

Domestic Fundamentals:**Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.36,960/bale on Monday. ICE cotton futures closed red on Friday.

News: *Cotton yarn prices in India slipped further by up to ₹8 per kg as the market received sluggish demand. According to trade sources, domestic demand did not support market sentiment as production activities remained weak in garment units. Export demand is weak due to uncertainty of geo-political developments after Russia's attack on Ukraine. In Mumbai market, yarn prices fell by ₹2-8 per kg as demand weakened further. 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,910-1,920 and 1,670-1,720 per 5 kg, respectively.*

Despite the infestation of pink bollworm on cotton crop during the 2021-22 seasons. Punjab has set a target to increase area under cotton by 23 percent in the coming 2022-23 season. Cotton was sown in 2021-22 season at 119.66 lakh hectares as compared to previous season of 128.07 lakh hectares across India.

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.

Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds at isolated places over West Madhya Prash, Southeast Rajasthan, and with lightning at isolated places over Gujarat region, Konkan & Goa, Marathwada an Adman & Nicobar Islands is expected.

International Fundamentals:

The ICE cotton Futures was up by 388 points at 116.42 cents/lb. The Cotlook A index was at 138.7 cents/lb. The AWP for cotton was at 112.71 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	07-Mar-22	05-Mar-22	
Gujarat	Ahmedabad	Shankar-6	10500	10500	Unch
	Gondal	Shankar-6	11005	10955	50
	Rajkot	B.T. Cotton	10890	10955	-65
	Patan	B.T. Cotton	NR	10095	-
	Kadi	B.T. Cotton	10500	10200	300
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9970	10070	-100
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NA	-
	Adampur	B.T. Cotton	9600	9700	-100
	Fatehabad	B.T. Cotton	9625	9200	425
	Jind	B.T. Cotton	9560	9600	-40
	Uchana	B.T. Cotton	8900	9000	-100
	Dabwali	B.T. Cotton	10165	10025	140
Rajasthan	Hanumangarh	B.T. Cotton	10000	9900	100
	Rawatsar	B.T. Cotton	10180	NR	-
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10300	10300	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	9450	-
Karnataka	Bijapur	Bunny	NA	10165	-
	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	07-Mar-22	05-Mar-22	

Punjab	Bhatinda	J-34	8000	7900	100
	Abohar	J-34	8000	7950	50
	Mansa	J-34	8000	7900	100
Haryana	Sirsa	J-34	7700	7670	30
Rajasthan	Sri-Ganganagar	J-34	7473	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Mar-22	05-Mar-22	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	3532	3939	-407
	Rajkot	B.T. Cotton	5400	4900	500
	Patan	B.T. Cotton	NR	1670	-
	Kadi	B.T. Cotton	20000	5000	15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	431	395	36
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NR	NA	-
	Adampur	B.T. Cotton	2550	2040	510
	Fatehabad	B.T. Cotton	300	200	100
	Jind	B.T. Cotton	593	510	83
	Uchana	B.T. Cotton	1140	560	580
	Dabwali	B.T. Cotton	500	800	-300
Rajasthan	Hanumangarh	B.T. Cotton	1500	1000	500
	Rawatsar	B.T. Cotton	2000	NR	-
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	16000	15000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	17834.7	-
Karnataka	Bijapur	Bunny	NA	492	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	4	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	07-Mar-22	05-Mar-22	
Punjab	Bhatinda	J-34	5100	6800	-1700
	Abohar	J-34	680	510	170
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	1000	NR	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	07-Mar-22	05-Mar-22	
Gujarat	Rajkot	Rs. /10 Kg.	1550	1540	10
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1540	1530	10
Maharashtra	Mumbai	Rs. /10 Kg.	1560	1550	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	07-Mar-22	05-Mar-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	3199	3131	68
Maharashtra	Akola	Rs./Qtl	3287	3259	28

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	04-Mar-22	03-Mar-22	Change
CCIndex(328)	RMB/Ton	22700	22675	25
CCIndex(527)	RMB/Ton	20908	20882	26
CCIndex(229)	RMB/Ton	23145	23118	27

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	04-Mar-22	03-Mar-22	Change
FC Index (S)	Cents/lb	137.87	136.9	0.97
FC Index (M)	Cents/lb	136.41	135.43	0.98
FC Index (L)	Cents/lb	134.85	133.87	0.98



Cotlook Index:

Cotlook Indices	Unit	04-Mar-22	03-Mar-22	Change
A-Index	Cents/Pound	135.55	134.45	1.10

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		04-Mar-22	03-Mar-22	Bales
Southeast	cents/lb.	118.42	124.05	1943
North Delta	cents/lb.	117.42	123.05	0
South Delta	cents/lb.	117.42	123.05	0
East TX-OK	cents/lb.	112.17	117.8	849
West Texas	cents/lb.	112.17	117.05	2985
Desert SW	cents/lb.	110.92	116.55	163
SJ Valley	cents/lb.	111.42	123.7	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 05-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 Friday, Mar 04th, 2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-22	220304	123.75	123.75	120.20	120.20	-3.35	26	96	-15
May-22	220304	119.55	120.15	116.15	116.42	-3.38	17,207	109,687	-73
Jul-22	220304	115.86	116.48	112.78	113.11	-2.75	7,055	56,807	-1,126
Oct-22	220304	103.60	104.31	103.60	104.31	-1.02	1	43	+0
Dec-22	220304	101.42	102.23	99.76	100.65	-0.93	3,424	54,096	+960
Mar-23	220304	97.60	98.25	95.96	96.77	-0.71	345	7,311	+68
Total Volume and Open Interest							28,166	238,736	-204

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.