

Domestic market summary

Domestic Market Scenario:

With the chance of reemergence of the covid-19 variant Omicron, the price in the local cotton market in Ahmadabad has dropped by Rs. 1,000- Rs. 1,200 per candy. Cotton Association of India has maintained its cotton crop for the 2021-22 season at 360.13 lakh bales. Indian cotton arrivals are near 1,50,000 bales. Prices are expected to remain stable in the coming week. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood high around Rs.65,848/ candy in November'21.

Monthly Price Outlook :The Kapas prices likely to remain firm between Rs. 8800-9900/q in the Rajkot market and the prices of medium staple length in Adoni market are likely to hover around Rs. 7800-8600/q in the coming month.

Major Market Highlights:

The prices in the local cotton market in Ahmedabad has dropped by Rs. 1,000- Rs. 1,200 per candy as the new covid -19 variant Omicron, currently circulating in south Africa. Cotton shanker-6 prices were down to Rs. 65,300- Rs. 65,800 per candy in local market. Although the new crop arrivals are slow in the local markets and domestic mills are making limited purchases due to the high prices of the natural fibre compared to the previous season. About 35,000 to 40,000 cotton are daily arriving in the market. Currently arrivals are slow as farmers are busy with marriage season and there is also labour shortage to pluck cotton. The arrivals are expected to pick up after 10th December 2021.

All 82 cotton ginning units of Punjab are unable to keep their operations running to capacity due to a shortage of nearly one-fourth of the required natural fibre in the market. Due to pink bollworm infestation earlier in the season, the crop has been affected in the major cotton producing areas of Bhatinda, Mansa, Sangrur and Barnala. The arrivals has been the slowest in the last five years, indicating a drastic fall in production this season. As per the Punjab Mandi Board, the state this time may face it challenging to touch even 50 percent of the 50 lakh quintals of cotton produced in 2020-21. Till 18th November 2021, around 7.98 lakh quintals of cotton was purchased in 9 districts as compared to 16 lakh quintals for the corresponding period last year. During 2016-17, around 9.16 lakh quintals of cotton crop was purchased in various mandis whereas 9.15 lakh quintals was purchased during 2017-18 and more than 10 lakh quintals each in 2018 and 2019. Also, Factory owners has said that they are facing financial losses as the units are working between 25-50% of the capacity while nearly 10 units are lying shut in Bathinda and Mansa.

Cotton yield in this season is expected to be lower by about 20 percent mainly due to unusually heavy rains in the major cotton growing areas of West and South India during September to November 2021. Untimely rains, poor quality hybrid seeds used in HTBT (herbicide tolerant biotechnology) cotton seeds and incidence of pink bollworm in some areas have resulted in a severe drop in the yields. Despite a huge demand for the fibre crop in the domestic and international markets, thousands of farmers are not able to cash in on a high price situation in several mandis.

The late rains and pink bollworm incidence are the major reasons for poor yields and production in cotton this year. The use of poor quality seed supplied in Gujarat, Madhya Pradesh, and Maharashtra is also an important reason for the drop in yields.

The Agriculture and Farmer's Welfare Department has conducted the inspection of cotton farms, according to that 60 percent of the cotton farms in Tiruchi was destroyed due to heavy rains and water logging. About 5,500 hectares has been totally destroyed in the rains. In Tiruchi, cotton was cultivated in more than 10,000 hectares this season. In Madurai also, several cotton farmers have lost their whole crop leading to huge losses.

The cabinet committee on economic affairs (CCEA) has approved committed price support of Rs. 17,408.85 crore to Cotton Corporation of India for the cotton season from 2014-15 to 2020-21 (up to 30.09.2021). The CCEA has approved incurring expenditure for reimbursing losses under MSP operation for cotton during the cotton season 2014-15 to 2020-21. This price support operation will help in stabilizing the cotton prices and will also protect cotton farmers from distress sales during any adverse price situation. During the last 2 season CCI has procured around 1/3rd of the cotton production in the country i.e. about 200 lakh bales and disbursed more than Rs. 55,000 crore directly in the bank account of around 40 lakh farmers.

Cotton Association of India has estimated cotton crop for the 2021-22 season at 360.13 lakh bales. Further, the domestic consumption for the entire crop year i.e. up to 30th September 2022 is estimated at 335 lakh bales same as that of previous season, and exports for the 2021-22 season has been estimated at 48 lakh bales, cotton imports was maintained at 10 lakh bales for the 2021-22 season and closing stock at the end of 30th September'2022 was estimated at 62.13 lakh bales.

Cotton Association of India has released its monthly balance sheet for October 2021. The Cotton supply for October month is estimated at 107.12 lakh bales, which consist of the arrivals of 31.12 lakh bales, about 15 percent higher than 27.16 lakh bales recorded in the same month last year. Imports were estimated at 1 lakh bales during October 2021 and consumption is estimated at 27.91 lakh bales while export shipments of cotton up to 31st October 2021 is estimated at 4 lakh bales. Stock at the end of October 2021 is estimated at 75.21 lakh bales.

The central Board of Indirect Taxes and customs notified the hike in GST rate from 5-12 percent on fabric, apparel and footwear w.e.f. January 2022. The objective behind the proposed increase is to correct the problem of Inverted Duty Structure faced by a small segment of the textile value chain. Although the Retailers Association of India has urged the government to reconsider the decision as it will adversely impact 85 percent of the textile sector. The Chamber of Industrial and Commercial Undertaking has also written a letter to Union Finance Minister seeking a rollback of the decision.

The Committee on Cotton Production and Consumption has projected the cotton production for 2021-22 season at 362 lakh bales, opening stock is projected at 73.20 lakh bales and imports at 10.50 lakh bales, the total availability for this season is likely to be 445.88 lakh bales as against 485.66 bales the previous season. The demand from textile mills including small scale units is estimated at 322 lakh bales, and exports were pegged at 45 lakh bales.

Cotton Production:

(Quantity in Lakh Bales)

Year	2018-19	2019-20	2020-21	2021-22*
State	Production			
Punjab	8.50	9.50	6.78	8.03
Haryana	23.00	25.24	20.02	19.20
Rajasthan	28.00	28.25	29.02	31.08
Gujarat	88.00	95.50	82.86	83.29
Maharashtra	74.09	87.80	88.73	85.04
Madhya Pradesh	23.05	19.79	22.09	21.65
Telangana	36.00	51.05	66.42	56.71
Andhra Pradesh	14.91	14.72	14.78	12.82
Karnataka	15.50	20.77	25.93	23.36
Tamil Nadu	5.00	4.64	3.56	3.15
Orissa	4.00	3.75	4.01	4.64
Others	1.00	1.00	0.83	1.29
TOTAL	321.05	362.01	365.01	350.25

As per the latest estimates by Agriwatch, cotton output in the country during the season 2020-21 would be around 365 lakh bales (of 170 kg each). The cotton output in the 2021-22 season is estimated to decrease to around 350.25 lakh bales, as the area sown under cotton has decreased as compared to previous season.

Due to the good export parity in the 2020-21, exports are likely have increased to 75 lakh bales. Whereas, the imports in 2021.22 are likely to around 10 lakh bales same as in 2020-21 season.

The total cotton availability by the end of the season in 2020-21 is estimated at 478.82 lakh bales and an lower availability is expected in 2021-22 season of around 439.07 lakh bales.

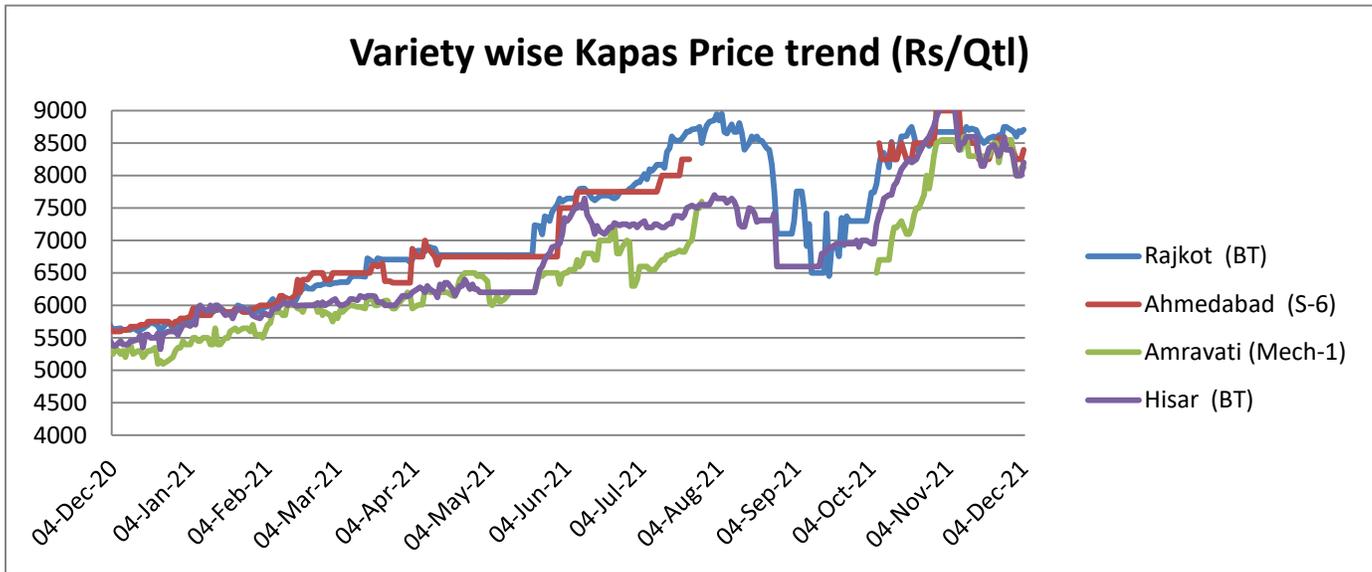
Total domestic mill consumption (excluding non- mill consumption) in 2021-22 is expected to increase to 278.00 lakh bales in 2020-21.

So, the increase in consumption has result in lowering ending stocks of around 78.82 lakh bales in 2020-21 and is likely to occur this year too, the endingstocks by the end of 2021-22 season is estimated to be 59.07 lakh bales.

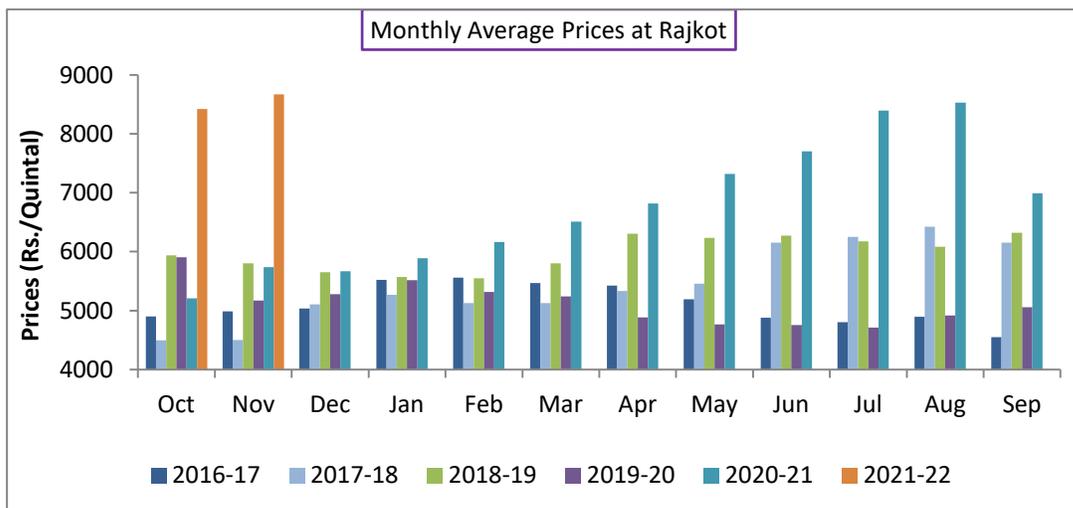
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot and other markets were significantly higher and stood at Rs.8658/quintal in Rajkot and Rs. 8549/quintal in Hisar.



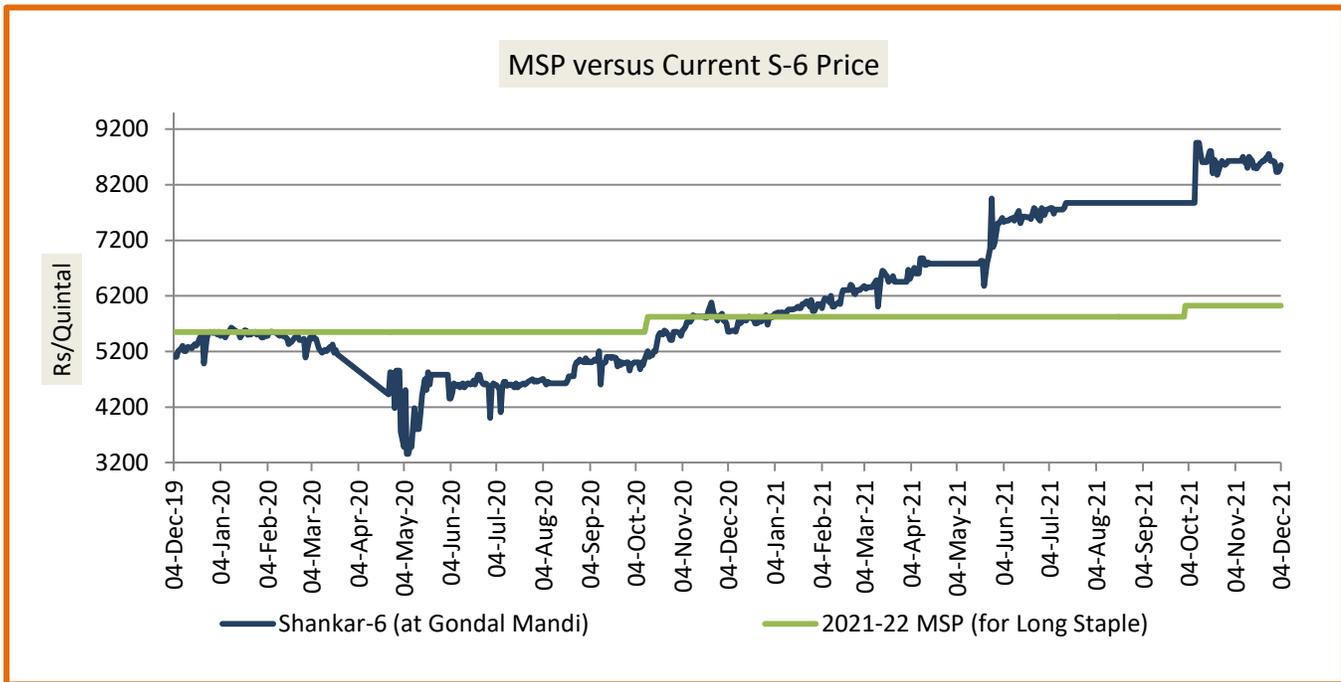
Kapas Monthly M-o-M Price Scenario



The arrivals in the month of November were higher in the market and the monthly average price were at Rs. 8667/q compared to the prices during the corresponding month of the previous season.(Rs. 5740/q)

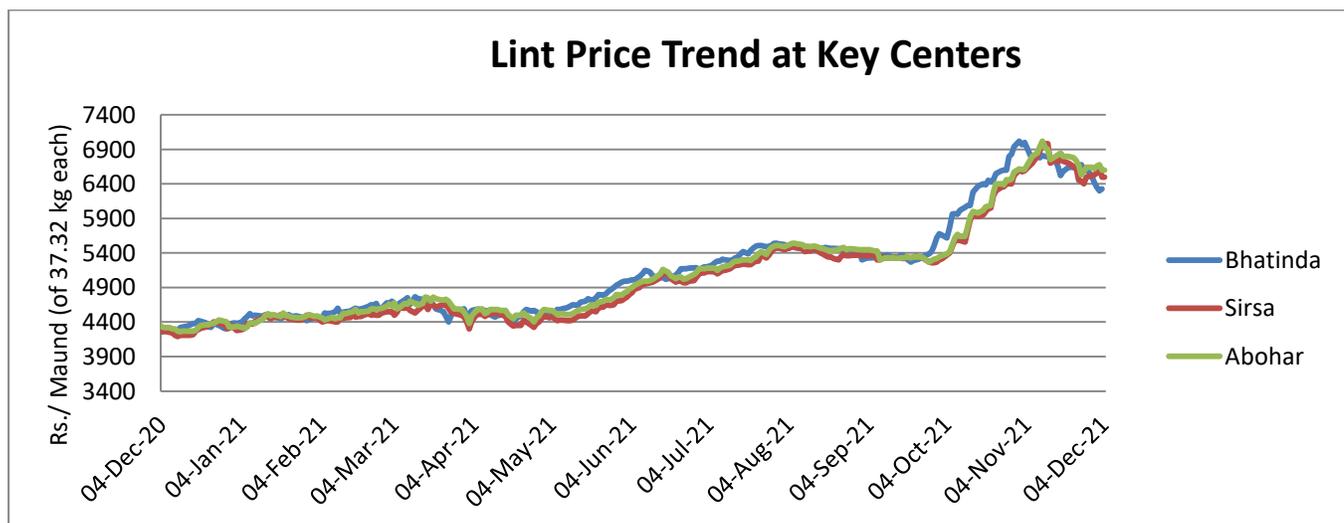
Spot Price versus MSP

Average kapas price at Gondal market stood slightly higher at Rs. 8619/qt in November 2021.



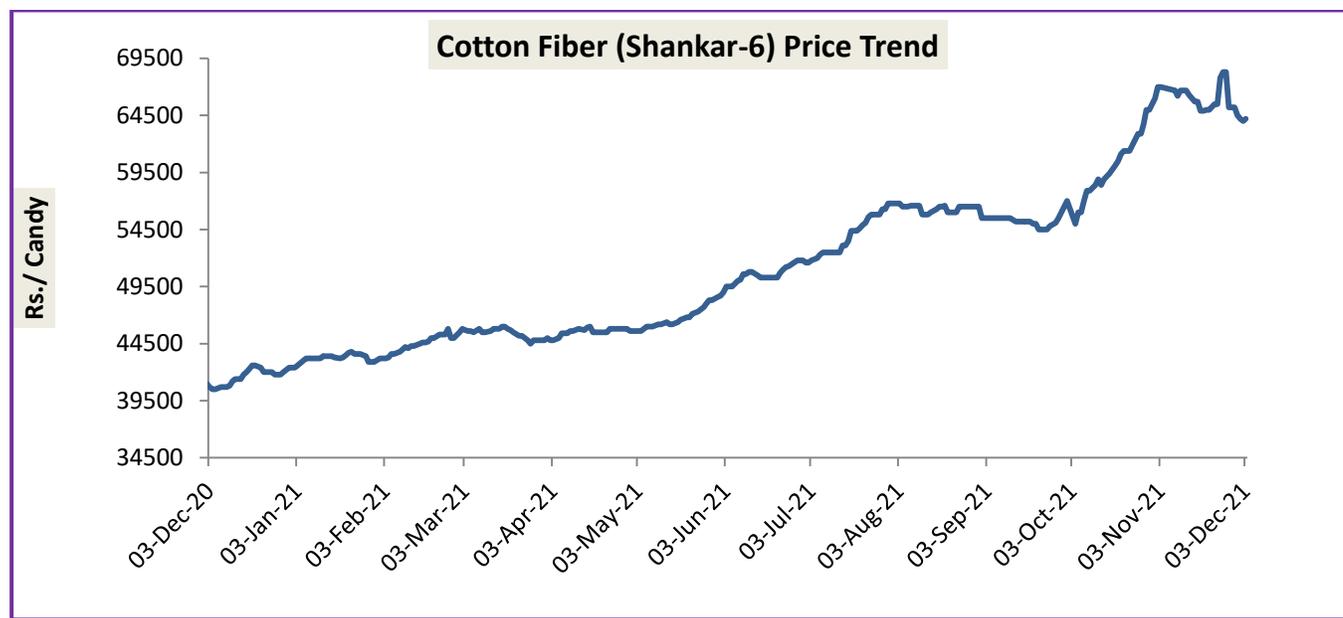
Lint price Outlook

Monthly average price of Lint at Sirsa stood higher at Rs.6646 per maund of 37.32 kg each in November whereas in Bhatinda market the prices have increased and were at Rs. 6736 per maund of 37.32 kg each.



Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.66121 per candy (of 355.6 kg each) during November, up from Rs.59941 per candy from previous month. While the prices during the same month last year were low around Rs. 40858 per candy. Agriwatch expects cotton fiber to remain range-bound around of Rs.64,100-65,200 per candy in the coming month amid increase in kapas MSP.

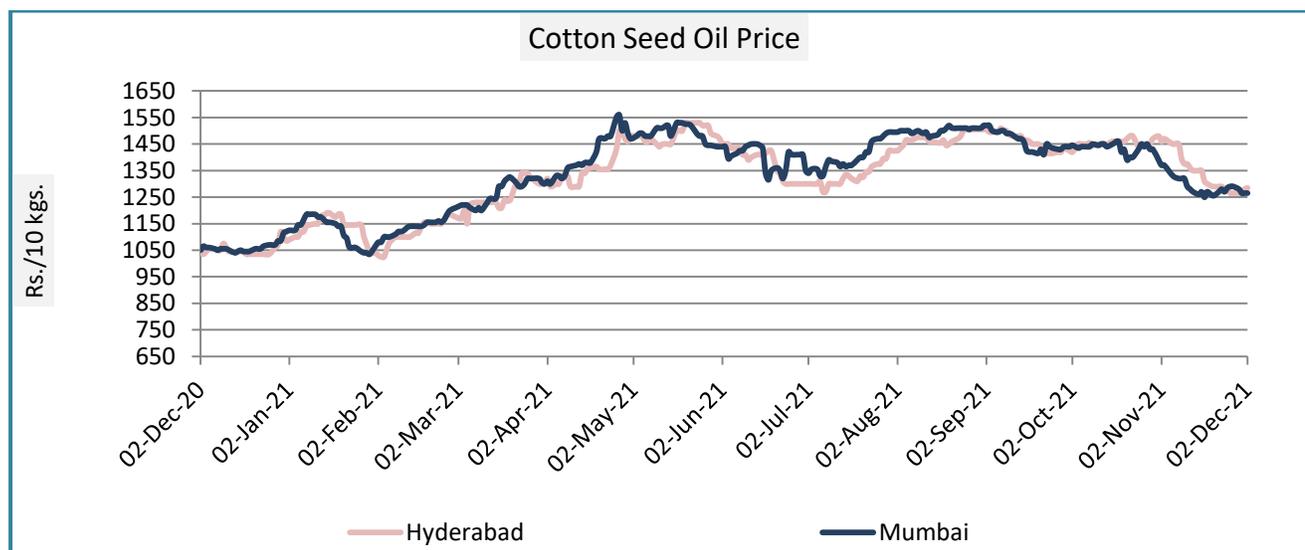


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1290 per 10 Kg, and followed by Rs. 1302 kg in Rajkot and Rs.1281 per 10 kg in Mumbai.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	November	October	
New Delhi	-	-	-
Rajkot	1302	1452	-10.36
Hyderabad	1290	1449	-10.99
Mumbai	1281	1428	-10.30

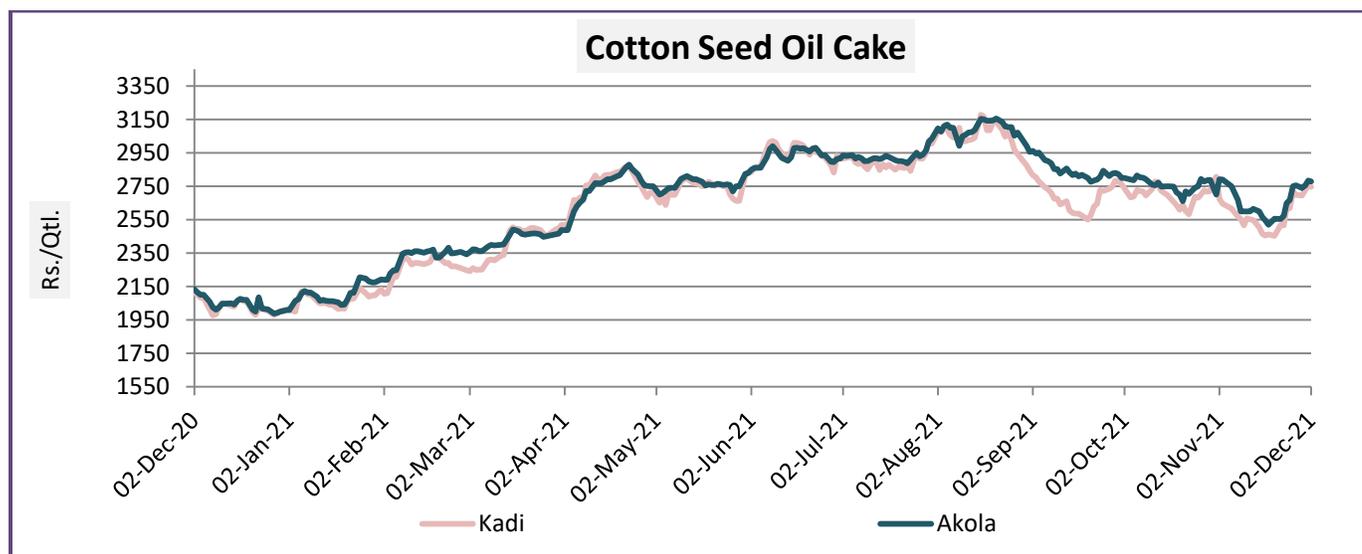


Cotton Seed Oil Cake monthly Price Scenario

The average price of cottonseed oil cake in the Kadi market was Rs. 2586 per quintal from Rs. 2695 per quintal and in Akola was at Rs. 2650 per quintal from Rs. 2762 per quintal the previous month.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	November	October	
Kadi	2586	2695	-4.04
Akola	2650	2762	-4.06

*Source: NCDEX



International Market Scenario

ICE front month futures down by around 8% in Dec'21 month compared in Nov'21. The average of ICE Dec contract stood high around 109.39 cents/lbs in Dec'21, up by 51 points compared to the average price that stood in Dec'20 around 72.19 cents/lbs.

Major Market Highlights:

International cotton markets crashed due to new wave of coronavirus. Pakistan local market was also affected while the trading volume remained low. The rate of Sindh as per quality is in between Rs. 14,500 to Rs. 18,000 per maund and in Punjab is in between Rs. 16,400 to Rs. 18,000 per maund.

According to the International Cotton Advisory Committee December report, india's cotton production for the 2021-22 season is projected at 5.90 million metric tons lower from the previous season estimate of 6.00 million metric tonnes. While consumption is estimated at 5.70 million metric tonnes. Global cotton production is projected at 25.73 million metric tonnes higher from previous season of 24.30 million metric tons.

USDA has released US cotton harvested report as of 28th November 2021, showing the US at 85 percent versus the 5 year average of 79 percent. Georgia and South Carolina were the furthest behind, while California, Texas and Oklahoma were the furthest ahead.

According to the fibre to fashion textile and apparel (texpro) data, Pakistan cotton production is expected to increase in 2021-22 season by 44.44 percent to 6.50 million bales compared to 4.50 million bales in 2020-21 season due to excellent conditions during harvest and a good growing season. Cotton imports are expected to fall by 6.19 percent during 2021-22 season as compared to 5.33 million bales in 2020-21 season. The country's cotton yarn and cloth



exports have been rising consistently since the beginning of this year. Further Cotton consumption in Pakistan is also expected to increase by 5.64 percent to 11.23 million bales in 2021-22 compared to 10.63 million bales in 2020-21 season.

The United States is now looking to enhance its stake in cotton exports to Bangladesh to strengthen the US foothold in Bangladesh's market, the US exporters and their representative put an emphasis on resolving issues, such as obligation to fumigate US cotton after imports, not being able to send cotton laden ships directly to Bangladesh in the absence of a deep seaport, a hike in shipping costs and other logistic costs.

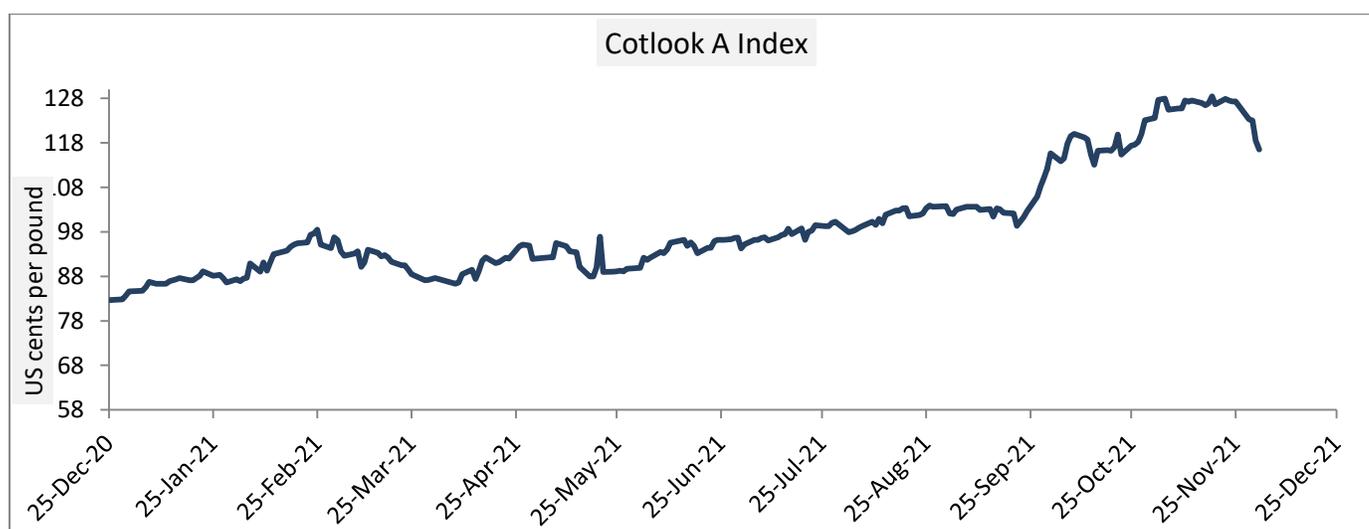
According to the USDA'S WASDE November report, the U.S. production was projected slightly higher at 18.2 million bales while the domestic mill use and exports were unchanged. U.S. ending stock were projected higher at 3.4 million which is 250,000 above the previous year.

Cotlook A Index

The average CotlookA Index stood higher at 126.51 US cents per lb in November month and increased by 7 percent from previous month.

Cotlook A Index	MonthlyAverage Price as on		% Change
	November	October	
Prices	126.51	117.38	7.78

Prices in US cents per Pound



Source: Cotlook

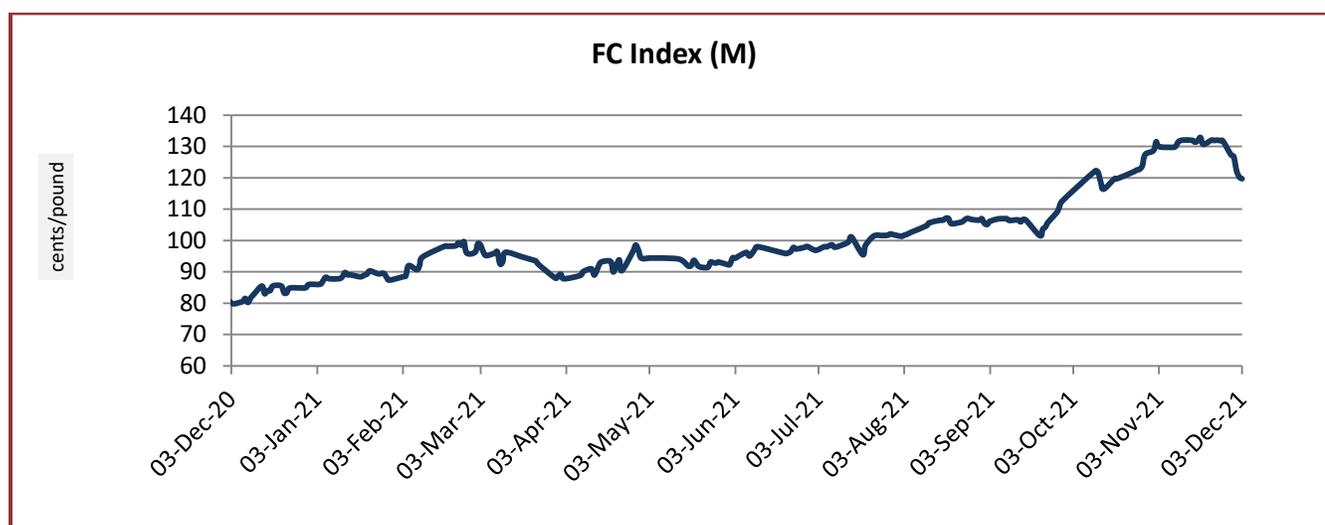
China Cotton Index and Foreign Cotton Index

The China cotton Index prices has increased from previous month around 7 percent in November 2021.

Cotton Index	Monthly Average Price as on		% Change
	November	October	
FC (S)	132.36	123.05	7.57
FC (M)	130.91	121.56	7.69
FC (L)	129.33	120.25	7.55

Prices in US cents per Pound

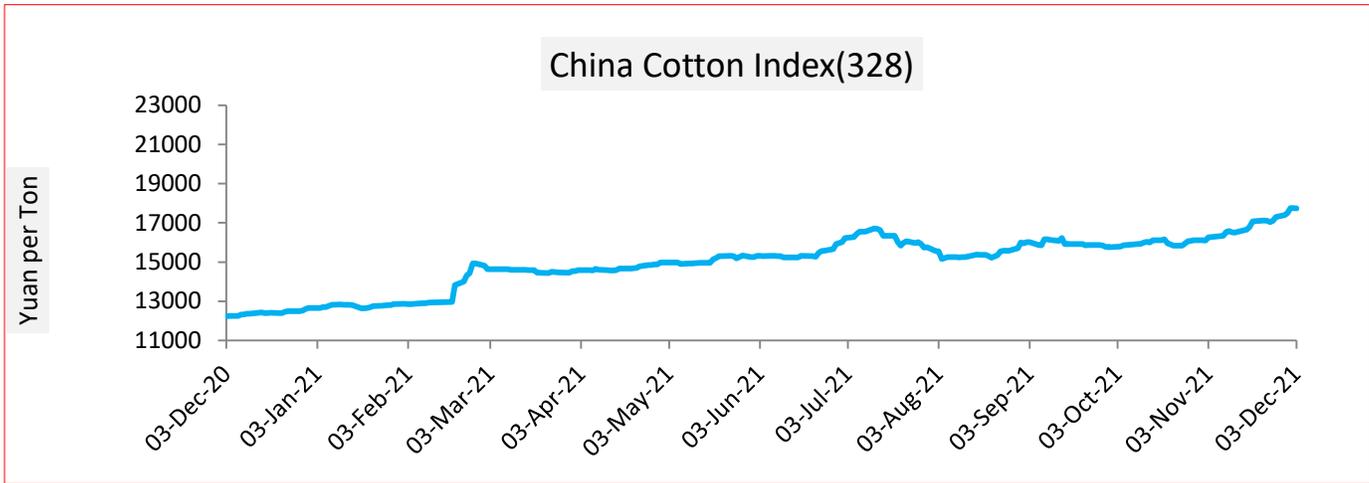
Source: China Cotton Association



Cotton Index	Monthly Average Price as on		% Change
	November	October	
CCIndex(328)	22562.70	21710.88	3.92
CCIndex(527)	21210.90	20590.06	3.02
CCIndex(229)	23104.45	22134.47	4.38

Prices in Yuan per ton

Source: China Cotton Association



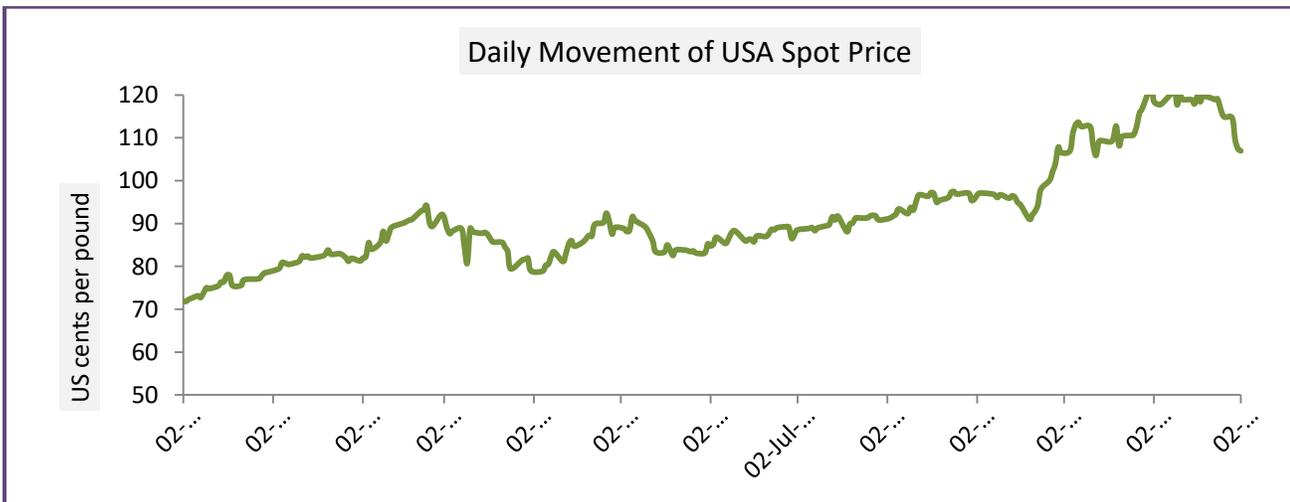
USA Spot Prices

U.S.A Spot price for this month was at 118.12 cents/ pound higher from previous month price by 6 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	November	October	
Prices	118.12	110.73	6.68

Prices in US cents per Pound

Source: USDA

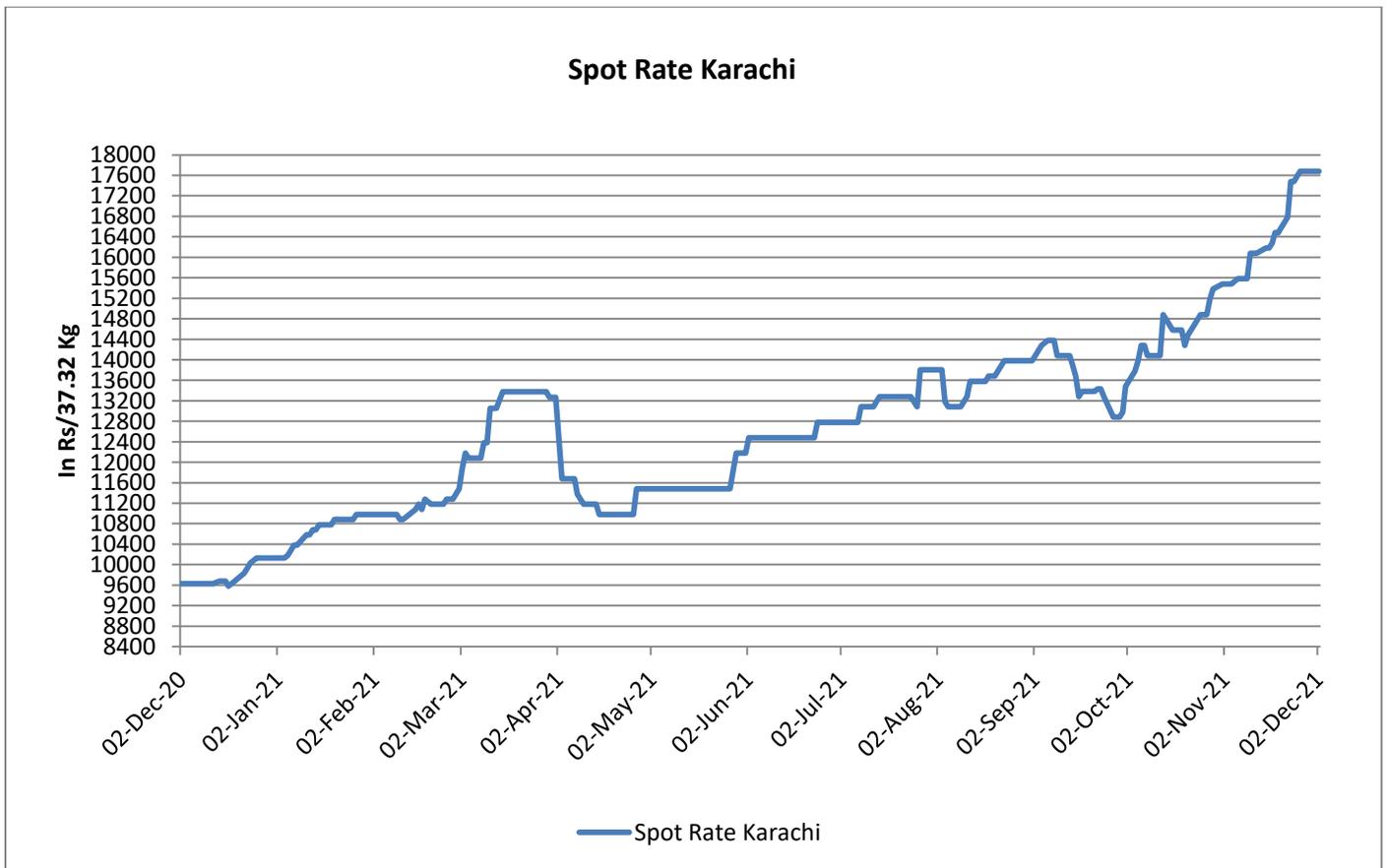


Pakistan Spot Prices

The Karachi spot pricestood around Rs.16825/q slightly higher compared to the previous month.

Karachi Spot Prices	Monthly Average Price as on		% Change
	November	October	
Prices	16825	14790	13.76
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com





Commodity: Cotton

Exchange: MCX

Contract: Dec.

Expiry: December. 30, 2021

Cotton



Technical Commentary:

- The recent trend is bullish in cotton.
- Mild resistance is seen around 31370.
- If the market tests the support at 30590, intraday long positions may be created.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Dec	30740	30820	31160	31370	31490
			Call	Entry	T1	T2	SL
Cotton	MCX	Dec	Buy	31150	31250	31340	31080

* Do not carry-forward the position next day.

Commodity: Cotton seed oilcake

Exchange: MCX

Contract: Dec

Expiry: Dec. 20, 2021

Cottonseed Oilcake

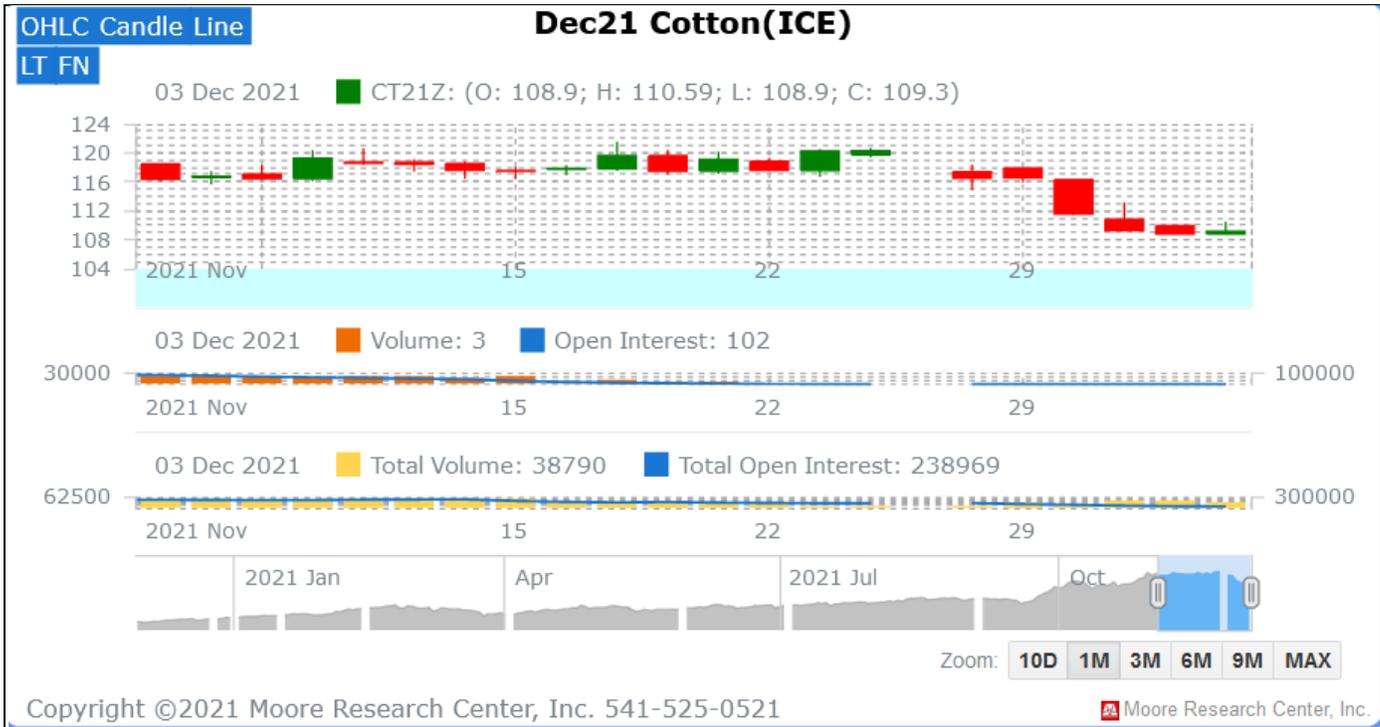


Technical Commentary:

- Cottonseed oilcake on the daily chart is downward trending.
- On the intra-day chart, there exists a consolidation zone (support) at 2530 and then a trendline support at 2420. Strong resistance is seen at 2879.

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton oil cake	NCDEX	Dec	2549	2619	2739	2879	2939
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton oil cake	NCDEX	Dec	Buy	2729	2829	2849	2659



Monthly Technical Outlook:

Technical Analysis of Cotton Future (Oct'21 Contract) at ICE

- Candlesticks showed firm trend in the market during July month.
- Volume&Open Interest have increased over a month.
- We expect cotton prices to remain steady to firm in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	117-123

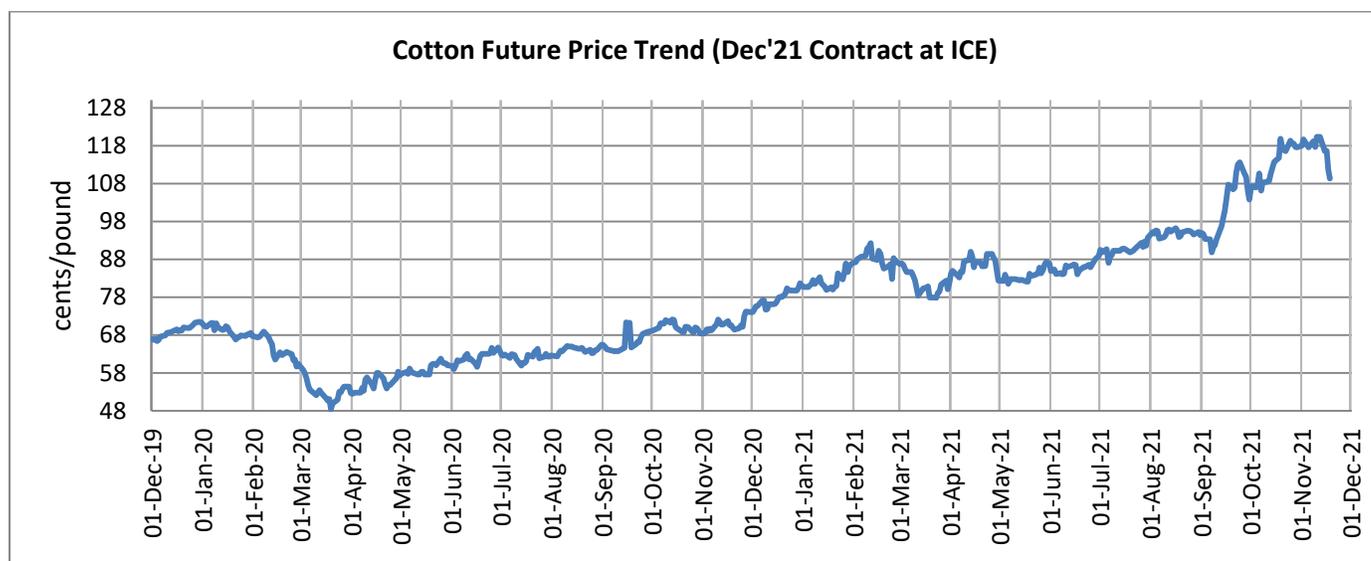
Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
110	105	119	122

Figures in US cents/pound

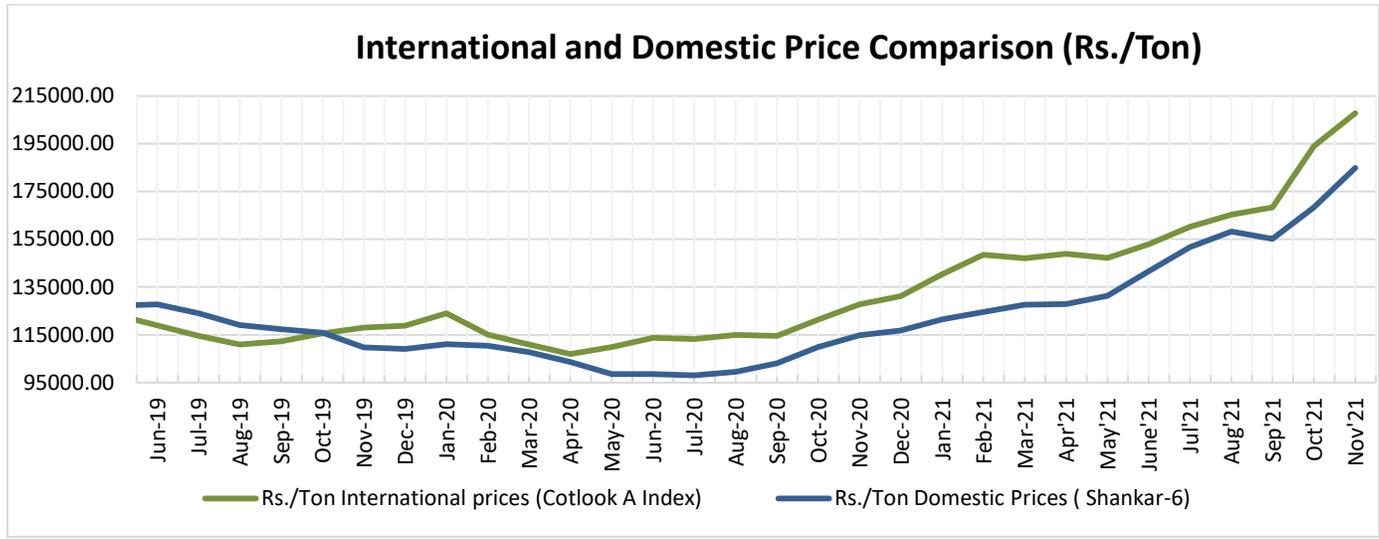
Cotton Future Prices at ICE

Future Price Trend (Active Contract):



Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	01-Dec-21	01-Nov-21 (1 month ago)	02-Sep-21 (3 months ago)	04-Jun-20 (6 months ago)	01-Dec-20 (a year ago)	% Change over a month	% Change over previous year
Dec-21	109.39	119.84	95.14	85.80	72.19	-8.72	51.53
Mar-22	104.19	115.03	93.29	85.18	73.07	-9.42	42.59
May-22	102.77	113.45	92.64	85.04	73.77	-9.41	39.31
Jul-22	100.67	110.81	92.07	85.02	71.80	-9.15	40.21
Dec-22	90.86	99.56	90.48	84.94	70.59	-8.74	28.72

International and Domestic Price Comparison



Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
	State	Centre	Variety	Nov'21	
Gujarat	Ahmedabad	Shankar-6	8482	8400	82
	Gondal	Shankar-6	8617	8621	-4
	Rajkot	B.T. Cotton	8668	8423	245
	Patan	B.T. Cotton	8467	8385	82
	Kadi	B.T. Cotton	8225	7436	789
	Deesa	B.T. Cotton	7978	7118	860
	Dhrol	B.T. Cotton	8518	7739	779
Haryana	Bhiwani	B.T. Cotton	6615	7943	-1328
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8344	7976	368
	Fatehabad	B.T. Cotton	8449	8201	248
	Jind	B.T. Cotton	8259	8592	-333
	Uchana	B.T. Cotton	8416	8335	81
	Dabwali	B.T. Cotton	8583	8268	315

Rajasthan	Hanumangarh	B.T. Cotton	8705	8170	535
	Rawatsar	B.T. Cotton	8650	8102	548
Madhya Pradesh	Khandwa	Mech-1	8332	7836	496
	Khargaon	Mech-1	8573	8160	413
Maharashtra	Amravati	Mech-1	8443	7370	1073
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	7309	6784	525
	Hathras	Desi	7282	6890	392
Telangana	Adilabad	Un-Ginned	7979	8074	-95
Andhra Pradesh	Adoni	Medium Staple	8200	8359	-159
Karnataka	Bijapur	Bunny	8629	8527	102
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	8089	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Nov'21	Oct'21	
Punjab	Bhatinda	J-34	6736	6211	525
	Abohar	J-34	6733	6217	516
	Mansa	J-34	6681	6170	511
Haryana	Sirsa	J-34	6615	6186	429
Rajasthan	Sri-Ganganagar	J-34	6234	5885	349

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Nov'21	Oct'21	
Gujarat	Ahmedabad	Shankar-6	1088000	727600	360400
	Gondal	Shankar-6	81416	62484	18932
	Rajkot	B.T. Cotton	121500	135150	-13650
	Patan	B.T. Cotton	236236	186385	49851
	Kadi	B.T. Cotton	505000	514000	-9000
	Deesa	B.T. Cotton	25100	13500	11600
	Dhrol	B.T. Cotton	6413	10473	-4060
Haryana	Bhiwani	B.T. Cotton	48300	78400	-30100
	Bhiwani	Desi	NA	NA	-

	Adampur	B.T. Cotton	29580	29665	-85
	Fatehabad	B.T. Cotton	9850	9850	Unch
	Jind	B.T. Cotton	18071	9275	8796
	Uchana	B.T. Cotton	12330	15340	-3010
	Dabwali	B.T. Cotton	37010	26750	10260
Rajasthan	Hanumangarh	B.T. Cotton	54000	70200	-16200
	Rawatsar	B.T. Cotton	91000	111000	-20000
Madhya Pradesh	Khandwa	Mech-1	28100	33885	-5785
	Khargaon	Mech-1	101302	84868	16434
Maharashtra	Amravati	Mech-1	156000	38400	117600
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	2970	4675	-1705
	Hathras	Desi	1755	1380	375
Telangana	Adilabad	Un-Ginned	1340098	223587	1116511
Andhra Pradesh	Adoni	Medium Staple	110014	130047	-20033
Karnataka	Bijapur	Bunny	100009	35683	64326
	Hubli	D.C.H.	404	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Nov'21	Oct'21	
Punjab	Bhatinda	J-34	161500	217600	-56100
	Abohar	J-34	24650	51340	-26690
	Mansa	J-34	7480	13770	-6290
Haryana	Sirsa	J-34	24650	22780	1870
Rajasthan	Sri-Ganganagar	J-34	60100	38700	21400

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Nov'21	Oct'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	50557	44146	6411
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	51157	43096	8061
J-34(202)	27mm	3.5 - 4.9	23	62730	57192	5538
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	NA	52800	-
Shankar-6(105)	29mm	3.5 – 4.9	28	65848	59942	5906
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	68126	63775	4351
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	71267	68583	2684
DCH-32(107)	34mm	3.0 - 3.8	33	116304	112938	3366

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