

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.37,000/bale on Thursday. ICE cotton futures closed red on Wednesday.

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 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.

Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds at isolated places over south coastal Andhra Pradesh & Yanam, Rayalaseema, Kerala & Mahe, TamilNadu, Pondicherry, and Karaikal. Heavy rainfall at isolated places over TamilNadu, Pondicherry, and Karaikal is expected.

International Fundamentals:

The ICE cotton Futures was down by 421 points at 118.54 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	03-Mar-22	02-Mar-22	
Gujarat	Ahmedabad	Shankar-6	10500	10000	500
	Gondal	Shankar-6	10805	10655	150
	Rajkot	B.T. Cotton	10840	10925	-85
	Patan	B.T. Cotton	NR	10035	-
	Kadi	B.T. Cotton	10500	9700	800
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10030	9855	175
Haryana	Bhiwani	B.T. Cotton	8400	8400	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9700	9800	-100
	Fatehabad	B.T. Cotton	9600	9500	100
	Jind	B.T. Cotton	9500	9400	100
	Uchana	B.T. Cotton	9270	9500	-230
	Dabwali	B.T. Cotton	9985	10100	-115
Rajasthan	Hanumangarh	B.T. Cotton	10000	10200	-200
	Rawatsar	B.T. Cotton	NR	NR	-
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	10000	Closed	-
	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	NA	10259	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10100	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	03-Mar-22	02-Mar-22	
Punjab	Bhatinda	J-34	7925	7950	-25

	Abohar	J-34	7950	8000	-50
	Mansa	J-34	8000	7980	20
Haryana	Sirsa	J-34	7700	7740	-40
Rajasthan	Sri-Ganganagar	J-34	7426	7379	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	03-Mar-22	02-Mar-22	
Gujarat	Ahmedabad	Shankar-6	42500	51000	-8500
	Gondal	Shankar-6	4429	1657	2772
	Rajkot	B.T. Cotton	5400	5200	200
	Patan	B.T. Cotton	NR	1840	-
	Kadi	B.T. Cotton	10000	5000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	478	592	-114
Haryana	Bhiwani	B.T. Cotton	500	400	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	250	100	150
	Jind	B.T. Cotton	680	595	85
	Uchana	B.T. Cotton	1000	2000	-1000
	Dabwali	B.T. Cotton	200	500	-300
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	NR	NR	-
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	18000	Closed	-
	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	NA	186	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4	NA	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	03-Mar-22	02-Mar-22	
Punjab	Bhatinda	J-34	6800	5100	1700
	Abohar	J-34	510	510	Unch
	Mansa	J-34	170	170	Unch
Haryana	Sirsa	J-34	850	510	340
Rajasthan	Sri-Ganganagar	J-34	2000	1500	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	03-Mar-22	02-Mar-22	
Gujarat	Rajkot	Rs. /10 Kg.	1560	1560	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1550	1550	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1600	1600	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	03-Mar-22	02-Mar-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3113	3081	32
Maharashtra	Akola	Rs./Qtl	3230	3221	9

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 02-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 Wednesday, Mar 02nd, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220302	124.57	125.28	121.64	122.04	-4.31	15	111	-10
May-22	220302	122.60	123.12	118.16	118.54	-4.21	11,123	109,490	-134
Jul-22	220302	119.23	119.52	114.85	115.08	-4.14	5,083	57,810	-154
Oct-22	220302	106.67	106.67	104.56	104.56	-2.87	0	43	+0
Dec-22	220302	103.00	103.25	100.44	100.81	-2.22	2,618	52,258	+29
Mar-23	220302	98.44	99.15	96.69	96.93	-2.07	439	6,910	+126
Total Volume and Open Interest							19,470	237,222	-94

Source: MRCI

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