

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was lower at Rs.37,900/bale on Wednesday. ICE cotton futures closed red on Wednesday.

News: *The Government had set the date of submission of online application under the Rs 10,683 crore PLI scheme for textiles to January 31, 2022 which in late January was extended till February 14, 2022. As per the prescribed norms, the scheme will be in operation from September 24, 2021 to March 31, 2030 and the incentive under the scheme will be payable for five years.*

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.

Weather Forecast:

Fairly widespread to widespread rainfall with Thunderstorm very likely over Andaman and Nicobar islands during next 3 days. Isolated light rainfall very likely over sub himalayan west Bengal, Sikkim during next 5 days and over Odisha, Bihar and Jharkhand on 20th February, 2022.

International Fundamentals:

The ICE cotton Futures was up by 11 points at 123.04 cents/lb. The Cotlook A index was at 139.20 cents/lb. The AWP for cotton was at 117.60 cents/lb.

Bangladesh's cotton production has been low as farmers are opting for other cash crops to the white fibre, missing out on at least a \$3-billion domestic market.

Cotton plantings in the United States are likely to increase as a result of strong international demand, increasing input prices for farmers, and a prolonged drought in Texas. Cotton futures in New York hit a new decade high at the end of January, signalling a potential increase for the world's largest cotton provider. Last year, expectations for a second worldwide shortfall pushed the fibre up 44 percent.

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	-	38180	38180	37430	37720	2022	5568

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Feb-22	15-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10500	11250	-750
	Gondal	Shankar-6	10655	10655	Unch
	Rajkot	B.T. Cotton	10750	10605	145
	Patan	B.T. Cotton	10500	10415	85
	Kadi	B.T. Cotton	10500	10500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10080	10125	-45
Haryana	Bhiwani	B.T. Cotton	9200	9200	Unch
	Bhiwani	Desi	8800	8800	Unch
	Adampur	B.T. Cotton	9900	9900	Unch
	Fatehabad	B.T. Cotton	10000	9900	100
	Jind	B.T. Cotton	9300	9600	-300
	Uchana	B.T. Cotton	10100	9900	200
	Dabwali	B.T. Cotton	10585	10500	85
Rajasthan	Hanumangarh	B.T. Cotton	10500	10500	Unch
	Rawatsar	B.T. Cotton	10600	10500	100
Madhya Pradesh	Khandwa	Mech-1	Closed	10400	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10400	10500	-100
	Jamner	Medium Staple	9500	9457	43
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9600	9560	40
Karnataka	Bijapur	Bunny	NA	10669	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10300	10200	100
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	16-Feb-22	15-Feb-22	
Punjab	Bhatinda	J-34	8170	8150	20
	Abohar	J-34	8180	8150	30
	Mansa	J-34	8170	8130	40
Haryana	Sirsa	J-34	7940	7940	Unch
Rajasthan	Sri-Ganganagar	J-34	7614	7614	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Feb-22	15-Feb-22	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	2282	4573	-2291
	Rajkot	B.T. Cotton	3400	4600	-1200
	Patan	B.T. Cotton	1421	2092	-671
	Kadi	B.T. Cotton	30000	25000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	417	570	-153
Haryana	Bhiwani	B.T. Cotton	2000	4000	-2000
	Bhiwani	Desi	2000	4000	-2000
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	600	500	100
	Jind	B.T. Cotton	1542	1479	63
	Uchana	B.T. Cotton	2500	2000	500
	Dabwali	B.T. Cotton	700	2000	-1300
Rajasthan	Hanumangarh	B.T. Cotton	2000	2500	-500
	Rawatsar	B.T. Cotton	400	2000	-1600
Madhya Pradesh	Khandwa	Mech-1	Closed	400	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	17000	15000	2000
	Jamner	Medium Staple	33	14	19
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	21365.9	18977	2388.9
Karnataka	Bijapur	Bunny	NA	862	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4	5	-1
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Feb-22	15-Feb-22	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	340	680	-340
	Mansa	J-34	510	425	85
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	3000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	16-Feb-22	15-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1325	1325	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1323	1323	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1340	1340	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Feb-22	15-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3250	3262	-12
Maharashtra	Akola	Rs./Qtl	3316	3313	3

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	15-Feb-22	14-Feb-22	Change
CCIndex(328)	RMB/Ton	22963	22941	22
CCIndex(527)	RMB/Ton	21142	21135	7
CCIndex(229)	RMB/Ton	23422	23391	31

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

China Foreign Cotton (FCE) Index :

Index	Unit	15-Feb-22	14-Feb-22	Change
FC Index (S)	Cents/lb	140.19	142.34	-2.15
FC Index (M)	Cents/lb	138.86	141.03	-2.17
FC Index (L)	Cents/lb	137.29	139.46	-2.17

Cotlook Index:

Cotlook Indices	Unit	15-Feb-22	14-Feb-22	Change
A-Index	Cents/Pound	136.95	139.2	-2.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Feb-22	14-Feb-22	Bales
Southeast	cents/lb.	122.78	125.93	0
North Delta	cents/lb.	121.78	124.93	0
South Delta	cents/lb.	121.78	124.93	0
East TX-OK	cents/lb.	116.28	118.18	992
West Texas	cents/lb.	116.28	117.43	7971
Desert SW	cents/lb.	115.28	117.93	0



SJ Valley

cents/lb.

115.78

125.08

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 10-Feb-2022

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	20200	180	20380
Equivalent	40 Kgs	21648	193	21841

Daily Futures Price Listing Tuesday, Feb 15th, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220215	123.19	123.45	122.50	123.04	+0.11	22,279	26,510	-15,681
May-22	220215	120.61	121.25	120.23	120.78	+0.17	20,280	109,671	+4,440
Jul-22	220215	117.85	118.45	117.47	118.03	+0.14	3,795	52,695	+774
Oct-22	220215	107.64	107.64	107.64	107.64	+0.06	5	214	+170
Dec-22	220215	103.50	104.31	103.13	104.08	+0.54	2,661	50,690	+1,497
Mar-23	220215	100.69	101.21	100.40	101.05	+0.56	230	6,348	+58
Total Volume and Open Interest							49,366	255,330	-8,703

Source: MRCI

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