

### Domestic Fundamentals:

#### **Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was stable at Rs.47,740/bale on Monday. ICE cotton futures closed green on Friday.

**News:** According to the market sources, Punjab is likely to have a higher production in the 2022-23 season. Despite of the lower acreages in the 2022-23 season, cotton production in Punjab is expected to be at 8 lakh bales as compared to the previous 6.45 lakh bales in the 2021-22 season. However, heavy rainfall and pest attack is likely to affect cotton yields. Further, as per trade associates, prices are expected to trade above than 10,000 per quintal in the 2022-23 season.

According to the Ministry of Agriculture and Farmer's Welfare Fourth Advance estimate, total cotton production in India for the 2021-22 season is expected to be at 312 lakh bales as compared to the previous season of 352 lakh bales in the 2020-21 season. As per Agriwatch, the decrease in production is mainly due to a decrease in area and yield earlier in the 2021-22 season.

According to the data released by Agriculture Ministry, as of 19<sup>th</sup> August 2022, Cotton sowing has been reported at 123.088 lakh hectares which was 116.146 lakh hectares in the previous 2021-22 season.

According to Cotton Association of India, despite the increased acreage of cotton across the country, prices are unlikely to go below Rs 70,000 per candy even after the new cotton season arrives in October as cotton crop output in the US and China is likely to remain low. Apart from this, the Cotton Corporation of India (CCI) has not been able to purchase much cotton in the previous season as farmers are preferring to sell their yield in the open market as they fetch higher than MSP prices. Hence, there would be extremely low carry forward stock for the upcoming 2022-23 cotton season.

The lower rates of December futures (103 cents) at the US-based Intercontinental Exchange (ICE), Indian cotton rates would come down to Rs 62,000 to Rs 67,000 per candy around December.

As of 15<sup>th</sup> Aug 2022, Gujarat Cotton sowing has reached 25,36,925 hectares for the 2022-23 season which is higher compared to the previous season's sowing of 22,48,902 hectares.

According to Agriwatch Sources, New Cotton arrivals are very slow in Northern India. Also, due to supply crunch new crop market advanced to Rs. 9300 per maund from Rs. 8011 per maund. All India cotton sowing area has crossed 123 lakh hectares so far. Monsoon is well in India till date hope for same up to harvesting.

As of 10<sup>th</sup> Aug 2022, Telangana Cotton sowing has reached 4759870 acres for the 2022-23 season which is slightly lower compared to the previous season's sowing of 5022915 acres. Average rainfall for the period from 01.06.2022 to 10.08.2022 has reached 806 mm higher as compared to the previous season of 559 mm.

In Rajasthan, Cotton Sowing gained by nearly 7.99 percent to 647.1 thousand hectares as against 599.22 thousand hectares in 2021. As per Agriwatch, for the coming week heavy rains may be witnessed across the key cotton-growing regions such as Maharashtra, Marathwada, Vidarbha, Telangana, and Madhya Pradesh. These rains will further likely to affect the cotton crop in the coming week.

**Weather Forecast:**

Heavy rainfall at isolated places over Rajasthan and Gujarat region, and heavy rainfall at isolated places over West Madhya Pradesh, Gangetic West Bengal, Odisha, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Saurashtra & Kutch, Coastal & South interior Karnataka, Tamil Nadu, Pondicherry, Karikal, Kerala & Mahe. Thunderstorms accompanied with lightning at isolated places over Himachal Pradesh, Rajasthan, Bihar, Jharkhand, West Bengal, Sikkim, Odisha, Assam & Meghalaya, South Interior Karnataka, Tamil Nadu, Pondicherry & Karikal and Kerala & Mahe.

**International Fundamentals:**

The ICE cotton Futures was higher by 263 points at 119.75 cents/lb. The Cotlook A index was stable at 131.65 cents/lb. The AWP for cotton was 101.90 cents/lb.

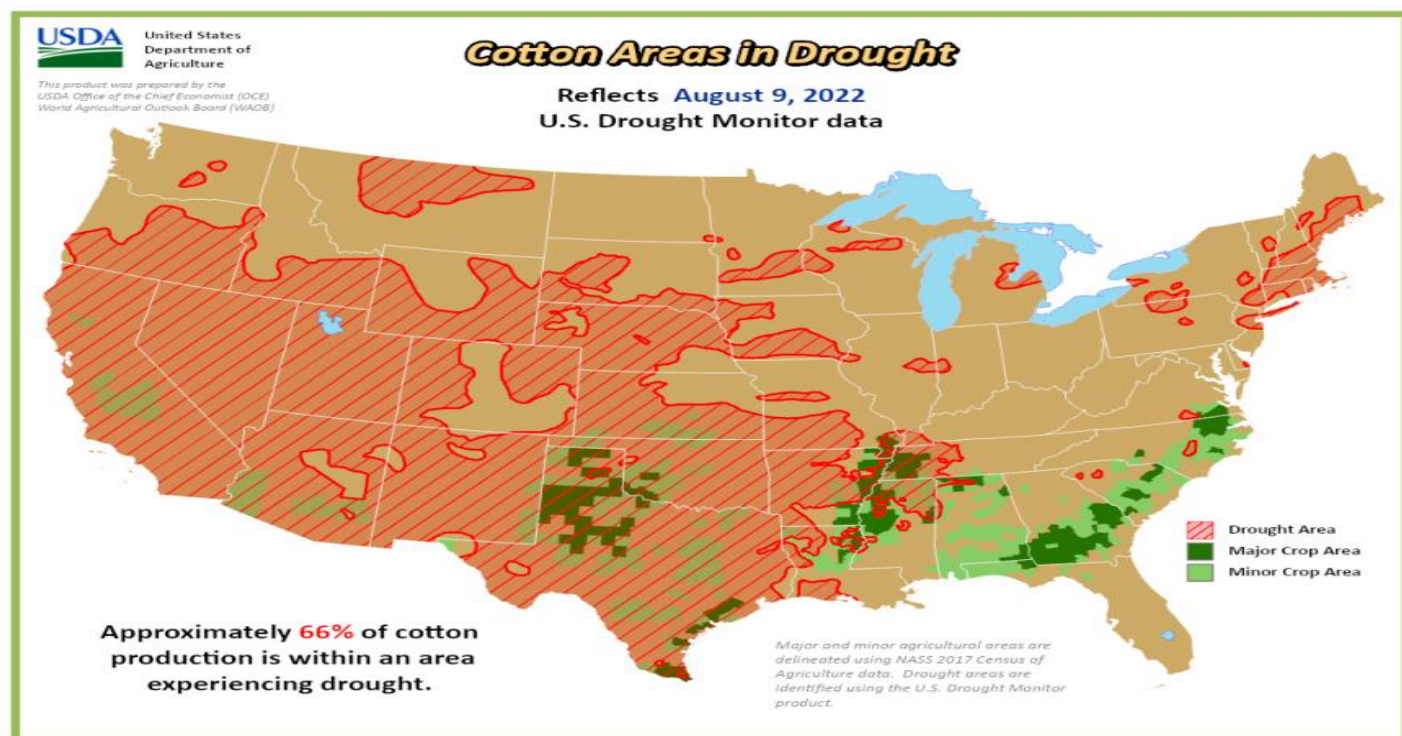
The cotton crop is likely to get affected in the 2022-23 season due to adverse weather in the major cotton-producing countries. As the U.S. cotton crop is being affected due to drought, China is also likely to have a lower production in the 2022-23 season as the crop is getting affected due to severe heat waves. Also, one of the largest cotton exporters Brazil is battling with extreme heat and drought that have already reduced the yields by nearly 30 percent in the 2022-23 season. In India too, the heavy rainfalls and pest attacks are affecting the cotton crop.

According to the U.S. Crop progress report, as of 15<sup>th</sup> Aug 2022, U.S cotton Cotton Bolls opening stands at 15 percent which is higher than that of the previous season (9 percent). In the previous week cotton bolls opening was 9 percent. Overall 5 percent of the U.S Cotton Crop is in excellent condition, 31 percent in good to a fair condition which was 35 percent in the previous week.

According to the USDA WASDE report, World 2022-23 cotton production is forecasted at 3.1 million bales lower this month, and consumption is 800,000 bales lower, resulting in a decrease in projected ending stocks of 1.5 million bales. In addition to the U.S. crop change, world production is reduced an additional 100,000 bales as extreme heat in Uzbekistan reduced yield prospects there.

World trade is 1.8 million bales lower this month, with reductions in U.S. exports and imports by China as the largest changes. Projected imports are also lower this month for India, Pakistan, Vietnam, Turkey, and Bangladesh. Consumption in 2022-23 season is projected lower than a month ago in the United States, Pakistan, Vietnam, Turkey, and Bangladesh.

The U.S. Department of Agriculture has forecasted for the domestic cotton crop to 12.6 million bales, which would be down by around 28% from last year, and the smallest crop since 2009. Severe drought and some of the hottest weather on record have scorched fields and driven a historically high level of abandonment in the Southwest. Texas, the top cotton-producing state, has been especially hard hit.



## DOMESTIC PRICES AND ARRIVALS

Cotton 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	22-Aug-22	20-Aug-22	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	10250	NA	-
	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	10600	10500	100
	Jamner	Medium Staple	NA	0	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	12081	12179	-98
Karnataka	Bijapur	Bunny	12056	12025	31
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	11800	11500	300
Commodity		Lint	Prices (Rs./Maund)		Change
State	Centre	Variety	22-Aug-22	20-Aug-22	
Punjab	Bhatinda	J-34	10500	10500	Unch
	Abohar	J-34	10500	10500	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	9900	9900	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Aug-22	20-Aug-22	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	8250	Closed	-
	Rajkot	B.T. Cotton	10	NA	-
	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	4000	3000	1000
	Jamner	Medium Staple	NA	0	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	1648	935	713
Karnataka	Bijapur	Bunny	598	215	383
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6	6	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Aug-22	20-Aug-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	22-Aug-22	20-Aug-22	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1470	1470	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	1450	1500	-50

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Aug-22	20-Aug-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2761	2776	-14
Maharashtra	Akola	Rs./Qtl	2906	2915	-9

**INTERNATIONAL PRICES AND INDICES****China Cotton Index:**

Index	Unit	18-Aug-22	18-Aug-22	Change
CCIndex(328)	RMB/Ton	16051	16051	Unch
CCIndex(527)	RMB/Ton	14690	14690	Unch
CCIndex(229)	RMB/Ton	16397	16397	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.				

**China Foreign Cotton (FCE) Index :**

Index	Unit	18-Aug-22	17-Aug-22	Change
FC Index (S)	Cents/lb	135.21	138.51	-3.30
FC Index (M)	Cents/lb	133.9	137.2	-3.30
FC Index (L)	Cents/lb	132.69	135.99	-3.30

**Cotlook Index:**

Cotlook Indices	Unit	18-Aug-22	16-Aug-22	Change
A-Index	Cents/Pound	131.65	131.75	-0.10

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Aug-22	17-Aug-22	Bales
Southeast	cents/lb.	128.32	130.57	0
North Delta	cents/lb.	127.32	129.57	0
South Delta	cents/lb.	127.32	129.57	0
East TX-OK	cents/lb.	119.32	121.57	612
West Texas	cents/lb.	119.32	120.82	0
Desert SW	cents/lb.	118.32	120.57	0
SJ Valley	cents/lb.	118.82	127.72	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
				20-Aug-22	18-Aug-22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	67900	67900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	68600	68600	Unch
J-34(202)	26mm	3.5 - 4.9	23	95000	95000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	96000	96000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	98500	99000	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	102000	102500	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	97000	97000	Unch

#### Pakistan Cotton Spot rates: As on 20-Aug-2022

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	18000	180	20235
Equivalent	40 Kgs	19291	193	21686



**Daily Futures Price Listing Friday, Aug 19<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>	220819	115.81	119.75	115.39	119.75	+2.63	27	120	+7
<a href="#">Dec-22</a>	220819	112.73	116.63	111.01	116.01	+3.31	28,896	107,088	+556
<a href="#">Mar-22</a>	220819	109.78	113.34	108.27	112.84	+3.08	12,774	40,504	+686
<a href="#">May-23</a>	220819	107.00	110.15	105.89	109.89	+3.00	6,160	16,234	+511
<a href="#">Jul-23</a>	220819	102.11	105.40	101.73	105.20	+2.80	4,702	11,752	+389
<a href="#">Oct-23</a>	220819	96.88	96.88	96.88	96.88	+2.67			
Total Volume and Open Interest							57,839	197,504	+4,579

Source: MRCI

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