

### Domestic Fundamentals:

#### **Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was higher at Rs.42,760/bale on Thursday. ICE cotton futures closed green on Wednesday.

**News:** As of 27<sup>th</sup> July 2022, Telangana Cotton sowing has reached 4453529 acres for the 2022-23 season which is slightly lower compared to the previous season's sowing of 4955115 acres. Average rainfall for the period from 01.06.2022 to 27.07.2022 has reached 675.8 mm higher as compared to the previous season of 546.6 mm.

Cotton Crop has been damaged due to excessive rains in Gujarat, Maharashtra, and Telangana. Also, If rains continue to hit the state for the next few days more crop is likely to get damaged. Cotton sowing in Maharashtra is expected to cross 4.2 million hectares. In Gujarat, it would be around 2.7 million hectares. Overall, the cotton acreage in the north is expected to be around 1.5 million hectares and the same for southern states is likely to remain at around 3.5-4.0 million hectares. Agriwatch expects area under cotton cultivation to be 137 lakh hectares in the 2022-23 season.

Also, In Punjab, the area under cotton cultivation is the lowest since 2010, also the Cotton crop is on the radar for a second straight year as attacks of whitefly and pink bollworm have been witnessed in Punjab.

As per Agriwatch, for the coming week heavy rains may be witnessed across the key cotton-growing regions such as Maharashtra, Marathwada, Vidarbha, Telangana, Gujarat, Saurashtra, Kutch, Rajasthan, Karnataka, Punjab, and Haryana. These rains will further likely to affect the cotton crop in the coming week. Also, Due to these heavy rains cotton sowing has been affected and we expect that cotton farmers from Telangana may shift towards chilies if these rains continue to affect the crop.

The areas of Adilabad, Karimnagar, Nizamabad, Warangal, Khammam, Medak, and other some districts in Telangana have witnessed heavy rains this week. These rains and floods have damaged around 20 lakh acres of cotton fields, in the previous season around 25 lakh acres of cotton crop was destroyed due to heavy rains. In the Vanakalam (Kharif) season this year, farmers had sown cotton in around 43 lakh acres, but incessant rains have damaged around 20 percent of the crop. The cotton farmers are worried over the sowing in the rainy season as delay in sowing would adversely affect the yield.

As of 25<sup>th</sup> July 2022, Gujarat Cotton sowing has reached 24,495 hectares for the 2022-23 season which is higher compared to the previous season's sowing of 21,772 hectares.

As of 20<sup>th</sup> July 2022, Andhra Pradesh Cotton sowing has reached 3.11 lakh hectares for the 2022-23 season which is slightly higher compared to the previous season's sowing of 2.40 lakh hectares. Average rainfall for the period from 01.06.2022 to 20.07.2022 has reached 222 mm higher as compared to the previous season of 192 mm.

As of 19<sup>th</sup> July 2022, Rajasthan Cotton sowing has reached 627.98 hectares for the 2022-23 season which is slightly higher compared to the previous season's sowing of 591.51 hectares. Average rainfall for the period from 01.06.2022 to 19.07.2022 has reached 233.23 mm higher as compared to the previous season of 111.29 mm.

### **Weather Forecast:**

Heavy rainfall at isolated places over Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh, Assam & Meghalaya, and heavy rainfall at isolated places over Jammu & Kashmir, Ladakh, Gilgit, Baltistan, Muzaffarabad, Uttar Pradesh, East Uttar Pradesh, Bihar, Jharkhand, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Telangana, Tamil Nadu, Pondicherry, Karikal. Thunderstorms accompanied with lightning very likely over Uttar Pradesh, Bihar, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Coastal & South Interior Karnataka, Tamil Nadu, Pondicherry, Karikal, Kerala & Mahe.

### **International Fundamentals:**

The ICE cotton Futures was lower by 217 points at 99.69 cents/lb. The Cotlook A index was stable at 128.3 cents/lb. The AWP for cotton was 103.96 cents/lb.

According to the U.S. Crop progress report, as of 25<sup>th</sup> July 2022, U.S cotton Squaring stands at 80 percent which is higher than that of the previous season (77 percent). In the previous week cotton squaring was 74 percent. Overall 4 percent of the U.S Cotton Crop is in excellent condition, 35 percent in good to a fair condition which was 34 percent in the previous week.

**According to the USDA Cotton estimate for the 2021-22 season,** Global cotton production is lowered by 725,000 bales due primarily to a decline in Brazil. Global use is estimated lower by 1.9 million bales, and ending stocks are up over 1.0 million bales. Further, Global trade is down with a 1.3-million-bale drop in imports and 1.2-million-bale drop in exports. Notable decreases in imports were seen from Bangladesh, China, India, and Vietnam. Also, exports are down from Australia, India, Mali, and the United States. Overall Global Cotton production is estimated at 121.27 million bales in the 2021-22 season, Imports are estimated at 43.32 million bales, and domestic use at 119.79 million bales. Further global exports for the 2021-22 season are estimated at 43.93 million bales resulting in an ending stock of 84.04 million bales. Stock to use ration for the 2021-22 season is estimated at 51.38 percent.

**According to the USDA Cotton estimate for the 2022-23 season,** Global production is lowered by 1.2 million bales to just over 120 million bales with a marked decline in the U.S. crop and a slight decline for Brazil. Global use is down 1.6 million bales due primarily to declines in Bangladesh, China, India, and Vietnam, and ending stocks are increased by 1.5 million bales. Global trade is down, with imports and exports decreasing by 1.1 million bales each. The U.S. balance sheet shows lower production, exports, and ending stocks. Abandonment in Texas is expected to surge. The projected U.S. season-average farm price is unchanged at 95 cents per pound.

DOMESTIC PRICES AND ARRIVALSCotton arrivals have decreased in the market as the season is close to its end.Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Jul-22	27-Jul-22	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	10855	10805	50
	Rajkot	B.T. Cotton	10680	10670	10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9500	9500	Unch
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	10600	-
	Jamner	Medium Staple	9000	9000	Unch
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	NA	10109	-
Karnataka	Bijapur	Bunny	10111	9309	802
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Jul-22	27-Jul-22	
Punjab	Bhatinda	J-34	9100	9100	Unch
	Abohar	J-34	9200	9100	100
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	8500	8400	100
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jul-22	27-Jul-22	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-

	Gondal	Shankar-6	7350	7500	-150
	Rajkot	B.T. Cotton	80	60	20
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	4000	-
	Jamner	Medium Staple	35	80	-45
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	NA	76	-
Karnataka	Bijapur	Bunny	40	97	-57
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jul-22	27-Jul-22	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	28-Jul-22	27-Jul-22	
Gujarat	Rajkot	Rs. /10 Kg.	1475	1465	10
Delhi	New Delhi	Rs. /10 Kg.	1435	1418	17
Telangana	Hyderabad	Rs. /10 Kg.	1460	1442	18
Maharashtra	Mumbai	Rs. /10 Kg.	1465	1455	10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Jul-22	27-Jul-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2840	2817	23

Maharashtra	Akola	Rs./Qtl	2854	2841	13
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INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	28-Jul-22	27-Jul-22	Change
CCIndex(328)	RMB/Ton	NA	15837	-
CCIndex(527)	RMB/Ton	NA	14630	-
CCIndex(229)	RMB/Ton	NA	16222	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	28-Jul-22	27-Jul-22	Change
FC Index (S)	Cents/lb	116.67	116.07	0.60
FC Index (M)	Cents/lb	115.43	114.83	0.60
FC Index (L)	Cents/lb	114.19	113.59	0.60

Cotlook Index:

Cotlook Indices	Unit	27-Jul-22	26-Jul-22	Change
A-Index	Cents/Pound	129.9	127.2	2.70

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Jul-22	27-Jul-22	Bales
Southeast	cents/lb.	109.83	112.08	0
North Delta	cents/lb.	108.83	111.08	0
South Delta	cents/lb.	108.83	111.08	0
East TX-OK	cents/lb.	101.83	104.08	240
West Texas	cents/lb.	101.83	103.33	325
Desert SW	cents/lb.	99.83	102.08	53
SJ Valley	cents/lb.	100.33	109.23	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

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Jul-22	26-Jul-22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	59000	59000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	59700	59700	Unch
J-34(202)	26mm	3.5 - 4.9	23	80200	78800	1400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	85100	83600	1500
Shankar-6(105)	29mm	3.5 - 4.9	28	90000	87500	2500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	91800	89800	2000
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	98500	98500	Unch

**Pakistan Cotton Spot rates: As on 27-Jul-2022**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	18000	180	18180
Equivalent	40 Kgs	19291	193	19484

**Daily Futures Price Listing Wednesday, July 27<sup>th</sup>, 2022**

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
<a href="#">Oct-22</a>	220727	99.84	101.50	98.95	99.83	+0.14	78	164	+12
<a href="#">Dec-22</a>	220727	94.48	96.90	93.53	95.07	+0.59	8,308	107,763	+905
<a href="#">Mar-22</a>	220727	90.77	93.09	89.86	91.46	+0.72	2,106	34,258	+156
<a href="#">May-23</a>	220727	89.17	91.30	88.53	89.87	+0.75	742	15,270	+207
<a href="#">Jul-23</a>	220727	87.00	89.34	86.68	88.01	+0.75	608	8,458	+88
<a href="#">Oct-23</a>	220727	82.58	82.58	82.58	82.58	+0.85			
Total Volume and Open Interest							12,221	183,775	+1,344

Source: MRCI

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