

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.36,130/bale on Wednesday. ICE cotton futures closed green on Tuesday.

News: Cotton Association of India has reduced its December estimate of the cotton crop for the 2021-22 season by 12 lakh bales to 348.12 lakh bales from its previous estimate of 360.13 lakh bales. The association has attributed the reduction in crop estimate to the drop in production in states including Punjab, Haryana, Rajasthan, Gujarat, Telangana, Odisha and Karnataka. Agriwatch has estimated cotton production for 2021-22 season at 350.60 lakh bales lower from its previous season estimate of 365.00 lakh bales.

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 fueling 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 is expected.

International Fundamentals:

The ICE cotton Futures was higher by 138 points at 121.08 cents/lb. The Cotlook A index was at 133.10 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	19-Jan-22	18-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10125	10000	125
	Gondal	Shankar-6	10305	10280	25
	Rajkot	B.T. Cotton	10130	10000	130
	Patan	B.T. Cotton	10310	10100	210
	Kadi	B.T. Cotton	9800	9800	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	9530	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9600	9300	300
	Fatehabad	B.T. Cotton	9200	9100	100
	Jind	B.T. Cotton	9000	9000	Unch
	Uchana	B.T. Cotton	9500	9400	100
	Dabwali	B.T. Cotton	9765	9650	115
Rajasthan	Hanumangarh	B.T. Cotton	10000	9800	200
	Rawatsar	B.T. Cotton	9800	9600	200
Madhya Pradesh	Khandwa	Mech-1	10900	10800	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9750	9700	50
	Jamner	Medium Staple	9250	9240	10
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	9640	-
Karnataka	Bijapur	Bunny	10625	10500	125
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10200	10200	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Jan-22	18-Jan-22	

Punjab	Bhatinda	J-34	7500	7450	50
	Abohar	J-34	7570	7500	70
	Mansa	J-34	7550	7450	100
Haryana	Sirsa	J-34	7350	7200	150
Rajasthan	Sri-Ganganagar	J-34	6886	6886	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jan-22	18-Jan-22	
Gujarat	Ahmedabad	Shankar-6	42500	37400	5100
	Gondal	Shankar-6	3700	4171	-471
	Rajkot	B.T. Cotton	4200	3800	400
	Patan	B.T. Cotton	3288	2330	958
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	508	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	2550	2380	170
	Fatehabad	B.T. Cotton	700	700	Unch
	Jind	B.T. Cotton	1360	1530	-170
	Uchana	B.T. Cotton	2595	2500	95
	Dabwali	B.T. Cotton	1500	1500	Unch
Rajasthan	Hanumangarh	B.T. Cotton	4000	3500	500
	Rawatsar	B.T. Cotton	4000	3000	1000
Madhya Pradesh	Khandwa	Mech-1	1000	1200	-200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	18000	16000	2000
	Jamner	Medium Staple	114	112	2
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	19876.4	-
Karnataka	Bijapur	Bunny	2922	2626	296
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	7	7	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jan-22	18-Jan-22	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	170	170	Unch
Haryana	Sirsa	J-34	1700	2550	-850
Rajasthan	Sri-Ganganagar	J-34	3500	3500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	19-Jan-22	18-Jan-22	
Gujarat	Rajkot	Rs. /10 Kg.	1238	1235	3
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1228	1224	4
Maharashtra	Mumbai	Rs. /10 Kg.	1240	1230	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-Jan-22	18-Jan-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3345	3350	-5
Maharashtra	Akola	Rs./Qtl	3385	3386	-1

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	18-Jan-22	17-Jan-22	Change
CCIndex(328)	RMB/Ton	22591	22477	114
CCIndex(527)	RMB/Ton	20854	20792	62
CCIndex(229)	RMB/Ton	23064	23011	53

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

China Foreign Cotton (FCE) Index :

Index	Unit	18-Jan-22	17-Jan-22	Change
FC Index (S)	Cents/lb	137.57	137.45	0.12
FC Index (M)	Cents/lb	136.16	136.04	0.12
FC Index (L)	Cents/lb	134.6	134.47	0.13



Cotlook Index:

Cotlook Indices	Unit	18-Jan-22	17-Jan-22	Change
A-Index	Cents/Pound	133.1	133.1	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Jan-22	14-Jan-22	Bales
Southeast	cents/lb.	122.08	122.95	0
North Delta	cents/lb.	120.83	121.7	0
South Delta	cents/lb.	120.83	121.7	0
East TX-OK	cents/lb.	115.58	116.45	9269
West Texas	cents/lb.	115.83	116.45	27246
Desert SW	cents/lb.	114.33	115.7	71
SJ Valley	cents/lb.	114.83	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 18-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 Tuesday, Jan 18, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220118	119.77	121.37	119.05	121.08	+1.38	14,037	109,380	-1,671
May-22	220118	116.48	117.90	115.75	117.71	+1.37	8,515	57,616	+150
Jul-22	220118	113.58	114.73	112.84	114.66	+1.30	4,977	37,374	+1,784
Oct-22	220118	103.81	103.81	103.81	103.81	+1.08	0	44	+0
Dec-22	220118	96.83	97.95	96.66	97.84	+1.01	1,916	35,064	-90
Mar-23	220118	93.39	94.52	93.39	94.48	+1.39	341	3,091	-73
Total Volume and Open Interest							30,454	248,032	+407

Source: MRCI

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