

Domestic Fundamentals:

Market Outlook:

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.36,350/bale on Monday. ICE cotton futures closed red on Friday.

News: *Southern India Mills Association has again urged the government to remove the import duty of 10 percent on cotton to ease the cotton price in the domestic market.*

Cottonseed prices in Gujarat had increased in the last 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 lower 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.

Weather Forecast:

Dense fog at isolated places over Madhya Pradesh is expected.

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

With the goal of attracting local and foreign investment and to modernize and reopen closed textile mills, Bangladesh government has opened international tenders for 4 out of 16 textile mills through Public Private Partnership. Earlier, Bangladesh Textile Mills Corporation has initiated a process of handing over two textile mills through Public- Private Partnership.

Cotton Prices in Brazilian local market may continue to firm up as most of the 2020-21 crop has already been traded. Brazil's National Supply Company (CONAB) estimates cotton production at 2.7 million tonnes in the 2021-22 season, which is around 11 percent higher as compared to the previous season. The planted area may increase to 1.542 million hectares in the second cotton crop of 2021-22 season. Brazil cotton production is expected to increase because of regular rains early in the season.

According to USDA's January 2022 report, US cotton production is estimated at 17.62 million bales for the 2021-22 season, about 660,000 bales lower than the previous month estimate, bringing its ending stock estimate at 200,000 bales lower to 3.20 million bales. The USDA has also cut its global output estimate by about 610,000 bales to 120.96 million bales, bringing ending stocks forecast to 85.01 million bales from 85.73 million bales last month. However, USDA has trimmed US exports estimate by 500,000 bales to 15.0 million bales on lower US crop and continuing logistical issues.

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	24-Jan-22	22-Jan-22	
Gujarat	Ahmedabad	Shankar-6	10000	10000	Unch
	Gondal	Shankar-6	10255	10055	200
	Rajkot	B.T. Cotton	10120	9940	180
	Patan	B.T. Cotton	10345	10000	345
	Kadi	B.T. Cotton	9800	9800	Unch
	Deesa	B.T. Cotton	8055	NA	-
	Dhrol	B.T. Cotton	9850	NA	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9350	NA	-
	Fatehabad	B.T. Cotton	9200	9100	100
	Jind	B.T. Cotton	9500	NR	-
	Uchana	B.T. Cotton	9800	NR	-
	Dabwali	B.T. Cotton	9570	9600	-30
Rajasthan	Hanumangarh	B.T. Cotton	9750	NA	-
	Rawatsar	B.T. Cotton	9700	NA	-
Madhya Pradesh	Khandwa	Mech-1	9800	Closed	-
	Khargaon	Mech-1	NA	9805	-
Maharashtra	Amravati	Mech-1	10000	9700	300
	Jamner	Medium Staple	9360	9400	-40
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10200	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Jan-22	22-Jan-22	

Punjab	Bhatinda	J-34	7520	7400	120
	Abohar	J-34	7570	7420	150
	Mansa	J-34	7560	7450	110
Haryana	Sirsa	J-34	7330	7270	60
Rajasthan	Sri-Ganganagar	J-34	7050	6862	188

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Jan-22	22-Jan-22	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3922	3315	607
	Rajkot	B.T. Cotton	3400	3400	Unch
	Patan	B.T. Cotton	2074	1425	649
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	100	NA	-
	Dhrol	B.T. Cotton	411	NA	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	1700	NA	-
	Fatehabad	B.T. Cotton	500	150	350
	Jind	B.T. Cotton	1700	NR	-
	Uchana	B.T. Cotton	500	NR	-
	Dabwali	B.T. Cotton	1000	300	700
Rajasthan	Hanumangarh	B.T. Cotton	700	NA	-
	Rawatsar	B.T. Cotton	500	NA	-
Madhya Pradesh	Khandwa	Mech-1	700	Closed	-
	Khargaon	Mech-1	NA	3336	-
Maharashtra	Amravati	Mech-1	8000	10000	-2000
	Jamner	Medium Staple	86	17	69
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	5	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Jan-22	22-Jan-22	
Punjab	Bhatinda	J-34	6800	1700	5100
	Abohar	J-34	680	340	340
	Mansa	J-34	510	170	340
Haryana	Sirsa	J-34	510	850	-340
Rajasthan	Sri-Ganganagar	J-34	10000	2000	8000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	24-Jan-22	22-Jan-22	
Gujarat	Rajkot	Rs. /10 Kg.	1245	1240	5
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1230	1225	5
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	24-Jan-22	22-Jan-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3127	3231	-104
Maharashtra	Akola	Rs./Qtl	3227	3298	-71

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	21-Jan-22	21-Jan-22	Change
CCIndex(328)	RMB/Ton	22645	22645	Unch
CCIndex(527)	RMB/Ton	20928	20928	Unch
CCIndex(229)	RMB/Ton	23158	23158	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Jan-22	21-Jan-22	Change
FC Index (S)	Cents/lb	141.38	141.38	Unch
FC Index (M)	Cents/lb	140.05	140.05	Unch
FC Index (L)	Cents/lb	138.49	138.49	Unch



Cotlook Index:

Cotlook Indices	Unit	21-Jan-22	20-Jan-22	Change
A-Index	Cents/Pound	136.7	137.5	-0.80

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Jan-22	20-Jan-22	Bales
Southeast	cents/lb.	124	126.12	6744
North Delta	cents/lb.	122.75	124.87	0
South Delta	cents/lb.	122.75	124.87	0
East TX-OK	cents/lb.	117	119.12	10154
West Texas	cents/lb.	116.5	118.62	31315
Desert SW	cents/lb.	116.5	118.62	200
SJ Valley	cents/lb.	123.4	125.52	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

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