

**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 Saturday. ICE cotton futures closed red on Friday.*

**News:** *Cotton yarn prices crashed today in South India as demand from both domestic and exports markets dried up because buyers were not keen on taking any risk in view of the looming uncertainty of geo-political developments after Russian attack on Ukraine. Buyers preferred to adopt a wait-and-watch policy while they assess the situation on the trade front. In Mumbai market, yarn prices fell down by ₹5-12 per kg as demand weakened further.*

*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 365.00 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 1<sup>st</sup> 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 01<sup>st</sup> October 2021 till 22<sup>nd</sup> 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.*

#### Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds at isolated places over Andaman & Nicobar Islands is expected. Heavy rainfall at isolated places over Nicobar Islands is expected.

#### International Fundamentals:

The ICE cotton Futures was down by 47 points at 122.12 cents/lb. The Cotlook A index was at 137.4 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	26-Feb-22	25-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10500	10500	Unch
	Gondal	Shankar-6	10705	10630	75
	Rajkot	B.T. Cotton	10555	10775	-220
	Patan	B.T. Cotton	10360	10350	10
	Kadi	B.T. Cotton	10500	10200	300
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9990	9990	Unch
Haryana	Bhiwani	B.T. Cotton	8600	8600	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	10000	9550	450
	Fatehabad	B.T. Cotton	9400	9300	100
	Jind	B.T. Cotton	9200	9200	Unch
	Uchana	B.T. Cotton	9600	9600	Unch
	Dabwali	B.T. Cotton	10000	10100	-100
Rajasthan	Hanumangarh	B.T. Cotton	10200	10300	-100
	Rawatsar	B.T. Cotton	10000	10000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	9500	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10000	9900	100
	Jamner	Medium Staple	NA	9600	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9450	9500	-50
Karnataka	Bijapur	Bunny	NA	10419	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	10300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Feb-22	25-Feb-22	
Punjab	Bhatinda	J-34	7910	7925	-15

	Abohar	J-34	7920	7930	-10
	Mansa	J-34	7900	7950	-50
Haryana	Sirsa	J-34	7670	7720	-50
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Feb-22	25-Feb-22	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	1219	3999	-2780
	Rajkot	B.T. Cotton	4200	4000	200
	Patan	B.T. Cotton	2056	1439	617
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	684	517	167
Haryana	Bhiwani	B.T. Cotton	500	500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	10030	1700	8330
	Fatehabad	B.T. Cotton	100	125	-25
	Jind	B.T. Cotton	510	553	-43
	Uchana	B.T. Cotton	1200	1275	-75
	Dabwali	B.T. Cotton	500	550	-50
Rajasthan	Hanumangarh	B.T. Cotton	2300	2500	-200
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	250	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	16000	Unch
	Jamner	Medium Staple	NA	25	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	15091.8	24123.8	-9032
Karnataka	Bijapur	Bunny	NA	811	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Feb-22	25-Feb-22	
Punjab	Bhatinda	J-34	4250	8500	-4250
	Abohar	J-34	680	850	-170
	Mansa	J-34	170	255	-85
Haryana	Sirsa	J-34	170	255	-85
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	26-Feb-22	25-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1460	1490	-30
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1450	1470	-20
Maharashtra	Mumbai	Rs. /10 Kg.	1500	1520	-20

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	26-Feb-22	25-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3101	3107	-6
Maharashtra	Akola	Rs./Qtl	3237	3250	-13

**INTERNATIONAL PRICES AND INDICES****China 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 Friday, Feb 25th, 2022**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-22</a>	220225	120.00	122.21	120.00	122.12	-0.47	53	146	-53
<a href="#">May-22</a>	220225	119.50	120.40	115.86	118.63	-0.53	9,900	111,296	+386
<a href="#">Jul-22</a>	220225	116.30	117.35	113.21	115.34	-0.88	4,067	57,886	+710
<a href="#">Oct-22</a>	220225	104.34	104.34	104.34	104.34	-0.88	0	43	+0
<a href="#">Dec-22</a>	220225	101.27	101.70	98.88	100.33	-0.94	1,825	52,146	+312
<a href="#">Mar-23</a>	220225	98.40	98.40	96.12	97.11	-1.12	218	6,658	+45
Total Volume and Open Interest							16,407	238,226	+1,517

Source: MRCI

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