

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 Saturday. ICE cotton futures closed red on Friday.

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 very likely at isolated places over Chhattisgarh, Gangetic West Bengal, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura.

International Fundamentals:

The ICE cotton Futures was lower by 212 points at 120.75 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 ARRIVALS
Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|-----------------------|-------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 22-Jan-22 | 21-Jan-22 | |
| Gujarat | Ahmedabad | Shankar-6 | 10000 | 10000 | Unch |
| | Gondal | Shankar-6 | 10055 | 10255 | -200 |
| | Rajkot | B.T. Cotton | 9940 | 10005 | -65 |
| | Patan | B.T. Cotton | 10000 | 10055 | -55 |
| | Kadi | B.T. Cotton | 9800 | 9800 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 9650 | - |
| Haryana | Bhiwani | B.T. Cotton | NR | NR | - |
| | Bhiwani | Desi | NR | NR | - |
| | Adampur | B.T. Cotton | NR | 9400 | - |
| | Fatehabad | B.T. Cotton | 9100 | 9200 | -100 |
| | Jind | B.T. Cotton | NR | 9200 | - |
| | Uchana | B.T. Cotton | NR | 9300 | - |
| | Dabwali | B.T. Cotton | 9600 | 9735 | -135 |
| Rajasthan | Hanumangarh | B.T. Cotton | NR | 9700 | - |
| | Rawatsar | B.T. Cotton | NR | 9700 | - |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 10000 | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 9700 | 9950 | -250 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 9570 | - |
| 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 | 22-Jan-22 | 21-Jan-22 | |
| Punjab | Bhatinda | J-34 | 7400 | 7450 | -50 |

| | | | | | |
|-----------|----------------|------|------|------|------|
| | Abohar | J-34 | 7420 | 7500 | -80 |
| | Mansa | J-34 | 7450 | 7550 | -100 |
| Haryana | Sirsa | J-34 | 7270 | 7300 | -30 |
| Rajasthan | Sri-Ganganagar | J-34 | 6862 | 6862 | Unch |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 22-Jan-22 | 21-Jan-22 | |
| Gujarat | Ahmedabad | Shankar-6 | 51000 | 54400 | -3400 |
| | Gondal | Shankar-6 | 3315 | 3814 | -499 |
| | Rajkot | B.T. Cotton | 3400 | 4200 | -800 |
| | Patan | B.T. Cotton | 1425 | 2120 | -695 |
| | Kadi | B.T. Cotton | 30000 | 30000 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 598 | - |
| Haryana | Bhiwani | B.T. Cotton | NR | NR | - |
| | Bhiwani | Desi | NR | NR | - |
| | Adampur | B.T. Cotton | NR | 2040 | - |
| | Fatehabad | B.T. Cotton | 150 | 1000 | -850 |
| | Jind | B.T. Cotton | NR | 2040 | - |
| | Uchana | B.T. Cotton | NR | 2600 | - |
| | Dabwali | B.T. Cotton | 300 | 1200 | -900 |
| Rajasthan | Hanumangarh | B.T. Cotton | NR | 1000 | - |
| | Rawatsar | B.T. Cotton | NR | 3000 | - |
| Madhya Pradesh | Khandwa | Mech-1 | Closed | 800 | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 10000 | 11000 | -1000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 47222.6 | - |
| 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 | 22-Jan-22 | 21-Jan-22 | |
| Punjab | Bhatinda | J-34 | 1700 | 10200 | -8500 |
| | Abohar | J-34 | 340 | 1700 | -1360 |
| | Mansa | J-34 | 170 | 850 | -680 |
| Haryana | Sirsa | J-34 | 850 | 2550 | -1700 |
| Rajasthan | Sri-Ganganagar | J-34 | 2000 | 2000 | Unch |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 22-Jan-22 | 21-Jan-22 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 1240 | 1238 | 2 |
| Delhi | New Delhi | Rs. /10 Kg. | NR | NR | - |
| Telangana | Hyderabad | Rs. /10 Kg. | 1225 | 1228 | -3 |
| 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 | 22-Jan-22 | 21-Jan-22 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 3256 | 3256 | Unch |
| Maharashtra | Akola | Rs./Qtl | 3335 | 3335 | Unch |

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 Friday, Jan 21, 2022

| Most Recent Information | | | | | | | Previous Day | | |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Mar-22 | 220121 | 121.86 | 122.88 | 120.67 | 120.75 | -2.12 | 17,235 | 108,448 | +534 |
| May-22 | 220121 | 118.94 | 119.60 | 117.92 | 117.98 | -1.69 | 8,528 | 59,527 | +416 |
| Jul-22 | 220121 | 116.36 | 116.76 | 115.44 | 115.44 | -1.43 | 3,935 | 37,846 | +385 |
| Oct-22 | 220121 | 104.09 | 104.09 | 104.09 | 104.09 | -0.68 | 7 | 44 | +0 |
| Dec-22 | 220121 | 98.88 | 98.88 | 97.87 | 98.85 | -0.16 | 3,362 | 35,278 | +452 |
| Mar-23 | 220121 | 95.30 | 95.85 | 94.65 | 95.85 | -0.04 | 322 | 3,121 | -87 |
| Total Volume and Open Interest | | | | | | | 33,615 | 250,170 | +1,737 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. The use of data and information contained in this report is at your own risk. This document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors, and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Pvt. Ltd.