

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was lower at Rs.37,780/bale on Thursday. ICE cotton futures closed green on Thursday.

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:

Isolated light rainfall is likely over Sub-Himalayan West Bengal, Sikkim during next 5 days and isolated moderate rainfall over Gangetic West Bengal and Odisha on 20th and 21st also on Jharkhand on 20th and Bihar on 21st February 2022. Isolated light rainfall over Vidarbha and Chhattisgarh on 19th and 20th and Madhya Pradesh on 18th and 19th 2022.

International Fundamentals:

The ICE cotton Futures was up by 2 points at 121.93 cents/lb. The Cotlook A index was at 136.95 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 | - | 37680 | 37890 | 37500 | 37550 | 1737 | 4,923 |

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 17-Feb-22 | 16-Feb-22 | |
| Gujarat | Ahmedabad | Shankar-6 | 10500 | 10500 | Unch |
| | Gondal | Shankar-6 | 10555 | 10655 | -100 |
| | Rajkot | B.T. Cotton | 10900 | 10750 | 150 |
| | Patan | B.T. Cotton | 10360 | 10500 | -140 |
| | Kadi | B.T. Cotton | 10500 | 10500 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 10080 | - |
| Haryana | Bhiwani | B.T. Cotton | 9000 | 9200 | -200 |
| | Bhiwani | Desi | 8800 | 8800 | Unch |
| | Adampur | B.T. Cotton | 9500 | 9900 | -400 |
| | Fatehabad | B.T. Cotton | 9680 | 10000 | -320 |
| | Jind | B.T. Cotton | 9000 | 9300 | -300 |
| | Uchana | B.T. Cotton | 10200 | 10100 | 100 |
| | Dabwali | B.T. Cotton | 10435 | 10585 | -150 |
| Rajasthan | Hanumangarh | B.T. Cotton | 10400 | 10500 | -100 |
| | Rawatsar | B.T. Cotton | 10600 | 10600 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | 10500 | Closed | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 10200 | 10400 | -200 |
| | Jamner | Medium Staple | 9504 | 9500 | 4 |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 9600 | - |
| Karnataka | Bijapur | Bunny | 10727 | 10727 | Unch |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 10550 | 10300 | 250 |
| Commodity | Lint | | Prices (Rs./Maunder) | | Change |
| State | Centre | Variety | 17-Feb-22 | 16-Feb-22 | |
| Punjab | Bhatinda | J-34 | 8150 | 8170 | -20 |
| | Abohar | J-34 | 8150 | 8180 | -30 |
| | Mansa | J-34 | 8150 | 8170 | -20 |
| Haryana | Sirsa | J-34 | 7900 | 7940 | -40 |
| Rajasthan | Sri-Ganganagar | J-34 | 7614 | 7614 | Unch |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 17-Feb-22 | 16-Feb-22 | |
| Gujarat | Ahmedabad | Shankar-6 | 51000 | 59500 | -8500 |
| | Gondal | Shankar-6 | 2253 | 2282 | -29 |
| | Rajkot | B.T. Cotton | 3600 | 3400 | 200 |
| | Patan | B.T. Cotton | 895 | 1421 | -526 |
| | Kadi | B.T. Cotton | 20000 | 30000 | -10000 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 417 | - |
| Haryana | Bhiwani | B.T. Cotton | 2500 | 2000 | 500 |
| | Bhiwani | Desi | 2500 | 2000 | 500 |
| | Adampur | B.T. Cotton | 1700 | 1700 | Unch |
| | Fatehabad | B.T. Cotton | 500 | 600 | -100 |
| | Jind | B.T. Cotton | 1615 | 1542 | 73 |
| | Uchana | B.T. Cotton | 3000 | 2500 | 500 |
| | Dabwali | B.T. Cotton | 700 | 700 | Unch |
| Rajasthan | Hanumangarh | B.T. Cotton | 2000 | 2000 | Unch |
| | Rawatsar | B.T. Cotton | 1000 | 400 | 600 |
| Madhya Pradesh | Khandwa | Mech-1 | 400 | Closed | - |
| | Khargaon | Mech-1 | NA | NA | - |
| Maharashtra | Amravati | Mech-1 | 17000 | 17000 | Unch |
| | Jamner | Medium Staple | 46 | 33 | 13 |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 21365.9 | - |
| Karnataka | Bijapur | Bunny | 1004 | 1022 | -18 |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 5 | 4 | 1 |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 17-Feb-22 | 16-Feb-22 | |
| Punjab | Bhatinda | J-34 | 8500 | 6800 | 1700 |
| | Abohar | J-34 | 340 | 340 | Unch |
| | Mansa | J-34 | 510 | 510 | Unch |
| Haryana | Sirsa | J-34 | 850 | 850 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | 2500 | 2000 | 500 |

Cotton Seed Oil Prices:

| Commodity | Cotton Seed Oil | | Price | | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State | Centre | Unit | 17-Feb-22 | 16-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 | 17-Feb-22 | 16-Feb-22 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 3206 | 3250 | -44 |
| Maharashtra | Akola | Rs./Qtl | 3300 | 3316 | -16 |

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

| Index | Unit | 16-Feb-22 | 15-Feb-22 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 22892 | 22963 | -71 |
| CCIndex(527) | RMB/Ton | 21073 | 21142 | -69 |
| CCIndex(229) | RMB/Ton | 23332 | 23422 | -90 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 16-Feb-22 | 15-Feb-22 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 140.25 | 140.19 | 0.06 |
| FC Index (M) | Cents/lb | 138.91 | 138.86 | 0.05 |
| FC Index (L) | Cents/lb | 137.35 | 137.29 | 0.06 |

Cotlook Index:

| Cotlook Indices | Unit | 16-Feb-22 | 15-Feb-22 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | 136.95 | 136.95 | Unch |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 16-Feb-22 | 15-Feb-22 | Bales |
| Southeast | cents/lb. | 121.49 | 125.03 | 25 |
| North Delta | cents/lb. | 120.49 | 124.03 | 0 |
| South Delta | cents/lb. | 120.49 | 124.03 | 0 |



| | | | | |
|------------|-----------|--------|--------|-------------|
| East TX-OK | cents/lb. | 114.99 | 118.53 | 99 |
| West Texas | cents/lb. | 114.99 | 117.78 | 2396 |
| Desert SW | cents/lb. | 113.99 | 117.53 | 0 |
| SJ Valley | cents/lb. | 114.49 | 124.68 | 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 Thursday, Feb 17th, 2022 | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Month | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| Mar-22 | 220217 | 122.26 | 122.72 | 121.43 | 121.93 | +0.02 | 9,770 | 16,063 | -5,022 |
| May-22 | 220217 | 119.66 | 120.34 | 119.03 | 119.52 | +0.03 | 18,371 | 109,477 | +615 |
| Jul-22 | 220217 | 116.85 | 117.61 | 116.29 | 116.68 | -0.10 | 6,631 | 54,258 | +1,166 |
| Oct-22 | 220217 | 106.19 | 106.19 | 106.19 | 106.19 | -0.44 | 0 | 43 | 0 |
| Dec-22 | 220217 | 102.81 | 103.54 | 102.06 | 102.31 | -0.51 | 2,456 | 51,819 | +901 |
| Mar-23 | 220217 | 100.46 | 100.46 | 98.99 | 99.24 | -0.56 | 250 | 6,386 | +25 |
| Total Volume and Open Interest | | | | | | | 37,581 | 247,474 | -2,239 |

Source: MRCI

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