

Domestic Fundamentals:

Market Outlook:

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was lower at Rs.36,930/bale on Thursday. ICE cotton futures closed green on Wednesday.

News: *Cotton arrivals from 01st October 2021 till 22nd February 2022 has reached 3590.09 thousand tonne as compared to previous season arrivals of 2570.19 thousand tonne. For the current 2021-22 season, cotton arrivals were higher from Telangana, Madhya Pradesh and Haryana whereas it was lower from the states of Maharashtra, Gujarat, Punjab and Karnataka. The arrivals were lower mainly because of the late rains caused by the La Nina effect which has affected the yield of cotton.*

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.

Weather Forecast:

Thunderstorm accompanied with lightening & hail at isolated places over Chhattisgarh, Bihar, Odisha, West Bengal & Sikkim, Jharkhand, Assam & Meghalaya, Andaman & Nicobar Islands is expected.

International Fundamentals:

The ICE cotton Futures was up by 122.4 points at 129 cents/lb. The Cotlook A index was at 137.2 cents/lb. The AWP for cotton was at 114.62 cents/lb.

According to USDA's February report, the world ending stock is expected to fall further to 84.31 million bales (480 pounds each), the lowest level in 3 years from their January's forecast of 85.01 million bales and 2020-21's ending stock of 88.41 million bales. India's cotton production is estimated at 5.99 million MT in 2021-22 from 6.01 million MT in 2020-21. Cotton production in China is expected to increase in this season at 3.84 million MT from previous season of 3.18 million MT.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	OI
MXCTNC1	+1.67	37000	37170	36850	36470	187	173048

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Feb-22	23-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10500	10500	Unch
	Gondal	Shankar-6	10680	10555	125
	Rajkot	B.T. Cotton	10605	10500	105
	Patan	B.T. Cotton	9995	9950	45
	Kadi	B.T. Cotton	10200	10200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9930	9900	30
Haryana	Bhiwani	B.T. Cotton	8600	8600	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9400	9500	-100
	Fatehabad	B.T. Cotton	8800	9300	-500
	Jind	B.T. Cotton	8700	9000	-300
	Uchana	B.T. Cotton	9775	9500	275
	Dabwali	B.T. Cotton	9800	10000	-200
Rajasthan	Hanumangarh	B.T. Cotton	10000	10200	-200
	Rawatsar	B.T. Cotton	9500	9800	-300
Madhya Pradesh	Khandwa	Mech-1	9800	10000	-200
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	10100	-100
	Jamner	Medium Staple	NA	9605	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10400	10400	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Feb-22	23-Feb-22	
Punjab	Bhatinda	J-34	7900	7925	-25

	Abohar	J-34	7900	7930	-30
	Mansa	J-34	7880	7900	-20
Haryana	Sirsa	J-34	7700	7700	Unch
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Feb-22	23-Feb-22	
Gujarat	Ahmedabad	Shankar-6	51000	54400	-3400
	Gondal	Shankar-6	3036	4239	-1203
	Rajkot	B.T. Cotton	4300	5000	-700
	Patan	B.T. Cotton	1465	1436	29
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	530	567	-37
Haryana	Bhiwani	B.T. Cotton	500	500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	300	500	-200
	Jind	B.T. Cotton	876	935	-60
	Uchana	B.T. Cotton	1900	2130	-230
	Dabwali	B.T. Cotton	350	500	-150
Rajasthan	Hanumangarh	B.T. Cotton	2000	1500	500
	Rawatsar	B.T. Cotton	200	500	-300
Madhya Pradesh	Khandwa	Mech-1	300	300	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	17000	16000	1000
	Jamner	Medium Staple	NA	29	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	7	5	2

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Feb-22	23-Feb-22	
Punjab	Bhatinda	J-34	8500	6800	1700
	Abohar	J-34	510	340	170
	Mansa	J-34	255	170	85
Haryana	Sirsa	J-34	340	850	-510
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	24-Feb-22	23-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1405	1405	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1395	1395	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1420	1420	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Feb-22	23-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3114	3161	-47
Maharashtra	Akola	Rs./Qtl	3231	3288	-57

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

Index	Unit	22-Feb-22	18-Feb-22	Change
CCIndex(328)	RMB/Ton	22805	22822	-17
CCIndex(527)	RMB/Ton	21016	21025	-9
CCIndex(229)	RMB/Ton	23255	23282	-27

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

China Foreign Cotton (FCE) Index :

Index	Unit	22-Feb-22	18-Feb-22	Change
FC Index (S)	Cents/lb	139.82	138.89	0.93
FC Index (M)	Cents/lb	138.46	137.55	0.91
FC Index (L)	Cents/lb	136.89	135.98	0.91

Cotlook Index:

Cotlook Indices	Unit	22-Feb-22	21-Feb-22	Change
A-Index	Cents/Pound	137.2	137.2	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		22-Feb-22	18-Feb-22	Bales
Southeast	cents/lb.	122.29	125.41	0
North Delta	cents/lb.	121.29	124.41	0
South Delta	cents/lb.	121.29	124.41	0
East TX-OK	cents/lb.	116.04	118.91	1081
West Texas	cents/lb.	116.04	118.16	3774
Desert SW	cents/lb.	114.79	117.91	0
SJ Valley	cents/lb.	115.29	125.06	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 23-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 Wednesday, Feb 23rd, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220223	121.85	122.50	120.58	122.40	+1.29	6,196	237	-4,135
May-22	220223	120.43	121.43	120.12	121.30	+1.01	13,118	111,122	+963
Jul-22	220223	117.41	118.50	117.35	118.41	+0.99	3,064	56,405	+230
Oct-22	220223	106.80	106.80	106.80	106.80	+0.92	1	43	+0
Dec-22	220223	101.51	101.51	101.51	102.48	+0.82	1,638	51,963	-63
Mar-23	220223	98.85	99.87	98.85	99.45	+0.77	113	6,583	+21
Total Volume and Open Interest							24,183	236,269	-2,958

Source: MRCI

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