

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.36,340/bale on Friday. ICE cotton futures closed red on Thursday.

News: *Cottonseed prices in Gujarat have increased in this week amid improved demand in the market mainly from spinning and ginning mills. Cottonseed prices are currently ranging between Rs. 8,500 to Rs. 10,500 per quintal. As per Agriwatch estimate, cotton production in Gujarat is expected to be lower in 2021-22 season because of lesser sown area around 22.53 lakh hectares as compared to 25.53 lakh hectares in the previous season.*

Tamil Nadu government has urged the central government to remove the 10 percent import duty on cotton and has also asked the government to control the rising price of cotton and yarn. As, if the cotton and yarn prices kept on rising than the large number of power looms and apparel and home textile units may soon become unviable resulting in closure and consequent large scale unemployment and industrial unrest in the state.

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. The proposed GST hike has been put on hold for time being.

Cotton arrivals were around 39 percent lower as compared to 2020-21 season. According to the market sources, total cotton arrivals in India till 3^{1st} 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.

Weather Forecast:

Thunderstorm accompanied with lightening & hail very likely at isolated places over Bihar, Sub-Himalayan West Bengal, Punjab, West Uttar Pradesh, Uttarakhand, Haryana, Rajasthan, Madhya Pradesh and with lightening at isolated places over Jammu & Kashmir, Gilgit, Baltistan & Muzzafarabad, Himachal Pradesh, East Uttar Pradesh, Gangetic West Bengal, and Chhattisgarh.

International Fundamentals:

The ICE cotton Futures was lower by 108 points at 122.87 cents/lb. The Cotlook A index was at 110.44 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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-	36150	36380	35720	36360	1396	12557

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Jan-22	20-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10000	10000	Unch
	Gondal	Shankar-6	10255	10430	-175
	Rajkot	B.T. Cotton	10005	10140	-135
	Patan	B.T. Cotton	10055	10205	-150
	Kadi	B.T. Cotton	9800	10000	-200
	Deesa	B.T. Cotton	NA	10000	-
	Dhrol	B.T. Cotton	9650	9850	-200
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9400	9800	-400
	Fatehabad	B.T. Cotton	9200	9300	-100
	Jind	B.T. Cotton	9200	9400	-200
	Uchana	B.T. Cotton	9300	9500	-200
	Dabwali	B.T. Cotton	9735	9930	-195
Rajasthan	Hanumangarh	B.T. Cotton	9700	9900	-200
	Rawatsar	B.T. Cotton	9700	9900	-200
Madhya Pradesh	Khandwa	Mech-1	10000	10700	-700
	Khargaon	Mech-1	NA	11000	-
Maharashtra	Amravati	Mech-1	9950	9900	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9570	9570	Unch
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	21-Jan-22	20-Jan-22	

Punjab	Bhatinda	J-34	7450	7600	-150
	Abohar	J-34	7500	7650	-150
	Mansa	J-34	7550	7700	-150
Haryana	Sirsa	J-34	7300	7400	-100
Rajasthan	Sri-Ganganagar	J-34	6862	7144	-282

Cotton Arrivals in Key Centres:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jan-22	20-Jan-22	
Gujarat	Ahmedabad	Shankar-6	54400	42500	11900
	Gondal	Shankar-6	3814	3986	-172
	Rajkot	B.T. Cotton	4200	4400	-200
	Patan	B.T. Cotton	2120	2774	-654
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	600	-
	Dhrol	B.T. Cotton	598	546	52
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	1000	600	400
	Jind	B.T. Cotton	2040	850	1190
	Uchana	B.T. Cotton	2600	2230	370
	Dabwali	B.T. Cotton	1200	1800	-600
Rajasthan	Hanumangarh	B.T. Cotton	1000	2500	-1500
	Rawatsar	B.T. Cotton	3000	5000	-2000
Madhya Pradesh	Khandwa	Mech-1	800	800	Unch
	Khargaon	Mech-1	NA	7975	-
Maharashtra	Amravati	Mech-1	11000	15000	-4000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	47222.6	52894.2	-5671.6
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	21-Jan-22	20-Jan-22	
Punjab	Bhatinda	J-34	10200	6800	3400
	Abohar	J-34	1700	1020	680
	Mansa	J-34	850	510	340
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	800	1200

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Jan-22	20-Jan-22	
Gujarat	Rajkot	Rs. /10 Kg.	1238	1238	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1228	1228	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1240	1240	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Jan-22	20-Jan-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3256	3296	-40
Maharashtra	Akola	Rs./Qtl	3335	3380	-45

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	20-Jan-22	19-Jan-22	Change
CCIndex(328)	RMB/Ton	22628	22578	50
CCIndex(527)	RMB/Ton	20903	20867	36
CCIndex(229)	RMB/Ton	23123	23060	63

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

China Foreign Cotton (FCE) Index :

Index	Unit	20-Jan-22	19-Jan-22	Change
FC Index (S)	Cents/lb	141.38	141.77	-0.39
FC Index (M)	Cents/lb	140.05	140.39	-0.34
FC Index (L)	Cents/lb	138.49	138.32	0.17

Cotlook Index:

Cotlook Indices	Unit	20-Jan-22	19-Jan-22	Change
A-Index	Cents/Pound	137.5	134.55	2.95

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Jan-22	19-Jan-22	Bales
Southeast	cents/lb.	123.87	127.2	23
North Delta	cents/lb.	122.62	125.95	0
South Delta	cents/lb.	122.62	125.95	0
East TX-OK	cents/lb.	116.87	120.2	6450
West Texas	cents/lb.	116.87	120.2	22982
Desert SW	cents/lb.	116.12	119.95	135
SJ Valley	cents/lb.	116.62	126.6	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 20-Jan-2022

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	19480
Equivalent	40 Kgs	10074	193	20877

Daily Futures Price Listing Thursday, Jan 20, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220120	123.98	124.78	122.11	122.87	-1.08	15,842	107,914	-1,280
May-22	220120	120.45	121.17	119.03	119.67	-0.78	6,595	59,111	+563
Jul-22	220120	117.66	118.02	116.22	116.87	-0.44	2,953	37,461	-137
Oct-22	220120	104.77	104.77	104.77	104.77	Unch	0	44	+0
Dec-22	220120	99.00	99.40	98.46	99.01	-0.17	2,756	34,826	-200
Mar-23	220120	95.38	95.95	95.38	95.89	+0.01	484	3,208	+81
Total Volume and Open Interest							29,453	248,433	-686

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