

## Domestic Fundamentals:

### **Market Outlook:**

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was stable at Rs.47,070/bale on Monday. ICE cotton futures closed green on Friday.

**News:** MCX under the circular no. MCX/TRD/499/2022 has notified that the exchange is in process of modifying the Cotton contract specification. Accordingly, with effect from August 29, 2022, no fresh positions will be permitted in Cotton January 2023 expiry contract which has currently nil open interest. Cotton February 2023 expiry and subsequent expiry contracts will temporarily not be launched for trading till such time the revised contract specification is finalized. Also, No changes for other running Cotton contracts with Open Interest.

### **New Cotton Arrivals**

**Northern India:** As per Agriwatch, New cotton arrivals are expected to come late in the 1<sup>st</sup> week of September 2022 from Rajasthan and Haryana. Although, arrivals had started from some districts of Punjab but are very slow. The new cotton prices at Bhatinda are currently at Rs. 9300 per quintal.

**Central India:** Arrivals have also started in Gujarat and Madhya Pradesh but are in smaller quantities, prices for the new cotton in Gujarat are currently at Rs. 11,600 to 12,000 per quintal whereas in Madhya Pradesh prices are at Rs. 9,511-11,001 per quintal. Arrivals are currently around 2-3 quintal; overall moisture content in the new cotton crop is around 30-35%.

As of 24<sup>th</sup> Aug 2022, Gujarat Cotton sowing has reached 5.72 lakh hectares for the 2022-23 season which is higher compared to the previous season's sowing of 4.46 lakh hectares. Average rainfall reported during the 01.06.2022 to 24.08.2022 is around 384.70 mm against the normal 384.3 mm.

As of 22<sup>nd</sup> Aug 2022, Gujarat Cotton sowing has reached 25,38,383 hectares for the 2022-23 season which is higher compared to the previous season's sowing of 22,50,743 hectares.

According to the data released by Agriculture Ministry, as of 19<sup>th</sup> August 2022, Cotton sowing has been reported at 124.27 lakh hectares which was 116.51 lakh hectares in the previous 2021-22 season. Agriwatch expects cotton sowing to reach 128 lakh hectares in the 2022-23 season. Earlier, due to excess rainfall in July month cotton sowing was affected in central and southern India.

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.

Cotton Sowing (Lakh Hectares) As of 19 <sup>th</sup> Aug 2022			
States	2021-22	2022-23	Difference
Andhra Pradesh	4.20	5.59	1.39
Karnataka	6.10	7.75	1.65
Gujarat	22.48	25.36	2.88
Maharashtra	39.26	41.95	2.68
Madhya Pradesh	6.0	5.9	0.01
Rajasthan	6.28	6.52	0.27
Punjab	2.54	2.48	0.06
Haryana	6.88	6.50	0.37
<b>All India</b>	<b>116.51</b>	<b>124.27</b>	<b>7.75</b>

**Weather Forecast:**

Heavy rainfall at isolated places over Sub-Himalayan West Bengal & Sikkim and heavy rainfall at isolated places over Bihar, Arunachal Pradesh, Assam & Meghalaya, Karnataka, Tamil Nadu, Pondicherry, Kerala & Mahe, & Karaikal, Arunachal Pradesh. Thunderstorms accompanied by lightning at isolated places over Rayalaseema, Himachal Pradesh, Uttarakhand, Uttar Pradesh, East Uttar Pradesh, East Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, West Bengal & Sikkim, Madhya Maharashtra, Marathwada, Konkan & Goa, Coastal Andhra Pradesh, Yanam, Telangana, Tamil Nadu, Pondicherry, Karaikal, Kerala & Mahe and Lakshadweep.

**International Fundamentals:**

The ICE cotton Futures was higher by 494 points at 122.12 cents/lb. The Cotlook A index was high at 132.25 cents/lb. The AWP for cotton was 104.48 cents/lb.

According to the U.S. Crop progress report, as of 21<sup>st</sup> Aug 2022, U.S cotton Cotton Bolls opening stands at 19 percent which is higher than that of the previous season (13 percent). In the previous week cotton bolls opening was 15 percent. Overall 5 percent of the U.S Cotton Crop is in excellent condition, 26 percent in good to a fair condition which was 29 percent in the previous week.

Overall, 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. 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. Severe drought and some of the hottest weather have scorched fields and driven a historically high level of abandonment in the Southwest.

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.

As per Agriwatch, In India too, the heavy rainfalls and pest attacks are affecting the cotton crop. In the northern states of Punjab, Haryana, and Rajasthan cotton crop has been affected due to pink bollworm infestation. As a result, new cotton arrivals are expected to come late in the 1<sup>st</sup> week of September 2022 from Rajasthan and Haryana. Although, arrivals had started from some districts of Punjab but are very slow. Whereas else in Maharashtra and Telangana excess rainfall in July, over the major cotton-growing districts has affected the crop.

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	29-Aug-22	27-Aug-22	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	11055	NA	-
	Rajkot	B.T. Cotton	12755	Closed	-
	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	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	10800	NA	-
Karnataka	Bijapur	Bunny	9909	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	11100	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Aug-22	27-Aug-22	
Punjab	Bhatinda	J-34	10000	10000	Unch
	Abohar	J-34	9600	9500	100
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	9600	9500	100
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	29-Aug-22	27-Aug-22	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	11800	Closed	-
	Rajkot	B.T. Cotton	45	Closed	-
	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	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	3600	NA	-
Karnataka	Bijapur	Bunny	192	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Aug-22	27-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	29-Aug-22	27-Aug-22	
Gujarat	Rajkot	Rs. /10 Kg.	1465	1490	-25
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	1415	1430	-15
Maharashtra	Mumbai	Rs. /10 Kg.	1430	1460	-30

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price	Change
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State	Centre	Unit	29-Aug-22	27-Aug-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2776	2776	Unch
Maharashtra	Akola	Rs./Qtl	2848	2901	-53

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

Index	Unit	29-Aug-22	27-Aug-22	Change
CCIndex(328)	RMB/Ton	15965	Closed	-
CCIndex(527)	RMB/Ton	14532	Closed	-
CCIndex(229)	RMB/Ton	16341	Closed	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	29-Aug-22	27-Aug-22	Change
FC Index (S)	Cents/lb	139.31	Closed	-
FC Index (M)	Cents/lb	138	Closed	-
FC Index (L)	Cents/lb	136.79	Closed	-

**Cotlook Index:**

Cotlook Indices	Unit	27-Aug-22	27-Aug-22	Change
A-Index	Cents/Pound	Closed	Closed	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Aug-22	27-Aug-22	Bales
Southeast	cents/lb.	Closed	Closed	Closed
North Delta	cents/lb.	Closed	Closed	Closed
South Delta	cents/lb.	Closed	Closed	Closed
East TX-OK	cents/lb.	Closed	Closed	Closed
West Texas	cents/lb.	Closed	Closed	Closed
Desert SW	cents/lb.	Closed	Closed	Closed
SJ Valley	cents/lb.	Closed	Closed	Closed

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-Aug-22	26-Aug-22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	64900	63900	1000
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	65600	64600	1000
J-34(202)	26mm	3.5 - 4.9	23	90000	88000	2000
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	94000	94000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	97000	97000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	103000	103000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	99000	99000	Unch

## Pakistan Cotton Spot rates: As on 25-Aug-2022

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	18000	180	23235
Equivalent	40 Kgs	19291	193	24901

Daily Futures Price Listing Friday, Aug 26<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>	220826	119.33	122.18	119.32	122.12	+4.94	6	119	-2
<a href="#">Dec-22</a>	220826	114.43	118.40	114.20	117.68	+3.57	12,027	112,238	+590
<a href="#">Mar-22</a>	220826	111.41	114.85	111.41	114.37	+3.54	2,928	43,666	+486
<a href="#">May-23</a>	220826	108.50	111.44	108.43	111.16	+3.34	707	17,055	+230
<a href="#">Jul-23</a>	220826	104.05	106.20	103.97	106.00	+2.89	400	12,249	+30
<a href="#">Oct-23</a>	220826	95.30	95.30	95.30	95.30	+0.26			
Total Volume and Open Interest							16,395	207,904	+1,319

Source: MRCI

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