

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

*The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.37,020/bale on Wednesday. ICE cotton futures closed green on Tuesday.*

**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 Jammu & Kashmir, Ladakh, Gilgit, Baltistan, Muzzafarabad, Himachal Pradesh, Punjab, Haryana, northeast Rajasthan, TamilNadu, Pondicherry, and Karaikal is expected.

### International Fundamentals:

The ICE cotton Futures was down by 7 points at 122.75 cents/lb. The Cotlook A index was at 134.65 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	02-Mar-22	28-Feb-22	
Gujarat	Ahmedabad	Shankar-6	10000	10000	Unch
	Gondal	Shankar-6	10655	10655	Unch
	Rajkot	B.T. Cotton	10925	10500	425
	Patan	B.T. Cotton	NR	10220	-
	Kadi	B.T. Cotton	9700	9700	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9855	10100	-245
Haryana	Bhiwani	B.T. Cotton	8400	8400	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9800	9500	300
	Fatehabad	B.T. Cotton	9500	9000	500
	Jind	B.T. Cotton	9400	8900	500
	Uchana	B.T. Cotton	9500	9300	200
	Dabwali	B.T. Cotton	10100	9940	160
Rajasthan	Hanumangarh	B.T. Cotton	10200	10400	-200
	Rawatsar	B.T. Cotton	NR	10100	-
Madhya Pradesh	Khandwa	Mech-1	Closed	9500	-
	Khargaon	Mech-1	Closed	NA	-
Maharashtra	Amravati	Mech-1	Closed	9700	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	10259	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	10200	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	02-Mar-22	28-Feb-22	
Punjab	Bhatinda	J-34	7950	7890	60

	Abohar	J-34	8000	7900	100
	Mansa	J-34	7980	7880	100
Haryana	Sirsa	J-34	7740	7650	90
Rajasthan	Sri-Ganganagar	J-34	7379	7379	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	02-Mar-22	28-Feb-22	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	1657	1657	Unch
	Rajkot	B.T. Cotton	5200	5600	-400
	Patan	B.T. Cotton	NR	2110	-
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	592	545	47
Haryana	Bhiwani	B.T. Cotton	400	700	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1700	1700	Unch
	Fatehabad	B.T. Cotton	100	200	-100
	Jind	B.T. Cotton	595	850	-255
	Uchana	B.T. Cotton	2000	1500	500
	Dabwali	B.T. Cotton	500	800	-300
Rajasthan	Hanumangarh	B.T. Cotton	1500	1800	-300
	Rawatsar	B.T. Cotton	NR	200	-
Madhya Pradesh	Khandwa	Mech-1	Closed	150	-
	Khargaon	Mech-1	Closed	NA	-
Maharashtra	Amravati	Mech-1	Closed	24000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	186	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	02-Mar-22	28-Feb-22	
Punjab	Bhatinda	J-34	5100	4250	850
	Abohar	J-34	510	510	Unch
	Mansa	J-34	170	340	-170
Haryana	Sirsa	J-34	510	340	170
Rajasthan	Sri-Ganganagar	J-34	1500	1500	Unch

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	02-Mar-22	28-Feb-22	
Gujarat	Rajkot	Rs. /10 Kg.	1560	1470	90
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1550	1460	90
Maharashtra	Mumbai	Rs. /10 Kg.	1600	1520	80

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	02-Mar-22	28-Feb-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3081	3094	-13
Maharashtra	Akola	Rs./Qtl	3221	3219	2

**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 01-Mar-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 Tuesday, Mar 01st, 2022**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-22</a>	220301	121.62	128.00	121.62	126.35	+3.78	7	121	-3
<a href="#">May-22</a>	220301	119.00	123.31	118.07	122.75	+3.63	21,492	109,624	-1,268
<a href="#">Jul-22</a>	220301	115.82	119.71	114.82	119.22	+3.40	8,615	57,964	-266
<a href="#">Oct-22</a>	220301	107.43	107.43	107.43	107.43	+3.02	1	43	+0
<a href="#">Dec-22</a>	220301	100.00	103.05	99.50	103.03	+2.67	2,714	52,229	+16
<a href="#">Mar-23</a>	220301	96.54	99.00	96.25	99.00	+1.91	604	6,784	+181
Total Volume and Open Interest							33,625	237,316	-1,287

Source: MRCI

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