4000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	18-Jan-22	17-Jan-22	
Gujarat	Rajkot	Rs. /10 Kg.	1235	1225	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1224	1230	-6
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	18-Jan-22	17-Jan-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3350	3322	28
Maharashtra	Akola	Rs./Qtl	3386	3367	19

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	17-Jan-22	14-Jan-22	Change
CCIndex(328)	RMB/Ton	22477	22460	17
CCIndex(527)	RMB/Ton	20792	20755	37
CCIndex(229)	RMB/Ton	23011	22973	38
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	17-Jan-22	14-Jan-22	Change
FC Index (S)	Cents/lb	137.45	134.5	2.95
FC Index (M)	Cents/lb	136.04	133.07	2.97
FC Index (L)	Cents/lb	134.47	131.51	2.96

Cotlook Index:

Cotlook Indices	Unit	17-Jan-22	14-Jan-22	Change
A-Index	Cents/Pound	133.1	130.45	2.65

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-Jan-22	13-Jan-22	Bales
Southeast	cents/lb.	120.7	122.95	0
North Delta	cents/lb.	119.45	121.7	0
South Delta	cents/lb.	119.45	121.7	0
East TX-OK	cents/lb.	114.2	116.45	9269
West Texas	cents/lb.	114.45	116.45	27246
Desert SW	cents/lb.	112.95	115.7	71
SJ Valley	cents/lb.	113.45	122.35	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 17-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 Monday, Jan 17, 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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