

Domestic Fundamentals:

Market Outlook:

The cotton physical market showed a mixed trend across India today. MCX cotton spot price was lower at Rs.45,440/bale on Thursday. ICE cotton futures closed green on Wednesday.

News: According to the Indian Cotton Association Limited, cotton production in northern India is likely to increase by 23.40% in the coming 2022-23 season. Despite of lower acreages and limited damage in the few areas of Punjab overall production in north is expected to increase attributed to the good progress of the crop. As per AgriWatch, currently, the crop is in good condition and arrivals have also begun in the market, and arrivals are further expected to receive full swing in October month.

As of 29th Aug 2022, Gujarat Cotton sowing has reached 25,45,105 hectares for the 2022-23 season which is slightly lower compared to the previous season's sowing of 22,51,170 hectares. As per the state agriculture department, overall production in Gujarat for the 2022-23 season is expected to be 9184.96 bales and yield is likely to be 615.13 kg/hectares.

States	Area (lakh hectares)		Production (lakh bales)	
	2021-22	2022-23	2021-22	2022-23
Punjab	2.54	2.48	7.21	6.89
Haryana	6.88	6.50	15.11	19.49
Rajasthan	6.28	6.52	26.12	33.08

Source: ICAL

According to the data released by Agriculture Ministry, as of 26th August 2022, Cotton sowing has been reported at 124.55 lakh hectares which was 116.90 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.

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.

Cotton Sowing (Lakh Hectares) As of 26 th Aug 2022			
States	2021-22	2022-23	Difference
Andhra Pradesh	4.46	5.72	1.26
Karnataka	6.11	7.8	1.69
Gujarat	22.50	25.38	2.87
Maharashtra	39.26	41.95	2.68
Madhya Pradesh	6.0	5.99	0.01
Rajasthan	6.28	6.52	0.27
Punjab	2.54	2.48	0.06
Haryana	6.88	6.50	0.37
All India	116.90	124.55	7.64

Source: Ministry of Agriculture

New Cotton Arrivals

Northern India: As per Agriwatch, arrivals had started from Punjab and are likely to increase in the coming week. In Muktsar grain market cotton prices fetched Rs. 10,251 per quintal against the minimum support price of Rs.6,225 per quintal. Due to good demand from cotton factories in the 2022-23 season prices are further expected to increase. In Palwal district of Haryana arrivals had begun during the last week prices for the new cotton are currently at Rs. 9,900- Rs. 10,000 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%.

Where else in southern India, cotton arrivals are expected to come from October first week.

Weather Forecast:

Heavy rainfall at isolated places over Sub-Himalayan West Bengal & Sikkim and heavy rainfall at isolated places over Kerala & Mahe, Lakshadweep, Arunachal Pradesh, Assam & Meghalaya, Bihar, Nagaland, Manipur, Mizoram & Tripura, Gujarat region, Madhya Maharashtra, Konkan & goa, South interior Karnataka, Tamil Nadu, Pondicherry, & Karaikal. Thunderstorms accompanied by lightning at isolated places over Uttarakhand, Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, West Bengal & Sikkim, Odisha, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Madhya Maharashtra, Marathwada, Konkan & Goa, Gujarat state, Karnataka, Tamil Nadu, Pondicherry, Karaikal, Kerala & Mahe and Lakshadweep.

International Fundamentals:

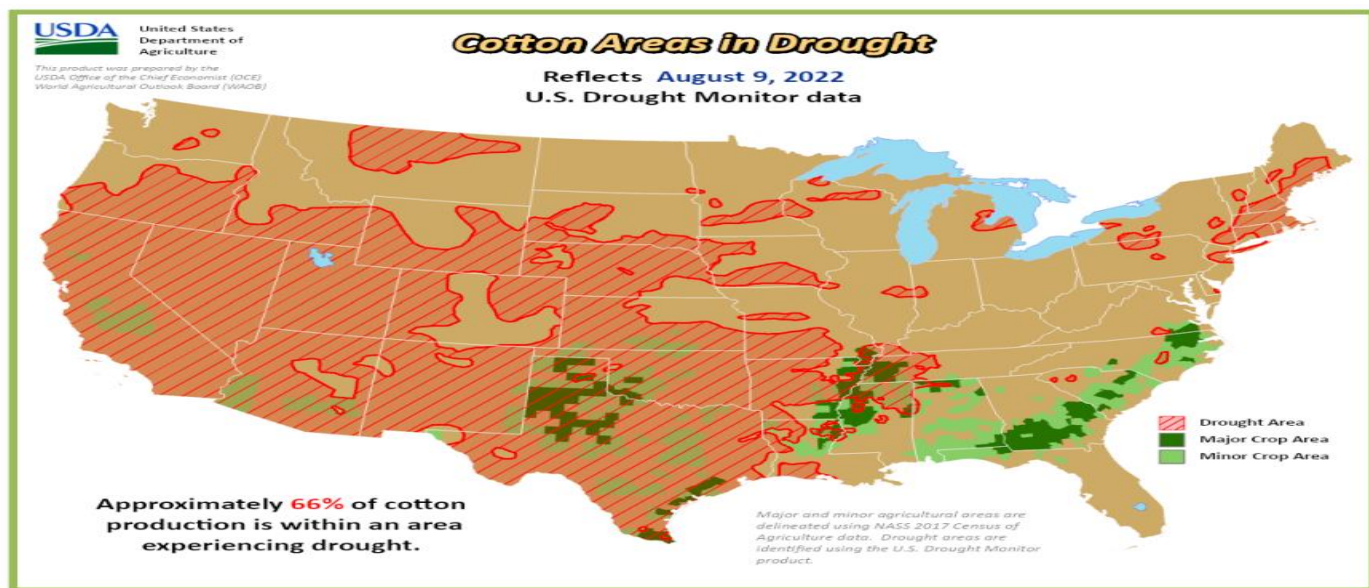
The ICE cotton Futures was higher by 82 points at 118.29 cents/lb. The Cotlook A index was high at 135.25 cents/lb. The AWP for cotton was 104.48 cents/lb.

Heavy rains and floods have severely damaged the cotton crop in Pakistan in the 2022-23 season. The areas of Punjab, Sindh, and Baluchistan has been damaged severely. As per the sources, about 40-45 percent of the cotton crop is expected to have been affected due to floods which may further result in an increase in the imports during the 2022-23 season. In the previous season, Pakistan imports has increased to 8.19 lakh bales in 2021 from 7.50 lakh bales in 2020. For current 2022-23 season, Pakistan has already imported 2.16 lakh bales of cotton during January to April 2022.

According to the U.S. Crop progress report, as of 29th Aug 2022, U.S cotton Cotton Bolls opening stands at 28 percent which is higher than that of the previous season (20 percent). In the previous week cotton bolls opening was 19 percent. Overall 5 percent of the U.S Cotton Crop is in excellent condition, 30 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.



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 State	Kapas		Prices (Rs./Quintal)		Change
	Centre	Variety	1-Sep-22	31-Aug-22	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	10890	11250	-360
	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	10000	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	10250	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NR	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	10568	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	11000	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Sep-22	31-Aug-22	
Punjab	Bhatinda	J-34	9250	9500	-250
	Abohar	J-34	9250	9350	-100
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	9250	9300	-50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Sep-22	31-Aug-22	
Gujarat	Ahmedabad	Shankar-6	1111	NA	-
	Gondal	Shankar-6	10000	10500	-500
	Rajkot	B.T. Cotton	30	80	-50
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	0	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	200	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	NR	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	2843	NA	-
Karnataka	Bijapur	Bunny	NA	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	1-Sep-22	31-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	1-Sep-22	31-Aug-22	
Gujarat	Rajkot	Rs. /10 Kg.	1445	1445	Unch
Delhi	New Delhi	Rs. /10 Kg.	NR	NR	-
Telangana	Hyderabad	Rs. /10 Kg.	Closed	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	1420	1420	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	1-Sep-22	31-Aug-22	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2740	Closed	-
Maharashtra	Akola	Rs./Qtl	2851	Closed	-

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

Index	Unit	1-Sep-22	31-Aug-22	Change
CCIndex(328)	RMB/Ton	15992	15984	8
CCIndex(527)	RMB/Ton	14548	14545	3
CCIndex(229)	RMB/Ton	16369	16355	14

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

China Foreign Cotton (FCE) Index :

Index	Unit	31-Aug-22	30-Aug-22	Change
FC Index (S)	Cents/lb	134.01	138.81	-4.80
FC Index (M)	Cents/lb	132.7	137.5	-4.80
FC Index (L)	Cents/lb	131.49	136.29	-4.80

Cotlook Index:

Cotlook Indices	Unit	31-Aug-22	29-Aug-22	Change
A-Index	Cents/Pound	130.6	132.25	-1.65

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-Aug-22	31-Aug-22	Bales
Southeast	cents/lb.	122.29	124.54	0

North Delta	cents/lb.	121.29	123.54	0
South Delta	cents/lb.	121.29	123.54	0
East TX-OK	cents/lb.	118.29	120.54	68
West Texas	cents/lb.	118.29	119.79	0
Desert SW	cents/lb.	117.29	119.54	0
SJ Valley	cents/lb.	117.79	126.69	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
				30-Aug-22	29-Aug-22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	63900	64900	-1000
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	64600	65600	-1000
J-34(202)	26mm	3.5 - 4.9	23	87000	87000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	92000	92000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	95000	95000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	102000	102000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	98500	99000	-500

Pakistan Cotton Spot rates: As on 30-Aug-2022

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32Kgs	18000	180	22735
Equivalent	40 Kgs	19291	193	24365

Daily Futures Price Listing Wednesday, Aug 31st,2022

Most Recent Information							Previous Day		
Month	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
22-Oct	220831	119.11	119.11	117.11	118.29	0.82	12	91	2
22-Dec	220831	112.42	114.15	112.05	113.21	0.89	11,523	114,272	667
22-Mar	220831	109.27	111.05	108.99	110.14	0.87	2,499	44,323	157
23-May	220831	106.41	108.21	106.22	107.37	1.04	842	17,481	104
23-Jul	220831	101.93	103.25	101.25	102.54	1.18	505	12,499	126
23-Oct	220831	91.9	91.9	91.9	91.9	0.95			
Total Volume and Open Interest							15,804	211,127	989

Source: MRCI

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