

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was lower at Rs.37,180/bale on Tuesday. ICE cotton futures closed green on Monday.

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:

Thunderstorm accompanied with lightening & hail at isolated places over Uttarakhand, with lightening at isolated places over Punjab, Haryana, Chandigarh and Delhi, and Himachal Pradesh is expected.

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 as per the data showed on last 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 instead of the white fibre, missing out 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.

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	22-Feb-22	21-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10500	10500	Unch
	Gondal	Shankar-6	10505	10630	-125
	Rajkot	B.T. Cotton	10605	10830	-225
	Patan	B.T. Cotton	10000	10255	-255
	Kadi	B.T. Cotton	10200	10500	-300
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9980	10255	-275
Haryana	Bhiwani	B.T. Cotton	8500	8500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9350	9500	-150
	Fatehabad	B.T. Cotton	9200	9200	Unch
	Jind	B.T. Cotton	8800	9200	-400
	Uchana	B.T. Cotton	9250	9800	-550
	Dabwali	B.T. Cotton	9950	10250	-300
Rajasthan	Hanumangarh	B.T. Cotton	10000	10100	-100
	Rawatsar	B.T. Cotton	9500	10200	-700
Madhya Pradesh	Khandwa	Mech-1	10000	10200	-200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9800	10200	-400
	Jamner	Medium Staple	NA	9567	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9810	NA	-
Karnataka	Bijapur	Bunny	NA	10479	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10300	10500	-200
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	22-Feb-22	21-Feb-22	

Punjab	Bhatinda	J-34	7900	7930	-30
	Abohar	J-34	7900	7940	-40
	Mansa	J-34	7975	7920	55
Haryana	Sirsa	J-34	7690	7800	-110
Rajasthan	Sri-Ganganagar	J-34	7332	7332	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Feb-22	21-Feb-22	
Gujarat	Ahmedabad	Shankar-6	54400	54400	Unch
	Gondal	Shankar-6	3861	4666	-805
	Rajkot	B.T. Cotton	5200	5400	-200
	Patan	B.T. Cotton	1589	1583	6
	Kadi	B.T. Cotton	15000	25000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	545	628	-83
Haryana	Bhiwani	B.T. Cotton	4000	5000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1360	1700	-340
	Fatehabad	B.T. Cotton	300	500	-200
	Jind	B.T. Cotton	1530	1649	-119
	Uchana	B.T. Cotton	1320	1760	-440
	Dabwali	B.T. Cotton	600	600	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2000	2200	-200
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	500	700	-200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	18000	19000	-1000
	Jamner	Medium Staple	NA	44	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	30694.3	NA	-
Karnataka	Bijapur	Bunny	NA	1188	-
	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	22-Feb-22	21-Feb-22	
Punjab	Bhatinda	J-34	6800	5100	1700
	Abohar	J-34	680	340	340
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	340	510	-170
Rajasthan	Sri-Ganganagar	J-34	2000	2500	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	22-Feb-22	21-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1385	1365	20
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1375	1355	20
Maharashtra	Mumbai	Rs. /10 Kg.	1410	1390	20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Feb-22	21-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3176	3221	-45
Maharashtra	Akola	Rs./Qtl	3283	3305	-22

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	21-Feb-22	18-Feb-22	Change
CCIndex(328)	RMB/Ton	22783	22822	-39
CCIndex(527)	RMB/Ton	21006	21025	-19
CCIndex(229)	RMB/Ton	23235	23282	-47

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Feb-22	18-Feb-22	Change
FC Index (S)	Cents/lb	139.98	138.89	1.09
FC Index (M)	Cents/lb	138.62	137.55	1.07
FC Index (L)	Cents/lb	137.06	135.98	1.08



Cotlook Index:

Cotlook Indices	Unit	21-Feb-22	18-Feb-22	Change
A-Index	Cents/Pound	137.2	135.7	1.50

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Feb-22	17-Feb-22	Bales
Southeast	cents/lb.	123.16	123.77	416
North Delta	cents/lb.	122.16	122.77	0
South Delta	cents/lb.	122.16	122.77	0
East TX-OK	cents/lb.	116.66	117.27	837
West Texas	cents/lb.	116.66	116.52	2874
Desert SW	cents/lb.	115.66	116.27	0
SJ Valley	cents/lb.	116.16	123.42	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 19-Feb-2022

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	20200	180	20280
Equivalent	40 Kgs	21648	193	21734

Daily Futures Price Listing Friday, Feb 21st, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220221	121.93	124.19	121.93	122.99	+1.06	10,000	7,633	-8,430
May-22	220221	119.52	121.46	119.52	119.52	+1.64	19,795	110,035	+558
Jul-22	220221	116.68	118.40	116.68	116.68	+1.45	6,787	55,988	+1,730
Oct-22	220221	107.06	107.06	107.06	107.06	+0.87	0	43	+0
Dec-22	220221	102.48	103.40	102.13	102.13	+0.48	3,008	52,103	+284
Mar-23	220221	99.41	100.28	99.20	99.20	+0.53	284	6,546	+160
Total Volume and Open Interest							40,206	241,893	-5,581

Source: MRCI

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