

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.37,390/bale on Tuesday. ICE cotton futures closed red on Monday.

News: *Adoni market yard has witnessed a rise in prices this season. The price for each quintal cotton has been at Rs. 10,759. With the season coming towards its end, cotton arrivals have reduced in the market. Moreover, due to increased demand and competition among the traders, the prices have spiked up higher.*

Demand for cotton and cotton yarn has increased 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:

Thunderstorm accompanied with lightening & hail at isolated places over Uttar Pradesh and Dense fog at isolated places over West Uttar Pradesh and with lightening at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, East Uttar Pradesh, East Madhya Pradesh and Chhattisgarh.

International Fundamentals:

The ICE cotton Futures was lower by 117 points at 125.57 cents/lb. The Cotlook A index was at 140.15 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 by 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 ARRIVALSCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Feb-22	07-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10250	10250	Unch
	Gondal	Shankar-6	10505	10430	75
	Rajkot	B.T. Cotton	10325	10370	-45
	Patan	B.T. Cotton	10365	10380	-15
	Kadi	B.T. Cotton	10200	10000	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10025	9900	125
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	9500	9800	-300
	Fatehabad	B.T. Cotton	9500	9600	-100
	Jind	B.T. Cotton	8900	8700	200
	Uchana	B.T. Cotton	9700	9700	Unch
	Dabwali	B.T. Cotton	10000	9850	150
Rajasthan	Hanumangarh	B.T. Cotton	10000	10100	-100
	Rawatsar	B.T. Cotton	10040	10200	-160
Madhya Pradesh	Khandwa	Mech-1	10500	10000	500
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	10300	10100	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9500	NA	-
Karnataka	Bijapur	Bunny	10999	11037	-38
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	10300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	08-Feb-22	07-Feb-22	
Punjab	Bhatinda	J-34	7890	7900	-10
	Abohar	J-34	7890	7900	-10

	Mansa	J-34	7890	7900	-10
Haryana	Sirsa	J-34	7650	7700	-50
Rajasthan	Sri-Ganganagar	J-34	7238	7473	-235

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Feb-22	07-Feb-22	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	4274	4031	243
	Rajkot	B.T. Cotton	5000	4400	600
	Patan	B.T. Cotton	1959	1784	175
	Kadi	B.T. Cotton	15000	30000	-15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	630	415	215
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NR	-
	Adampur	B.T. Cotton	1870	2040	-170
	Fatehabad	B.T. Cotton	600	800	-200
	Jind	B.T. Cotton	1921	1700	221
	Uchana	B.T. Cotton	1500	500	1000
	Dabwali	B.T. Cotton	1500	1200	300
Rajasthan	Hanumangarh	B.T. Cotton	2000	2500	-500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	500	500	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	16000	16000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	29726.6	NA	-
Karnataka	Bijapur	Bunny	1805	2341	-536
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	7	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	08-Feb-22	07-Feb-22	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	680	680	Unch

	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	1700	1190	510
Rajasthan	Sri-Ganganagar	J-34	2000	3000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	08-Feb-22	07-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1315	1315	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1305	1305	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1320	1325	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Feb-22	07-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3076	3100	-24
Maharashtra	Akola	Rs./Qtl	3190	3230	-40

INTERNATIONAL PRICES AND INDICES**China 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 07-Feb-2022

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	9400	180	20080
Equivalent	40 Kgs	10074	193	21520

Daily Futures Price Listing Monday, Feb 07th, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220207	126.76	126.94	125.35	125.35	-1.17	18,190	84,646	-3,592
May-22	220207	124.00	124.17	122.80	123.00	-0.99	14,985	81,930	+5,100
Jul-22	220207	120.94	121.17	119.96	120.29	-0.67	4,009	43,837	+463
Oct-22	220207	108.49	108.49	108.49	108.49	+0.03	1	48	+1
Dec-22	220207	103.75	104.47	103.38	104.43	+0.62	2,979	40,823	+527
Mar-23	220207	101.17	101.80	100.60	101.77	+0.62	928	4,782	+379
Total Volume and Open Interest							41,570	264,665	+3,067

Source: MRCI

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 © 2022 Indian Agribusiness Systems Ltd.