

**Domestic Fundamentals:****Market Outlook:**

*The cotton physical market showed a mixed trend across India today. MCX cotton spot price was lower at Rs.36,580/bale on Monday. 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 02<sup>nd</sup> 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 Tamil Nadu, Pondicherry, Karaikal and Kerala & Mahe. Andaman & Nicobar Islands is expected. Heavy rainfall at isolated places over south Tamil Nadu, Pondicherry, and Karaikal 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 ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Feb-22	26-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10000	10500	-500
	Gondal	Shankar-6	10655	10705	-50
	Rajkot	B.T. Cotton	10500	10555	-55
	Patan	B.T. Cotton	10220	10360	-140
	Kadi	B.T. Cotton	9700	10500	-800
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10100	9990	110
Haryana	Bhiwani	B.T. Cotton	8400	8300	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9500	10000	-500
	Fatehabad	B.T. Cotton	9000	9400	-400
	Jind	B.T. Cotton	8900	9200	-300
	Uchana	B.T. Cotton	9300	9600	-300
	Dabwali	B.T. Cotton	9940	10000	-60
Rajasthan	Hanumangarh	B.T. Cotton	0	10200	-10200
	Rawatsar	B.T. Cotton	10100	10000	100
Madhya Pradesh	Khandwa	Mech-1	9500	Closed	-
	Khargaon	Mech-1	NA	9805	-
Maharashtra	Amravati	Mech-1	9700	10000	-300
	Jamner	Medium Staple	NA	9570	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	9450	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10200	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Feb-22	26-Feb-22	
Punjab	Bhatinda	J-34	7890	7910	-20

	Abohar	J-34	7900	7920	-20
	Mansa	J-34	7880	7900	-20
Haryana	Sirsa	J-34	7650	7670	-20
Rajasthan	Sri-Ganganagar	J-34	7379	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Feb-22	26-Feb-22	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	1657	1219	438
	Rajkot	B.T. Cotton	5600	4200	1400
	Patan	B.T. Cotton	2110	2056	54
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	545	684	-139
Haryana	Bhiwani	B.T. Cotton	700	400	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	200	100	100
	Jind	B.T. Cotton	850	510	340
	Uchana	B.T. Cotton	1500	1200	300
	Dabwali	B.T. Cotton	800	500	300
Rajasthan	Hanumangarh	B.T. Cotton	1800	2300	-500
	Rawatsar	B.T. Cotton	200	500	-300
Madhya Pradesh	Khandwa	Mech-1	150	Closed	-
	Khargaon	Mech-1	NA	1765	-
Maharashtra	Amravati	Mech-1	24000	16000	8000
	Jamner	Medium Staple	NA	20	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	15091.8	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5	NA	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Feb-22	26-Feb-22	
Punjab	Bhatinda	J-34	4250	4250	Unch
	Abohar	J-34	510	680	-170
	Mansa	J-34	340	170	170
Haryana	Sirsa	J-34	340	170	170
Rajasthan	Sri-Ganganagar	J-34	1500	NR	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	28-Feb-22	26-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1470	1460	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1460	1450	10
Maharashtra	Mumbai	Rs. /10 Kg.	1520	1500	20

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Feb-22	26-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3094	3101	-7
Maharashtra	Akola	Rs./Qtl	3219	3237	-18

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 26-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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