

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

*The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.37,280/bale on Friday. ICE cotton futures closed red on Thursday.*

**News:** *According to the Ministry of Textiles, the production of organic cotton in India has increased in the current season in Madhya Pradesh and Maharashtra. The production of organic cotton in India is 1.23 million tonnes which is 51 percent of global organic cotton production. However, organic cotton production is limited to few states owing to the higher production cost, lower demand and farmers turning to illegal GM seeds.*

*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 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.*

### International Fundamentals:

The ICE cotton Futures was down by 18 points at 113.03 cents/lb. The Cotlook A index was at 138.7 cents/lb. The AWP for cotton was at 112.71 cents/lb.

The USDA has maintained its outlook for U.S. cotton from February. There were no changes to the domestic balance sheet for cotton, with an average estimated farm price for upland cotton of \$.90 per pound.

In the world 2021-22 cotton balance sheet, ending stocks are 1.7 million bales lower than a month earlier. A 300,000-bale decrease in production accounts for some of this change, but most of the decline stems from lower beginning stocks, reflecting updated Indian consumption estimates for 2019-20 and 2020-21 to reflect Indian government sources. Projected world 2021-22 consumption is marginally higher this month, up 111,000 bales. But with a 1-million-bale increase in the 2020-21 global estimates, March's projected consumption growth rate is lower this month. World consumption is now expected to grow 2.1% from a year earlier, below the 2.8% rate forecast in February. Production is projected lower as a 500,000-bale reduction in India's crop more than offsets a 150,000-bale increase for Mexico.

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.

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.

### 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       | 11-Mar-22            | 10-Mar-22 |        |
| Gujarat        | Ahmedabad   | Shankar-6     | 10500                | 10500     | Unch   |
|                | Gondal      | Shankar-6     | NA                   | 11205     | -      |
|                | Rajkot      | B.T. Cotton   | 11030                | 11055     | -25    |
|                | Patan       | B.T. Cotton   | 10240                | 10325     | -85    |
|                | Kadi        | B.T. Cotton   | 10000                | 10000     | Unch   |
|                | Deesa       | B.T. Cotton   | NA                   | NA        | -      |
|                | Dhrol       | B.T. Cotton   | 9845                 | 10120     | -275   |
| Haryana        | Bhiwani     | B.T. Cotton   | NA                   | NA        | -      |
|                | Bhiwani     | Desi          | NA                   | NA        | -      |
|                | Adampur     | B.T. Cotton   | 9800                 | 9700      | 100    |
|                | Fatehabad   | B.T. Cotton   | 9650                 | 9450      | 200    |
|                | Jind        | B.T. Cotton   | 9800                 | 9600      | 200    |
|                | Uchana      | B.T. Cotton   | 9200                 | 9000      | 200    |
|                | Dabwali     | B.T. Cotton   | 10200                | 10175     | 25     |
| Rajasthan      | Hanumangarh | B.T. Cotton   | 10400                | 10200     | 200    |
|                | Rawatsar    | B.T. Cotton   | 10500                | 10300     | 200    |
| Madhya Pradesh | Khandwa     | Mech-1        | NA                   | NA        | -      |
|                | Khargaon    | Mech-1        | NA                   | NA        | -      |
| Maharashtra    | Amravati    | Mech-1        | 10400                | 10300     | 100    |
|                | Jamner      | Medium Staple | 9685                 | 9681      | 4      |
| Uttar Pradesh  | Hathras     | B.T. Cotton   | NA                   | NA        | -      |
|                | Hathras     | Desi          | NA                   | NA        | -      |
| Telangana      | Adilabad    | Un-Ginned     | 9550                 | 9500      | 50     |
| Karnataka      | Bijapur     | Bunny         | 10389                | 10329     | 60     |
|                | Hubli       | D.C.H.        | NA                   | NA        | -      |
|                | Hubli       | B.T. Cotton   | NA                   | NA        | -      |
|                | Raichur     | H-44 Cotton   | 10380                | 10350     | 30     |
| Commodity      | Lint        |               | Prices (Rs./Maunder) |           | Change |
| State          | Centre      | Variety       | 11-Mar-22            | 10-Mar-22 |        |
| Punjab         | Bhatinda    | J-34          | 8100                 | 8050      | 50     |
|                | Abohar      | J-34          | 8100                 | 8050      | 50     |
|                | Mansa       | J-34          | 8100                 | 8050      | 50     |

|           |                |      |      |      |      |
|-----------|----------------|------|------|------|------|
| Haryana   | Sirsa          | J-34 | 7780 | 7730 | 50   |
| Rajasthan | Sri-Ganganagar | J-34 | 7473 | 7473 | Unch |

Cotton Arrivals in Key Centers:

| Commodity      | Kapas       |               | Arrivals (Quintal) |           | Change  |
|----------------|-------------|---------------|--------------------|-----------|---------|
| State          | Centre      | Variety       | 11-Mar-22          | 10-Mar-22 |         |
| Gujarat        | Ahmedabad   | Shankar-6     | 42500              | 42500     | Unch    |
|                | Gondal      | Shankar-6     | NA                 | 3991      | -       |
|                | Rajkot      | B.T. Cotton   | 4800               | 5600      | -800    |
|                | Patan       | B.T. Cotton   | 1699               | 1410      | 289     |
|                | Kadi        | B.T. Cotton   | 15000              | 25000     | -10000  |
|                | Deesa       | B.T. Cotton   | NA                 | NA        | -       |
|                | Dhrol       | B.T. Cotton   | 251                | 267       | -16     |
| Haryana        | Bhiwani     | B.T. Cotton   | NA                 | NA        | -       |
|                | Bhiwani     | Desi          | NA                 | NA        | -       |
|                | Adampur     | B.T. Cotton   | 3400               | 2040      | 1360    |
|                | Fatehabad   | B.T. Cotton   | 500                | 300       | 200     |
|                | Jind        | B.T. Cotton   | 774                | 476       | 298     |
|                | Uchana      | B.T. Cotton   | 870                | 500       | 370     |
|                | Dabwali     | B.T. Cotton   | 500                | 300       | 200     |
| Rajasthan      | Hanumangarh | B.T. Cotton   | 500                | 800       | -300    |
|                | Rawatsar    | B.T. Cotton   | 3000               | 1400      | 1600    |
| Madhya Pradesh | Khandwa     | Mech-1        | NA                 | NA        | -       |
|                | Khargaon    | Mech-1        | NA                 | NA        | -       |
| Maharashtra    | Amravati    | Mech-1        | 12000              | 17000     | -5000   |
|                | Jamner      | Medium Staple | 20                 | 20        | Unch    |
| Uttar Pradesh  | Hathras     | B.T. Cotton   | NA                 | NA        | -       |
|                | Hathras     | Desi          | NA                 | NA        | -       |
| Telangana      | Adilabad    | Un-Ginned     | 8304               | 12064     | -3760.2 |
| Karnataka      | Bijapur     | Bunny         | 396                | 435       | -39     |
|                | Hubli       | D.C.H.        | NA                 | NA        | -       |
|                | Hubli       | B.T. Cotton   | NA                 | NA        | -       |
|                | Raichur     | H-44 Cotton   | 6                  | 5         | 1       |
| Commodity      | Lint        |               | Arrivals (Quintal) |           | Change  |
| State          | Centre      | Variety       | 11-Mar-22          | 10-Mar-22 |         |
| Punjab         | Bhatinda    | J-34          | 1700               | 1700      | Unch    |

|           |                |      |      |      |      |
|-----------|----------------|------|------|------|------|
|           | Abohar         | J-34 | 680  | 680  | Unch |
|           | Mansa          | J-34 | 255  | 255  | Unch |
| Haryana   | Sirsa          | J-34 | 1700 | 1700 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | 1500 | 1500 | Unch |

Cotton Seed Oil Prices:

| Commodity   | Cotton Seed Oil |             | Price     |           | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State       | Centre          | Unit        | 11-Mar-22 | 10-Mar-22 |        |
| Gujarat     | Rajkot          | Rs. /10 Kg. | 1600      | 1600      | Unch   |
| Delhi       | New Delhi       | Rs. /10 Kg. | NR        | NR        | -      |
| Telangana   | Hyderabad       | Rs. /10 Kg. | 1590      | 1590      | Unch   |
| Maharashtra | Mumbai          | Rs. /10 Kg. | 1610      | 1610      | Unch   |

Cotton Seed Oil Seed Cake Prices:

| Commodity   | Cotton Seed Oil Seed Cake |         | Price     |           | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State       | Centre                    | Unit    | 11-Mar-22 | 10-Mar-22 |        |
| Gujarat     | Mahesana (Kadi)           | Rs./Qtl | 3154      | 3184      | -30    |
| Maharashtra | Akola                     | Rs./Qtl | 3279      | 3285      | -6     |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index        | Unit    | 09-Mar-22 | 07-Mar-22 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 22727     | 22684     | 43     |
| CCIndex(527) | RMB/Ton | 20936     | 20925     | 11     |
| CCIndex(229) | RMB/Ton | 23202     | 23151     | 51     |

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

China Foreign Cotton (FCE) Index :

| Index        | Unit     | 09-Mar-22 | 07-Mar-22 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 136.22    | 134.73    | 1.49   |
| FC Index (M) | Cents/lb | 134.73    | 133.24    | 1.49   |
| FC Index (L) | Cents/lb | 133.17    | 131.68    | 1.49   |

Cotlook Index:

| Cotlook Indices | Unit        | 08-Mar-22 | 07-Mar-22 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index         | Cents/Pound | 133.6     | 133.15    | 0.45   |

**USDA Cotton Spot Rates:**

| Growth Area | Unit      | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
|             |           | 08-Mar-22           | 07-Mar-22           | Bales    |
| Southeast   | cents/lb. | 119.97              | 121.19              | 0        |
| North Delta | cents/lb. | 118.97              | 120.19              | 0        |
| South Delta | cents/lb. | 118.97              | 120.19              | 0        |
| East TX-OK  | cents/lb. | 113.72              | 114.94              | 665      |
| West Texas  | cents/lb. | 113.72              | 114.19              | 1807     |
| Desert SW   | cents/lb. | 112.47              | 113.69              | 0        |
| SJ Valley   | cents/lb. | 112.97              | 120.84              | 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 09-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 Thursday, Mar 10th, 2022**

| Most Recent Information        |        |        |        |        |        |        | Previous Day |          |        |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Month                          | Date   | Open   | High   | Low    | Close  | Change | Volume       | Open Int | Change |
| Cotton(ICE)                    |        |        |        |        |        |        |              |          |        |
| <a href="#">Mar-22</a>         | 220310 | 117.47 | 118.47 | 116.67 | 116.86 | -0.61  | 14,444       | 102,500  | -2,212 |
| <a href="#">May-22</a>         | 220310 | 113.25 | 114.17 | 112.71 | 113.03 | -0.18  | 8,634        | 49,173   | -1,291 |
| <a href="#">Jul-22</a>         | 220310 | 103.34 | 105.79 | 103.34 | 104.79 | -0.32  | 2            | 32       | +1     |
| <a href="#">Oct-22</a>         | 220310 | 101.35 | 102.00 | 100.98 | 101.44 | -0.25  | 3,215        | 58,384   | +831   |
| <a href="#">Dec-22</a>         | 220310 | 98.25  | 98.25  | 97.32  | 97.75  | -0.34  | 217          | 7,929    | +10    |
| <a href="#">Mar-23</a>         | 220310 | 95.19  | 95.40  | 94.61  | 95.05  | -0.24  | 103          | 1,228    | +8     |
| Total Volume and Open Interest |        |        |        |        |        |        | 26,835       | 228,765  | -2,681 |

Source: MRCI

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