

Domestic market summary

Domestic Market Scenario:

Cotton prices have touched a record high of Rs. 8,715 per quintal for superior quality at the Enumamula agriculture market of Warangal district and Rs. 8,500 per quintal at the Jammikunta agriculture market in Karimnagar district. In Rajkot too, the prices of cotton have touched a historical high of Rs. 10,555 per quintal. In Gondal APMC the prices were at Rs. 10,000 per quintal. The cotton arrivals in local market is around 39 percent lower as compared to the previous season. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood high around Rs.66,011/ candy in December'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:

High cotton prices this season has become a concern to the domestic textile industry as the units are facing not only spike in raw material prices but also shortage in availability. According to the Southern Indian Mills Association, the 2021-22 season started with a opening stock of 75 lakh bales and estimated crop of 360 lakh bales, the cotton prices started increasing from the beginning. There was a pent-up demand for the cotton in the post-COVID period. As per the market sources, MCX and NCDEX dominated by the large traders are also fuelling the market. At present, Indian cotton prices are higher than the international prices, affecting the competitiveness of the industry. As a result, Southern Indian Mills Association has urged the government to immediately remove the import duty on cotton.

In Rajkot, Agricultural Produce Market Committee prices of cotton have touched a historical high of Rs. 10,555 per quintal. In Gondal APMC the prices were at Rs. 10,000 per quintal. The lowest in both these APMCs was Rs 7,511 and Rs 5,000 respectively with the modal price being around Rs 9,500. The price of kapas in Jamnagar mandi remained in the range of Rs 7500 to Rs 10,555. This is a historic price and the highest in the entire state. Last year, the highest bid was Rs 6,825 but this year, farmers are realizing an average Rs 3,000 higher price.

According to the Tripura Exporters Association (TEA), the 11 per cent total import duty existing on cotton has been the reason for the cartelisation of players to increase the domestic cotton prices and make an abnormal profit. The Association said that the price hike of cotton does heavily impact the garment- exporting units and leads to loss of exports, including employment. Moreover, the sustainability of the MSME garment units will also be doubtful. Also, the association said that the removal of the import duty imposed on cotton will protect the garment sector. Necessary steps have to be taken to break the cartelisation and also see the possibility of imposing ban on cotton exports.

Cotton prices have touched a record high of Rs. 8,715 per quintal for superior quality at the Enumamula agriculture market of Warangal district and Rs. 8,500 per quintal at the Jammikunta agriculture market in Karimnagar district. As per the official sources this is the highest price the cotton has got in the last three years due to less production



following heavy rains that lashed the state four months back. The high demand for the produce in the international market has also triggered the hike in the prices. Earlier in the beginning of the season, cotton was selling at Rs 6,000 per quintal. However, for the last two months, prices have started increasing and ranged between Rs 7,500 and Rs 8,000 per quintal at the end of November.

Cotton yarn prices of major varieties remained stable in north Indian markets due to weaker demand. But Panipat market saw price rise of ₹5-10 per kg for optical yarn. Panipat is prominent market for recycled yarn used for furnishing textile. Traders expect muted trend in cotton yarn market this week, ahead of the implementation of GST hike. Despite the concerns expressed by the industry, the government is unlikely to defer implementation of higher goods and service tax on certain textile products as the decision was taken by the GST council.

Government has released the operational guidelines for the production linked incentives (PLI) scheme for textiles. Incentives worth Rs. 10,683 crore will be provided over 5 years for manufacturing man-made fabrics. Under this, companies can begin the registration process from 1st January to 31st January 2022 on the governments online portal.

As Indian cotton price continue to rule high, the trade fears a decline in export for the current season to September 2022. According to the Cotton Association of India estimates, exports were 7 lakh bales during the first 2 months of the season compared with 12 lakh bales in the same period last year. If the prices continue to remain high it would be difficult to achieve the export target of 48 lakh bales. Presently, cotton prices are rulling high across the country and growers are seen holding back their produce, anticipating better prices.

The Indian cotton federation has estimated cotton production during 2021-22 to be above 350 lakh bales. As per the federation the increase in the minimum support price had encouraged farmers to take cotton crop this year. On the export front too, the demand was robust.

Cotton Association of India has estimated total cotton supply at 154.76 lakh bales, which consists of the arrivals of 77.76 lakh bales, imports of 2 lakh bales during the month of November 2021 and Opening Stock of 75 lakh bales equivalent to 79.69 lakh running bales at the beginning of the season on 1st October 2021. Further, the CAI has estimated cotton consumption for the months of October and November 2021 at 55.83 lakh bales while export shipment of cotton during the months of October and November 2021 is estimated at 7.00 lakh bales. Stock at the end of November 2021 is estimated at 91.93 lakh bales. The cotton stock held by mills on 30th November 2021 is estimated at 56.00 lakh bales of 170 kgs each. The mills have on an average 60 days stock in their possession.

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	19.40
Rajasthan	28.00	28.25	29.02	31.29
Gujarat	88.00	95.50	82.86	83.29
Maharashtra	74.09	87.80	88.73	88.28
Madhya Pradesh	23.05	19.79	22.09	22.14
Telangana	36.00	51.05	66.42	56.28
Andhra Pradesh	14.91	14.72	14.78	11.76
Karnataka	15.50	20.77	25.93	23.03
Tamil Nadu	5.00	4.64	3.56	1.11
Orissa	4.00	3.75	4.01	4.64
Others	1.00	1.00	0.83	1.35
TOTAL	321.05	362.01	365.01	350.60

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 350.60 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. Exports during the 2021-22 season is estimated at 50 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 439.42 lakh bales.

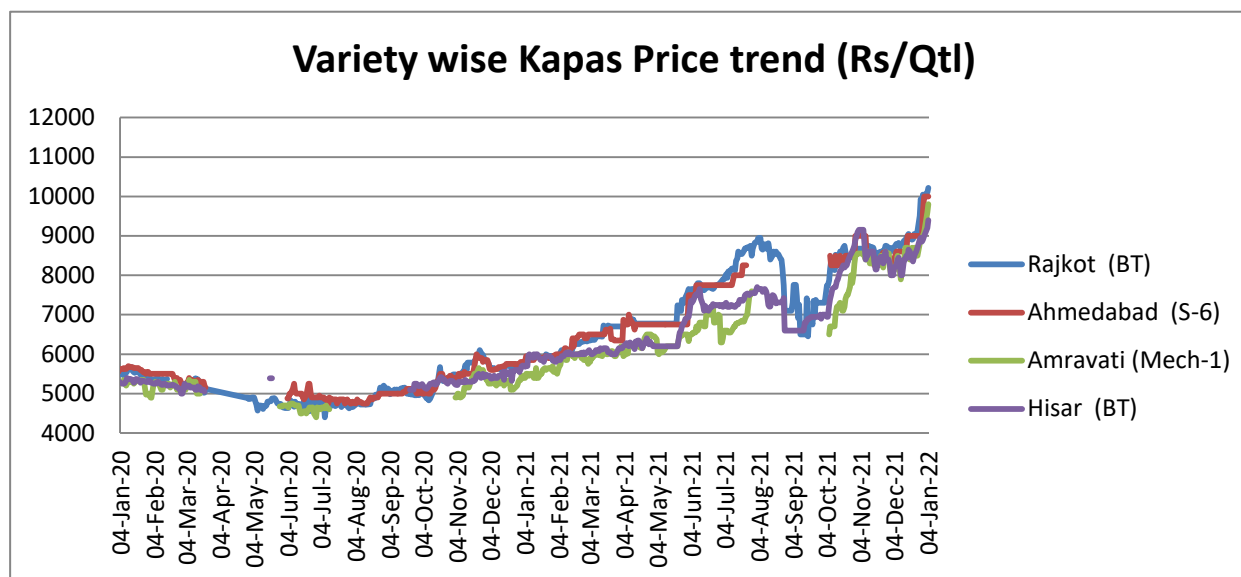
Total domestic mill consumption (excluding non- mill consumption) in 2021-22 is expected to increase to 278.00 lakh bales in 2020-21.

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 59.42 lakh bales.

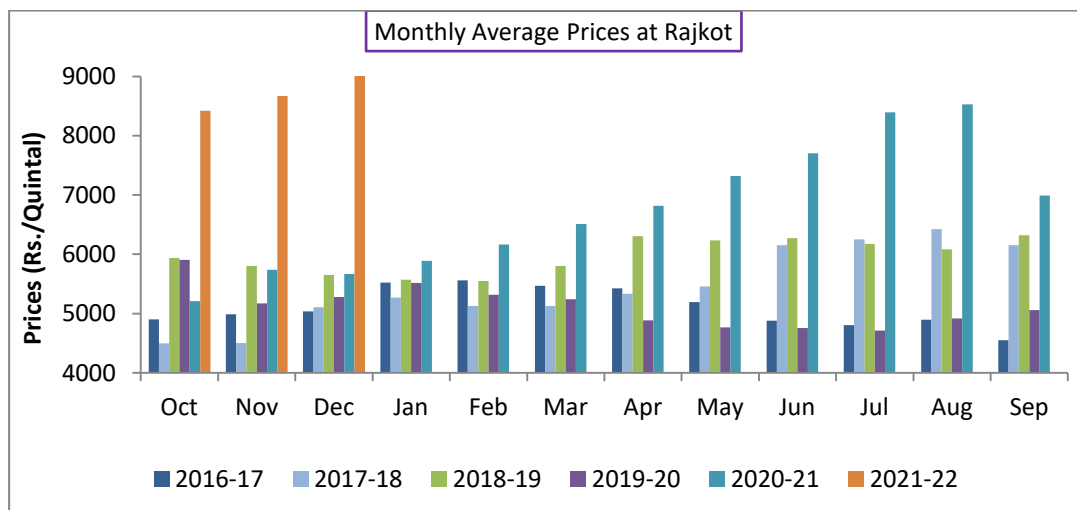
Domestic Cotton Prices Scenario

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.9047/quintal in Rajkot and Rs. 8451/quintal in Hisar.



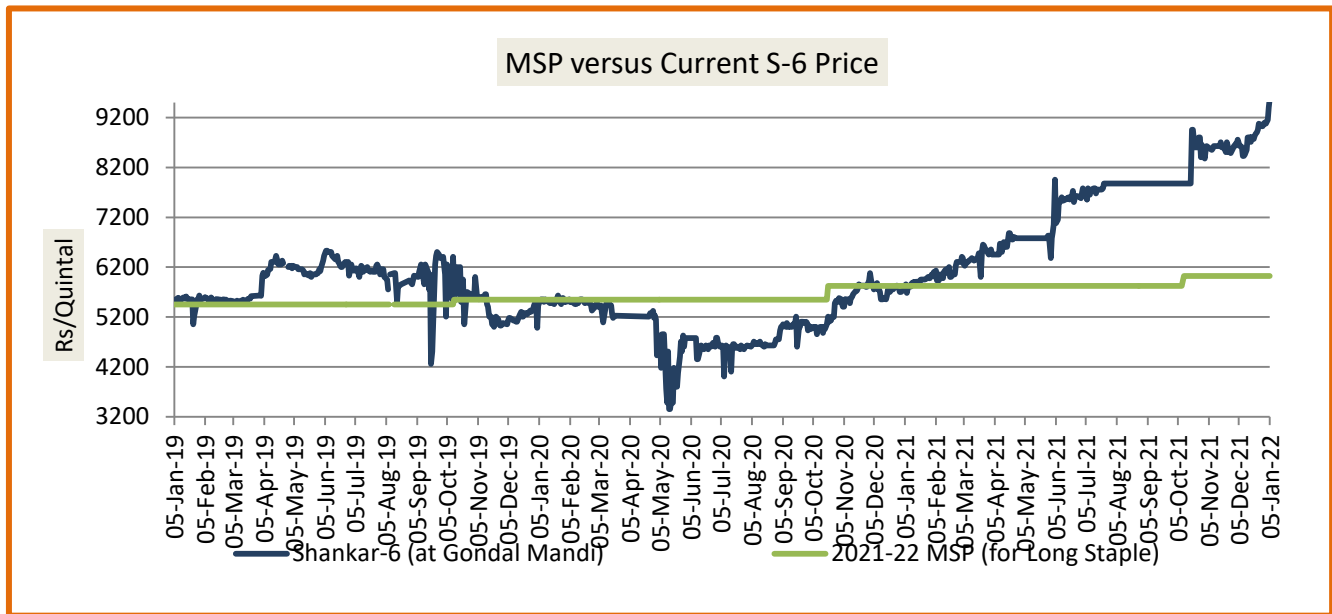
Kapas Monthly M-o-M Price Scenario



The arrivals in the month of December were higher in the market and the monthly average price were at Rs. 9047/q compared to the prices during the corresponding month of the previous season.(Rs. 5667/q)

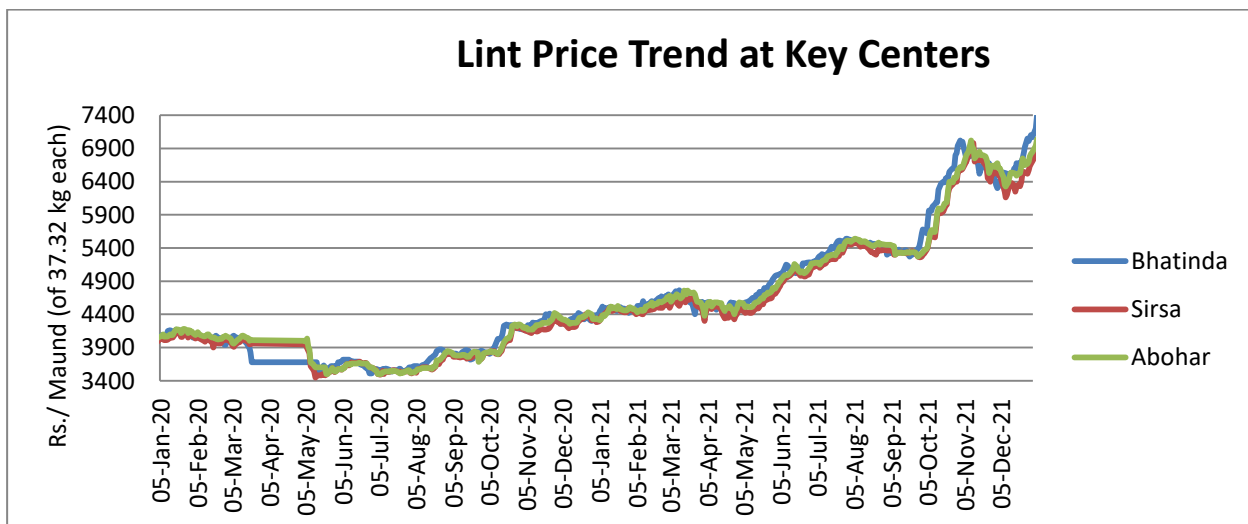
Spot Price versus MSP

Average kapas price at Gondal market stood slightly higher at Rs. 9008/qt in December 2021.



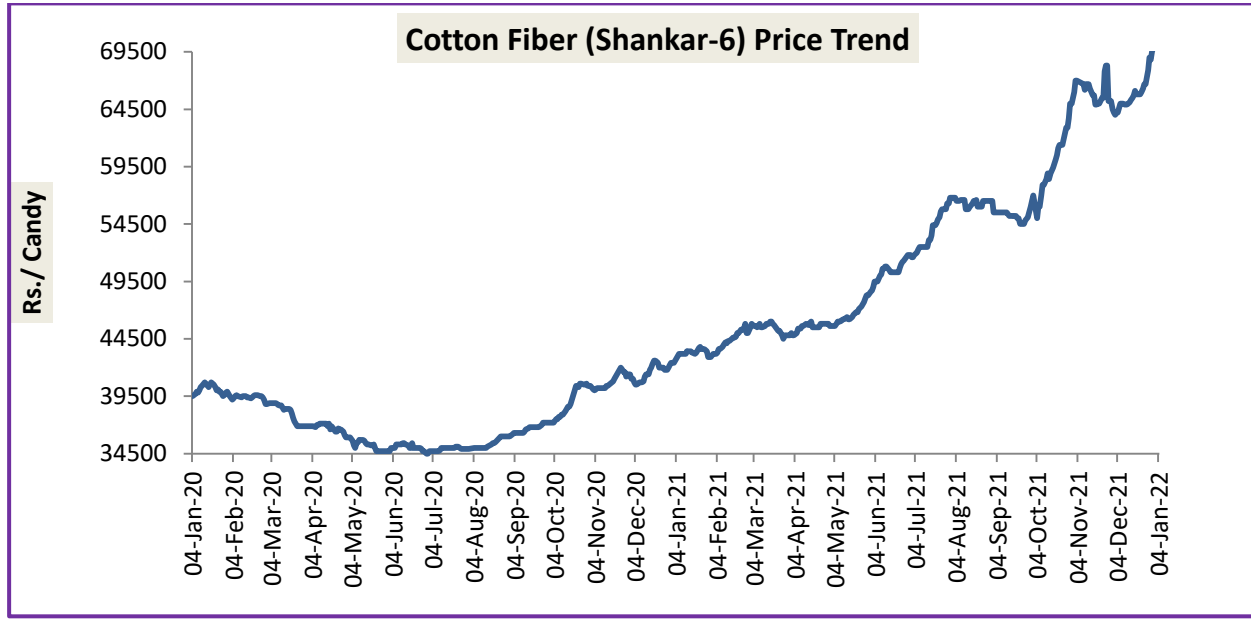
Lint price Outlook

Monthly average price of Lint at Sirsa stood lower at Rs.6499 per maund of 37.32 kg each in December whereas in Bhatinda market the prices have decreased and were at Rs. 6636 per maund of 37.32 kg each.



Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.66011per candy (of 355.6 kg each) during December, down from Rs.66121 per candy from previous month.While the prices during the same month last year were low around Rs. 41574 per candy. Agriwatch expects cotton fiber to remain increase around of Rs.65,100-70,200per candy in the coming month amid increase in arrivals.

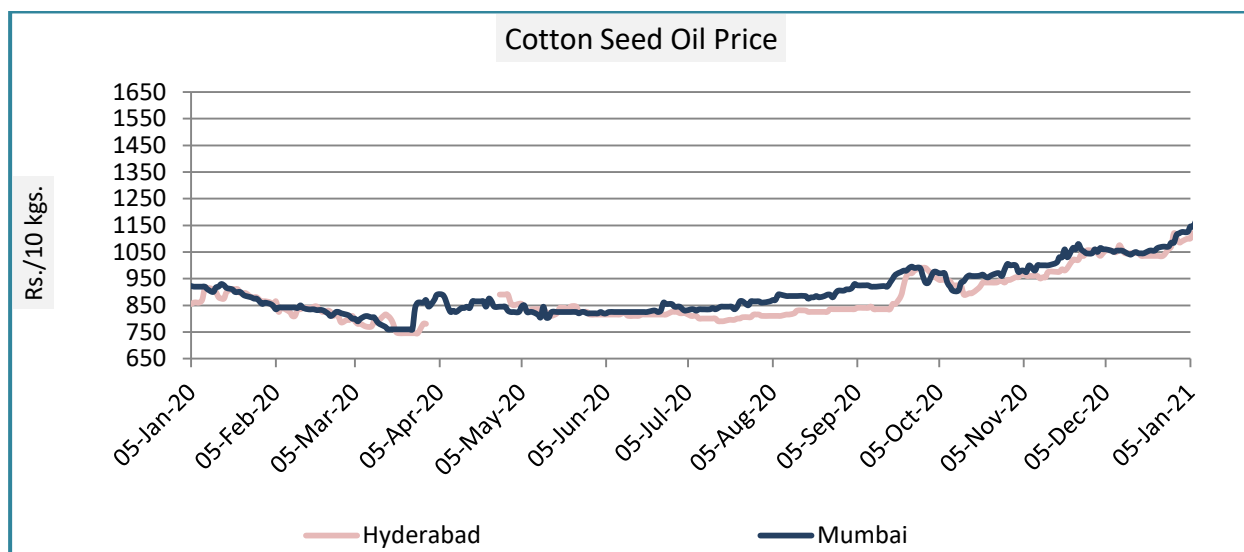


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1194 per 10 Kg, and followed by Rs. 1206 kg in Rajkot and Rs.1211 per 10 kg in Mumbai.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	December	November	
New Delhi	-	-	-
Rajkot	1206	1302	-7.35
Hyderabad	1194	1290	-7.41
Mumbai	1211	1281	-5.43

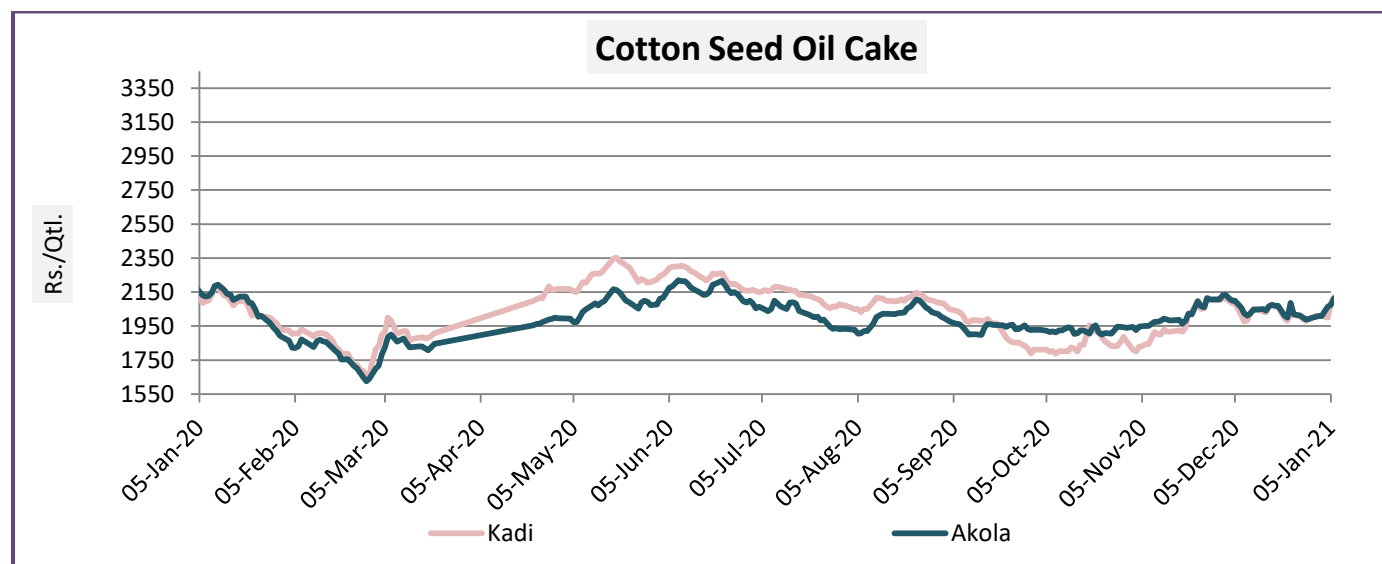


Cotton Seed Oil Cake monthlyPrice Scenario

The average price of cottonseed oilcake in the Kadi market was Rs. 2875 per quintal from Rs. 2586 per quintal and in Akola was at Rs. 2855 per quintal from Rs. 2650 per quintal the previous month. The demand in the local market has improved in the December as compared to previous months.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	December	November	
Kadi	2875	2586	11.19
Akola	2855	2650	7.74

*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:

According to the USDA's Cotton and Products Update, Indonesia's cotton consumption is forecasted to increase to 2.5 million bales in 2021-22 season which is higher around 2 percent from 2.45 million bales in 2020-2021 season. The United States is losing market share in Indonesia mainly due to price and lead time uncompetitive compared to other major suppliers.

As per the Cotton Ginners Association, over 7.3 million of seed cotton has reached the ginning factories across the country till first of January 2022, registering increase of 36.81 percent as compared to corresponding period of last year.

Bangladesh may become India's fourth largest export destination in financial year 2021. Exports to Bangladesh grew 81 percent over the same period in the preceding year to \$7.7 billion. This may make Bangladesh India's fourth largest export market behind the US, UAE and China.

According to the National Bureau of Statistics, cotton output in northwest China's Xinjiang Uygur region has reached 5.1 million tonnes. Xinjiang has ranked first in China for more than 20 consecutive years in terms of total cotton output, per unit yield, planting area and commodity allocation. During the 2021 cotton planting, area in Xinjiang has reached 2.5 million hectares, accounting for 82.8 percent of the national planting area.



Earlier, the US has banned imports of products made with Xinjiang cotton, alleging human rights violation in the Chinese province. Products made with Xinjiang cotton have been illegal in the US since January 2021, but despite the US ban, exports of textile and garments from Xinjiang increased by 53 percent in the first nine months of the 2021 season. China's exports of semi-finished cotton products are destined for countries within Asia such as Bangladesh, Vietnam, Indonesia and Cambodia.

Pakistan's Cotton Crop Assessment Committee (CCAC) has estimated the total cotton production in Pakistan during 2021-22 seasons at 9.1 million bales. Cotton production is estimated at 5.168 million bales for Punjab, 3.5 million bales for Sindh, 0.43 million bales for Balochistan and 0.004 million bales for Khyber Pakhtunkhwa.

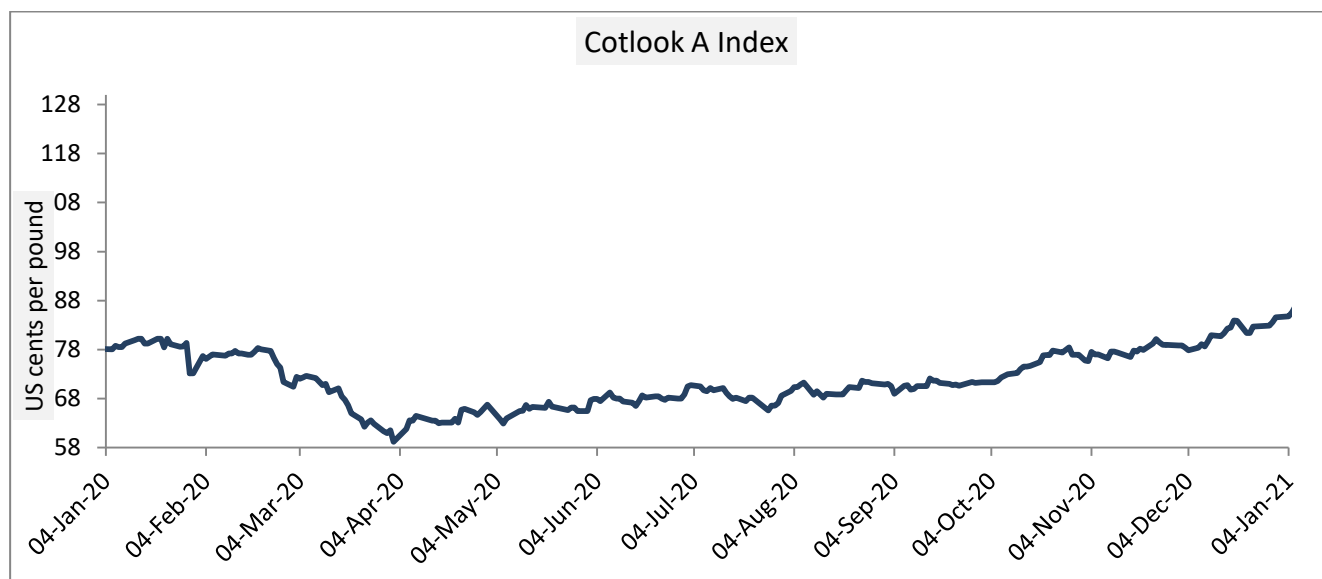
According to the International Cotton Advisory Committee December report, India's cotton production for the 2021-22 season is projected at 5.90 million metric tons- slightly lower from the previous season's estimate of 6.00 million metric tonnes. Consumption is estimated at 5.70 million metric tonnes.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

USDA has released US cotton harvested report as of 28th November 2021, showing the US harvest 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.

Cotlook A Index

The average CotlookA Index stood higher at 119.65 US cents per lb in December month and decreased by 5 percent from previous month.

Cotlook A Index	MonthlyAverage Price as on		% Change
	December	November	
Prices	119.65	126.51	-5.42
Prices in US cents per Pound			



Source: Cotlook

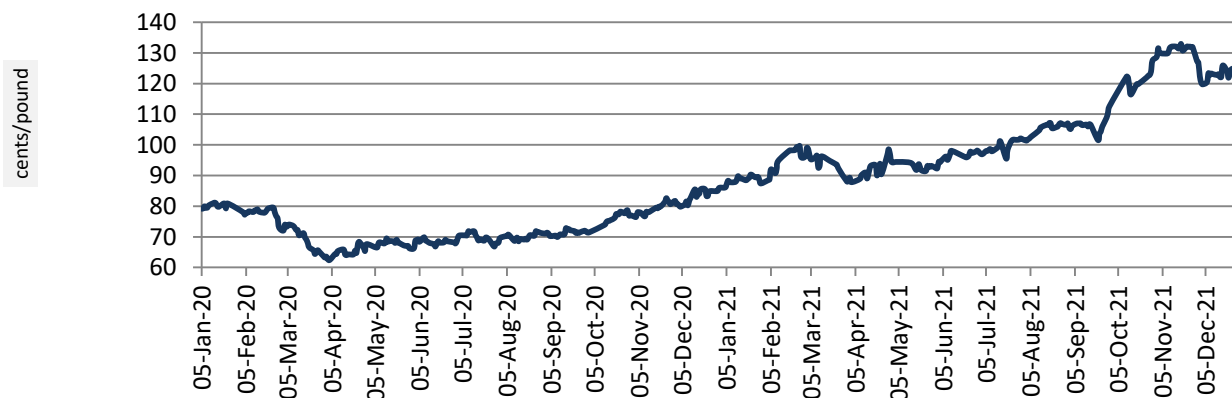
China Cotton Index and Foreign Cotton Index

The China cotton Index prices has increased from previous month around 1-2 percent in December 2021.

Cotton Index	Monthly Average Price as on		% Change
	December	November	
FC (S)	126.13	132.36	1.27
FC (M)	125.14	130.91	1.36
FC (L)	123.56	129.33	1.61
Prices in US cents per Pound			

Source: China Cotton Association

FC Index (M)



Cotton Index	Monthly Average Price as on		% Change
	November	November	
CCIndex(328)	21970.13	22562.70	-2.63
CCIndex(527)	20507.65	21210.90	-3.32
CCIndex(229)	22581.17	23104.45	-2.26

Prices in Yuan per ton

Source: China Cotton Association



USA Spot Prices

U.S.A Spot price for this month was at 111.21 cents/ pound lower from previous month price by 5 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	December	November	
Prices	111.21	118.12	-5.85
Prices in US cents per Pound			

Source: USDA

Daily Movement of USA Spot Price



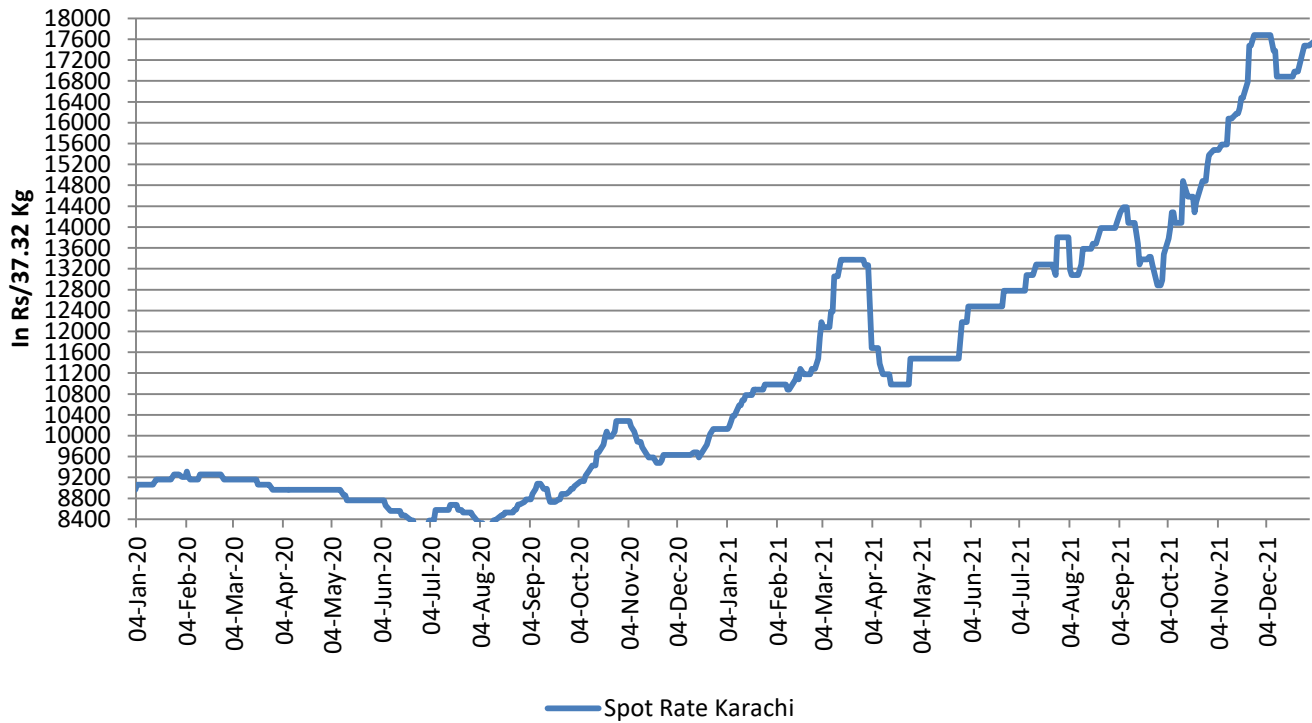
Pakistan Spot Prices

The Karachi spot price stood around Rs.17225/q slightly higher compared to the previous month.

Karachi Spot Prices	Monthly Average Price as on		% Change
	December	November	
Prices	17225	16825	2.38
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com

Spot Rate Karachi



Commodity: Cotton

Exchange: MCX

Contract: Jan.

Expiry: January. 31, 2021

Cotton – Technical Outlook

Technical Chart:



Technical Commentary:

- The Cotton posted gain on buyers interest.
- However, strong resistance can be seen at 35500.
- MACD, indicating steady momentum.
- RSI is indicating steady to firm buying strength.

The cotton prices are likely to feature loss on Thursday's trading session.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cotton	MCX	Jan	34870	34950	35270	35500	35620
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Jan	Sell	35280	35160	35060	35352

* Do not carry-forward the position next day.



Commodity: Cottonseed oil

Exchange: MCX

Contract: Jan.

Expiry: January. 31, 2021

Cottonseed Oilcake

Technical Chart:



Technical Commentary:

- The Cottonseed oilcake posted gain on buyers interest.
- However, strong resistance can be seen at 2977.
- MACD, indicating firm momentum.
- RSI is indicating strong buying strength.

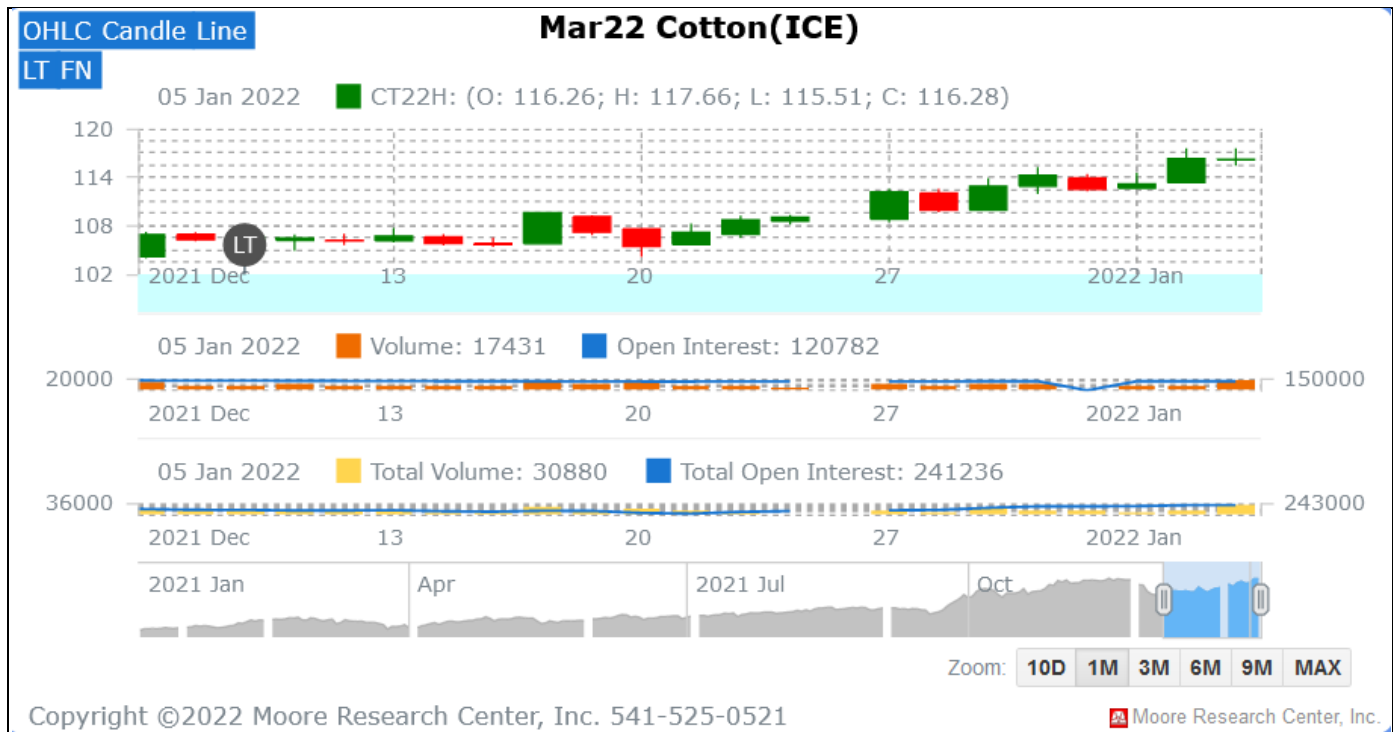
The Cottonseed oilcake prices are likely to feature loss on Thursday's trading session.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cottonseed oilcake	NCDEX	Jan	2736	2786	2852	2977	3027
Intraday Trade Call			Call	Entry	Call	Entry	T1
Cottonseed oilcake	NCDEX	Jan	Sell	2862	2827	2802	2883



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	116-123

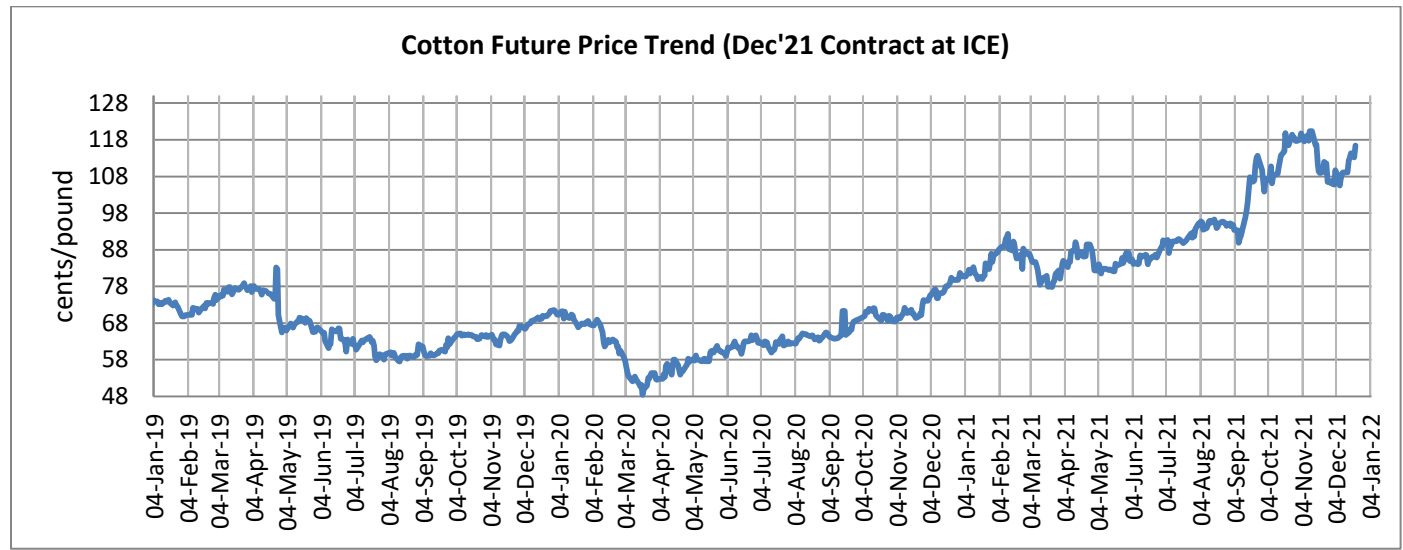
Expected Support and Resistance

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

Figures in US cents/pound

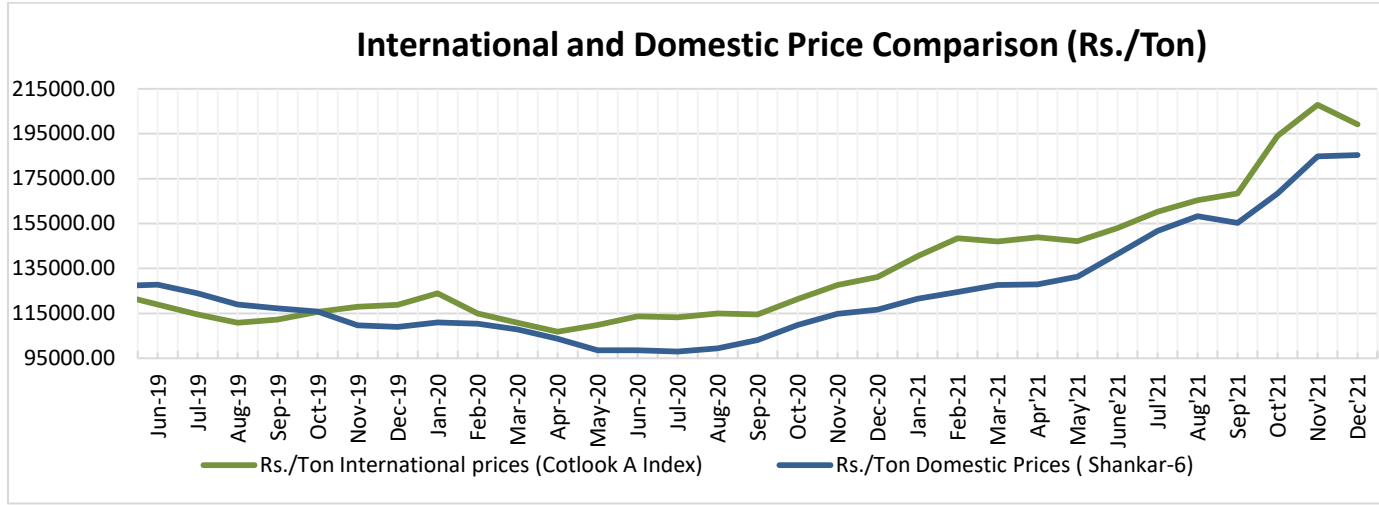
Cotton Future Prices at ICE

Future Price Trend (Active Contract):



Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	04-Dec-22	05-Dec-21 (1 month ago)	06-Oct-21 (3 months ago)	08-Jul-21 (6 months ago)	04-Dec-21 (a year ago)	% Change over a month	% Change over previous year
Mar-22	116.39	112.01	113.10	85.88	78.97	3.91	47.39
May-22	113.65	107.01	111.06	87.33	79.69	6.21	42.62
Jul-22	110.50	105.67	108.17	86.88	80.22	4.57	37.75
Dec-22	99.45	103.6	106.20	86.64	77.31	-4.01	28.64
Mar-22	94.02	94.27	103.20	86.00	75.41	-0.27	24.68

International and Domestic Price Comparison



Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Monthly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Dec'21	Nov'21	
Gujarat	Ahmedabad	Shankar-6	8821	8482	340
	Gondal	Shankar-6	9009	8617	391
	Rajkot	B.T. Cotton	9048	8668	380
	Patan	B.T. Cotton	8862	8467	394
	Kadi	B.T. Cotton	8546	8225	321
	Deesa	B.T. Cotton	7960	7978	-18
	Dhrol	B.T. Cotton	8785	8518	267
Haryana	Bhiwani	B.T. Cotton	7801	6615	1186
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	8452	8344	108
	Fatehabad	B.T. Cotton	8367	8449	-82
	Jind	B.T. Cotton	8366	8259	107
	Uchana	B.T. Cotton	8402	8416	-14
	Dabwali	B.T. Cotton	8618	8583	35
Rajasthan	Hanumangarh	B.T. Cotton	8761	8705	56

	Rawatsar	B.T. Cotton	8753	8650	103
Madhya Pradesh	Khandwa	Mech-1	8496	8332	163
	Khargaon	Mech-1	8622	8573	48
Maharashtra	Amravati	Mech-1	8507	8443	63
	Jamner	Medium Staple	7951	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6445	7309	-864
	Hathras	Desi	6732	7282	-550
Telangana	Adilabad	Un-Ginned	8082	7979	103
Andhra Pradesh	Adoni	Medium Staple	8659	8200	459
Karnataka	Bijapur	Bunny	9074	8629	445
	Hubli	D.C.H.	7809	NA	-
	Hubli	B.T. Cotton	NA	8089	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Dec'21	Nov'21	
Punjab	Bhatinda	J-34	6634	6736	-102
	Abohar	J-34	6659	6733	-74
	Mansa	J-34	6646	6681	-35
Haryana	Sirsa	J-34	6500	6615	-115
Rajasthan	Sri-Ganganagar	J-34	6321	6234	87

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Dec'21	Nov'21	
Gujarat	Ahmedabad	Shankar-6	1268200	1088000	180200
	Gondal	Shankar-6	67919	81416	-13497
	Rajkot	B.T. Cotton	110200	121500	-11300
	Patan	B.T. Cotton	174418	236236	-61818
	Kadi	B.T. Cotton	729000	505000	224000
	Deesa	B.T. Cotton	8700	25100	-16400
	Dhrol	B.T. Cotton	8635	6413	2222
Haryana	Bhiwani	B.T. Cotton	18100	48300	-30200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	53210	29580	23630

	Fatehabad	B.T. Cotton	31400	9850	21550
	Jind	B.T. Cotton	37018	18071	18947
	Uchana	B.T. Cotton	38555	12330	26225
	Dabwali	B.T. Cotton	56700	37010	19690
Rajasthan	Hanumangarh	B.T. Cotton	89000	54000	35000
	Rawatsar	B.T. Cotton	100400	91000	9400
Madhya Pradesh	Khandwa	Mech-1	34300	28100	6200
	Khargaon	Mech-1	155590	101302	54288
Maharashtra	Amravati	Mech-1	307000	156000	151000
	Jamner	Medium Staple	1245	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1000	2970	-1970
	Hathras	Desi	1295	1755	-460
Telangana	Adilabad	Un-Ginned	1795367	1340098	455269
Andhra Pradesh	Adoni	Medium Staple	95196	110014	-14818
Karnataka	Bijapur	Bunny	132992	100009	32983
	Hubli	D.C.H.	NA	404	-
	Hubli	B.T. Cotton	372	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Dec'21	Nov'21	
Punjab	Bhatinda	J-34	227800	161500	66300
	Abohar	J-34	42670	24650	18020
	Mansa	J-34	28560	7480	21080
Haryana	Sirsa	J-34	48280	24650	23630
Rajasthan	Sri-Ganganagar	J-34	65100	60100	5000

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Dec'21	Nov'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	45389	50557	-5168
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45989	51157	-5168
J-34(202)	27mm	3.5 - 4.9	23	61489	62730	-1242
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	NA	NA	-
Shankar-6(105)	29mm	3.5 – 4.9	28	66011	65848	163
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	69300	68126	1174
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	71267	-
DCH-32(107)	34mm	3.0 - 3.8	33	112389	116304	-3915

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