

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was lower at Rs.37,730/bale on Friday. ICE cotton futures closed red on Friday.

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 is likely over Punjab on 22nd February 2022.

International Fundamentals:

The ICE cotton Futures was up by 106 points at 122.99 cents/lb. The Cotlook A index was at 135.70 cents/lb. The AWP for cotton was at 114.62 cents/lb.

Textile exports hit record \$10.93 billion in the first seven months of the current financial year, data showed on Wednesday. The textile earnings showed a growth of 24.7 percent over corresponding period of the last fiscal when the country's total textiles sales in international market were of \$8.76 billion.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	-	37600	37790	37480	37720	1410	4,636

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Feb-22	17-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10500	10500	Unch
	Gondal	Shankar-6	10605	10555	50
	Rajkot	B.T. Cotton	10575	10900	-325
	Patan	B.T. Cotton	10500	10360	140
	Kadi	B.T. Cotton	10500	10500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10050	NA	-
Haryana	Bhiwani	B.T. Cotton	9000	9000	Unch
	Bhiwani	Desi	8800	8800	Unch
	Adampur	B.T. Cotton	9800	9500	300
	Fatehabad	B.T. Cotton	9800	9680	120
	Jind	B.T. Cotton	9500	9000	500
	Uchana	B.T. Cotton	10200	10200	Unch
	Dabwali	B.T. Cotton	10585	10435	150
Rajasthan	Hanumangarh	B.T. Cotton	10400	10400	Unch
	Rawatsar	B.T. Cotton	NR	10600	-
Madhya Pradesh	Khandwa	Mech-1	10500	10500	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10500	10200	300
	Jamner	Medium Staple	9554	9504	50
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9900	NA	-
Karnataka	Bijapur	Bunny	NA	10727	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	10550	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	18-Feb-22	17-Feb-22	
Punjab	Bhatinda	J-34	8100	8150	-50
	Abohar	J-34	8140	8150	-10
	Mansa	J-34	8125	8150	-25
Haryana	Sirsa	J-34	7900	7900	Unch
Rajasthan	Sri-Ganganagar	J-34	7614	7614	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Feb-22	17-Feb-22	
Gujarat	Ahmedabad	Shankar-6	56100	51000	5100
	Gondal	Shankar-6	3565	2253	1312
	Rajkot	B.T. Cotton	4200	3600	600
	Patan	B.T. Cotton	1400	895	505
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	423	NA	-
Haryana	Bhiwani	B.T. Cotton	2500	2500	Unch
	Bhiwani	Desi	2500	2500	Unch
	Adampur	B.T. Cotton	2550	1700	850
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	1216	1615	-400
	Uchana	B.T. Cotton	2300	3000	-700
	Dabwali	B.T. Cotton	700	700	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2000	2000	Unch
	Rawatsar	B.T. Cotton	NR	1000	-
Madhya Pradesh	Khandwa	Mech-1	450	400	50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	15000	17000	-2000
	Jamner	Medium Staple	55	46	9
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	22671.2	NA	-
Karnataka	Bijapur	Bunny	NA	1004	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Feb-22	17-Feb-22	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	680	850	-170
Rajasthan	Sri-Ganganagar	J-34	2500	2500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	18-Feb-22	17-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1340	1325	15
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1335	1323	12
Maharashtra	Mumbai	Rs. /10 Kg.	1350	1340	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Feb-22	17-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3210	3206	4
Maharashtra	Akola	Rs./Qtl	3291	3300	-9

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

Index	Unit	17-Feb-22	16-Feb-22	Change
CCIndex(328)	RMB/Ton	22849	22892	-43
CCIndex(527)	RMB/Ton	21063	21073	-10
CCIndex(229)	RMB/Ton	23316	23332	-16
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	17-Feb-22	16-Feb-22	Change
FC Index (S)	Cents/lb	138.87	140.25	-1.38
FC Index (M)	Cents/lb	137.52	138.91	-1.39
FC Index (L)	Cents/lb	135.95	137.35	-1.40

Cotlook Index:

Cotlook Indices	Unit	17-Feb-22	16-Feb-22	Change
A-Index	Cents/Pound	135.7	136.95	-1.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Feb-22	16-Feb-22	Bales
Southeast	cents/lb.	121.52	123.74	0
North Delta	cents/lb.	120.52	122.74	0
South Delta	cents/lb.	120.52	122.74	0
East TX-OK	cents/lb.	115.02	117.24	618

West Texas	cents/lb.	115.02	116.49	4247
Desert SW	cents/lb.	114.02	116.24	0
SJ Valley	cents/lb.	114.52	123.39	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 Friday, Feb 18th, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220218	121.93	124.19	121.93	122.99	+1.06	10,000	7,633	-8,430
May-22	220218	119.52	121.46	119.52	121.16	+1.64	19,795	110,035	+558
Jul-22	220218	116.68	118.40	116.68	118.13	+1.45	6,787	55,988	+1,730
Oct-22	220218	107.06	107.06	106.06	107.06	+0.87	0	43	0
Dec-22	220218	102.48	103.40	102.13	102.79	+0.48	3,008	52,103	+284
Mar-23	220218	99.41	100.28	98.20	99.77	+0.53	284	6,546	+160
Total Volume and Open Interest							40,206	241,893	-5,581

Source: MRCI

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