

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was lower at Rs.37,030/bale on Friday. ICE cotton futures closed green on Thursday.

News: *Cotton Association of India has reduced its January estimate of the cotton crop for the 2021-22 season by 5 lakh bales to 343.13 lakh bales from its previous estimate of 348.13 lakh bales. The association has attributed the reduction in crop estimate to the drop in production in States including Gujarat, Telangana, Odisha, Karnataka and Andhra Pradesh. AgriWatch has estimated cotton production for 2021-22 season at 342.60 lakh bales lower from its previous season estimate of 365 lakh bales.*

The total cotton supply for the month of October 2021 to January 2022 remained at 272.20 lakh bales, which consists of the arrivals of 192.20 lakh bales, imports of 5 lakh bales during the month of January 2022 and Opening Stock of 75 lakh bales equivalent to 79.69 lakh running bales at the beginning of the season on 1st October 2021. Further, the CAI has estimated cotton consumption for the months of October to January 2022 at 114 lakh bales while export shipment of cotton during the months of October to January 2022 is estimated at 25 lakh bales. Stock at the end of January 2022 is estimated at 113.20 lakh bales.

As per the Government's 02nd Advance Estimate, cotton production for 2021-22 have been projected at 340.63 lakh bales, which is 3% lower than the previous year's final production estimate of 352.48 lakh bales. As per AgriWatch estimate based on the arrival pattern, production is expected to be lower at 342.60 lakh bales against the previous season estimate of 365 lakh bales. Production is expected to be lower in the 2021-22 season mainly because of lower sown area in 2021-22 season at 119.66 lakh hectares as compared to previous season of 128.07 lakh hectares.

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.

Weather Forecast:

Thunderstorm accompanied with lightening & hail at isolated places over Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura and Andaman & Nicobar Islands is expected.

International Fundamentals:

The ICE cotton Futures was up by 19 points at 122.59 cents/lb. The Cotlook A index was at 136.50 cents/lb. The AWP for cotton was at 113.74 cents/lb.

The U.S. Department of Agriculture's (USDA's) first 2022-23 world cotton projections anticipate that global consumption will exceed production, reducing world stocks by 2.5 million bales. World cotton production is expected to rise 3.2 percent, with harvested area rising in some countries. Global consumption is expected to grow at about the long-term average rate, as the world economy continues its recovery from the severe downturn in 2020 and supply chain problems in 2021.

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.

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 ARRIVALSCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Feb-22	24-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10500	10500	Unch
	Gondal	Shankar-6	10630	10680	-50
	Rajkot	B.T. Cotton	10775	10605	170
	Patan	B.T. Cotton	10350	9995	355
	Kadi	B.T. Cotton	10200	10200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9990	9930	60
Haryana	Bhiwani	B.T. Cotton	8600	8600	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9550	9400	150
	Fatehabad	B.T. Cotton	9300	8800	500
	Jind	B.T. Cotton	9200	8700	500
	Uchana	B.T. Cotton	9600	9775	-175
	Dabwali	B.T. Cotton	10100	9800	300
Rajasthan	Hanumangarh	B.T. Cotton	10300	10000	300
	Rawatsar	B.T. Cotton	10000	9500	500
Madhya Pradesh	Khandwa	Mech-1	9500	9800	-300
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9900	10000	-100
	Jamner	Medium Staple	9600	9725	-125
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	10369	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10300	10400	-100
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	25-Feb-22	24-Feb-22	
Punjab	Bhatinda	J-34	7925	7900	25
	Abohar	J-34	7930	7900	30
	Mansa	J-34	7950	7880	70
Haryana	Sirsa	J-34	7720	7700	20
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Feb-22	24-Feb-22	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3999	3036	963
	Rajkot	B.T. Cotton	4000	4300	-300
	Patan	B.T. Cotton	1439	1465	-26
	Kadi	B.T. Cotton	5000	30000	-25000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	517	530	-13
Haryana	Bhiwani	B.T. Cotton	500	500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1020	680
	Fatehabad	B.T. Cotton	125	300	-175
	Jind	B.T. Cotton	553	876	-323
	Uchana	B.T. Cotton	1275	1900	-625
	Dabwali	B.T. Cotton	550	350	200
Rajasthan	Hanumangarh	B.T. Cotton	2500	2000	500
	Rawatsar	B.T. Cotton	500	200	300
Madhya Pradesh	Khandwa	Mech-1	250	300	-50
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	17000	-1000
	Jamner	Medium Staple	25	16	9
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	454	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6	7	-1
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Feb-22	24-Feb-22	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	850	510	340
	Mansa	J-34	255	255	Unch
Haryana	Sirsa	J-34	255	340	-85
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-Feb-22	24-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1490	1405	85
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1470	1395	75
Maharashtra	Mumbai	Rs. /10 Kg.	1520	1420	100

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	25-Feb-22	24-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3107	3114	-7
Maharashtra	Akola	Rs./Qtl	3250	3231	19

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	24-Feb-22	23-Feb-22	Change
CCIndex(328)	RMB/Ton	22826	22818	8
CCIndex(527)	RMB/Ton	21029	21023	6
CCIndex(229)	RMB/Ton	23275	23264	11
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	24-Feb-22	23-Feb-22	Change
FC Index (S)	Cents/lb	139.56	138.96	0.60
FC Index (M)	Cents/lb	138.21	137.61	0.60
FC Index (L)	Cents/lb	136.64	136.04	0.60

Cotlook Index:

Cotlook Indices	Unit	24-Feb-22	23-Feb-22	Change
A-Index	Cents/Pound	137.4	137.2	0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		24-Feb-22	23-Feb-22	Bales
Southeast	cents/lb.	121.16	125.55	0
North Delta	cents/lb.	120.16	124.55	0
South Delta	cents/lb.	120.16	124.55	0
East TX-OK	cents/lb.	114.91	119.3	4490
West Texas	cents/lb.	114.91	118.55	3576
Desert SW	cents/lb.	113.66	118.05	0
SJ Valley	cents/lb.	114.16	125.2	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 24-Feb-2022

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	20200	180	20180
Equivalent	40 Kgs	21648	193	21627

Daily Futures Price Listing Thursday, Feb 24th, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220224	123.45	125.33	122.59	122.59	+0.19	279	199	-38
May-22	220224	121.45	125.13	118.86	119.16	-2.14	10,256	110,910	-212
Jul-22	220224	118.54	121.48	116.08	116.22	-2.19	3,959	57,176	+771
Oct-22	220224	105.22	105.22	105.22	105.22	-1.58	0	43	+0
Dec-22	220224	102.54	104.87	101.08	101.27	-1.21	2,178	51,834	-129
Mar-23	220224	99.32	101.44	98.09	98.23	-1.22	198	6,613	+30

Total Volume and Open Interest	16,967	236,709	+440
--------------------------------	--------	---------	------

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. The use of data and information contained in this report is at your own risk. This document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors, and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2022 Indian Agribusiness Systems Ltd.