

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.37,600/bale on Friday. ICE cotton futures closed green on Thursday.

News: *Demand for cotton and cotton yarn has extended due to rains, hailstorm and cloudy weather in the northern India.*

Government has proposed merging the Jute Corporation of India (JCI) and Cotton Corporation of India (CCI) to form a large public sector entity to handle all textile fiber procurement. A request for proposal (RFP) has been issued in order to appoint a consultant for the merger of both PSUs under the Ministry of Textiles.

Cotton Association of India expects the area under the cotton crop to expand by 20-25 percent in the upcoming 2022-23 season across all the 10 major cotton producing states. Cotton Association of India has also proposed a moderate increase of 3-5 percent in the cotton crop's Minimum Support Price (MSP) to protect cotton growers' interests.

According to the market sources, Indian cotton spinners are likely to report a double-digit revenue growth and all-time high profit in 2021-22 season mainly because of the high demand of raw cotton from spinning and ginning mills.

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.

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 due 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 17th January (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.

Weather Forecast:

Heavy rainfall at isolated places very likely over Arunachal Pradesh. Thunderstorm accompanied with lightening at isolated places over Arunachal Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram and Tripura is expected.

International Fundamentals:

The ICE cotton Futures was higher by 129 points at 127.62 cents/lb. The Cotlook A index was at 141.1 cents/lb. The AWP for cotton was at 116.10 cents/lb.

Cotton arrivals in Pakistan have increased by 33.91 percent to 7.42 million bales in 2021-22 season. Sindh and Punjab has recorded an increase in cotton production this season.

Bangladesh cotton imports are likely to cross 9 million bales mark in 2022 as the demand for yarn and fabrics have increased from the local garment exporters.

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 tonne 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	-	37000	37170	36850	36470	187	17304

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Feb-22	03-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10250	10250	Unch
	Gondal	Shankar-6	10505	10305	200
	Rajkot	B.T. Cotton	10500	10255	245
	Patan	B.T. Cotton	10350	10320	30
	Kadi	B.T. Cotton	10000	10500	-500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10005	9940	65
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9700	9550	150
	Fatehabad	B.T. Cotton	9600	NR	-
	Jind	B.T. Cotton	8800	NA	-
	Uchana	B.T. Cotton	9900	NA	-
	Dabwali	B.T. Cotton	10030	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	10000	10000	Unch
	Rawatsar	B.T. Cotton	10200	10000	200
Madhya Pradesh	Khandwa	Mech-1	10000	10000	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10500	10300	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9700	9700	Unch
Karnataka	Bijapur	Bunny	NA	10856	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10300	10200	100

Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Feb-22	03-Feb-22	
Punjab	Bhatinda	J-34	7950	7820	130
	Abohar	J-34	8000	7830	170
	Mansa	J-34	7900	7750	150
Haryana	Sirsa	J-34	7720	7570	150
Rajasthan	Sri-Ganganagar	J-34	7238	7238	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Feb-22	03-Feb-22	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	4302	5011	-709
	Rajkot	B.T. Cotton	5000	5200	-200
	Patan	B.T. Cotton	1426	1602	-176
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	645	583	62
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	1700	340	1360
	Fatehabad	B.T. Cotton	200	NR	-
	Jind	B.T. Cotton	1360	NA	-
	Uchana	B.T. Cotton	1000	NA	-
	Dabwali	B.T. Cotton	1500	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	2000	2500	-500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	700	600	100
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	17000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	70456.8	74409.3	-3952.5
Karnataka	Bijapur	Bunny	NA	1640	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4	6	-2
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Feb-22	03-Feb-22	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	680	340	340
	Mansa	J-34	255	425	-170
Haryana	Sirsa	J-34	1190	170	1020
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Feb-22	03-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1300	1290	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1290	1280	10
Maharashtra	Mumbai	Rs. /10 Kg.	1310	1300	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Feb-22	03-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3150	3164	-14
Maharashtra	Akola	Rs./Qtl	3250	3250	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	28-Jan-22	27-Jan-22	Change
CCIndex(328)	RMB/Ton	22727	22724	3
CCIndex(527)	RMB/Ton	20982	20988	-6
CCIndex(229)	RMB/Ton	23212	23226	-14
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	28-Jan-22	27-Jan-22	Change
FC Index (S)	Cents/lb	139.62	140.27	-0.65

FC Index (M)	Cents/lb	138.19	138.91	-0.72
FC Index (L)	Cents/lb	136.62	137.34	-0.72

Cotlook Index:

Cotlook Indices	Unit	27-Jan-22	25-Jan-22	Change
A-Index	Cents/Pound	136.45	135.1	1.35

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Jan-22	25-Jan-22	Bales
Southeast	cents/lb.	122.63	125.58	101
North Delta	cents/lb.	121.38	124.33	0
South Delta	cents/lb.	121.38	124.33	0
East TX-OK	cents/lb.	115.13	118.08	3437
West Texas	cents/lb.	115.13	117.58	15015
Desert SW	cents/lb.	114.88	118.08	0
SJ Valley	cents/lb.	115.38	124.98	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 02-Feb-2022

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	19880
Equivalent	40 Kgs	10074	193	21305

Daily Futures Price Listing Thursday, Feb 03rd, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220203	126.20	127.70	125.27	127.62	+1.29	25,488	92,102	-4,205
May-22	220203	122.90	124.89	122.14	124.73	+1.70	14,968	74,379	+4,282
Jul-22	220203	119.77	121.69	119.14	121.58	+1.72	5,529	43,115	+413
Oct-22	220203	108.10	109.08	108.10	109.08	+1.08	1	46	+1
Dec-22	220203	102.67	103.92	102.20	103.88	+0.93	4,146	39,166	+1,406
Mar-23	220203	99.63	101.10	99.60	101.09	+0.85	504	4,043	+206
Total Volume and Open Interest							50,985	260,902	+2,276

Source: MRCI

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