

## **Domestic market summary**

### **Domestic Market Scenario:**

Government of India has proposed merging the Jute Corporation of India (JCI) and Cotton Corporation of India (CCI) to form a large public sector entity to handle all textile fiber procurement. A request for proposal (RFP) has been issued in order to appoint a consultant for the merger of both PSUs under the Ministry of Textiles. Cotton traded with a steady tone across major spot markets of North India in January 2022. Indian cotton Shanker-6 prices remained steady near Rs. 73,300 to 75,500 per candy in January compared to previous month price of Rs. 66,011 per candy. Cotton prices at Rajkot traded at Rs. 10,158 per quintal last month.

**Monthly Price Outlook :** The Kapas prices likely to remain steady between Rs. 10,200-10,500/q in the Rajkot market and the prices of medium staple length in Adoni market are likely to hover around Rs. 8600-10,200/q in the coming month.

### **Major Market Highlights:**

Cotton Association of India expects the area under the cotton crop to expand by 20-25 percent in the upcoming 2022-23 season across all the 10 major cotton producing states due to higher demand of cotton seed and the higher rates of raw cotton currently prevailing in the market. Cotton Association of India has also proposed a moderate increase of 3-5 percent in the cotton crop's Minimum Support Price (MSP) to protect cotton growers' interests.

According to the Union Budget 2022-23, out of the total allocations of Rs. 12,382 crore for the textile sector for next Financial Year, around Rs. 133.83 crore has been allocated for Textile Cluster Development Scheme and Rs. 100 crore for National Technical Textile Mission and Rs. 15 crore each for PM Mega Integrated Textile Region and Apparel Parks scheme and the Production Linked Incentives scheme.

Tamil Nadu government and the Southern India Mills Association have continued to urge the Central government to remove the import duty of 10 percent on cotton to ease the cotton and yarn prices in the domestic market and keep the power looms, and textile and apparel sectors viable

Cottonseed prices in Gujarat have increased in last week amid improved demand for raw cotton in the market mainly from spinning and ginning mills. Cottonseed prices are currently ranging between Rs. 8,800 to Rs. 10,500 per quintal.

As per AgriWatch estimate, cotton production in Gujarat is expected to be lower in 2021-22 season because of lower sown area around 22.53 lakh hectares as compared to 25.53 lakh hectares in the previous season.

**Production Estimate** - As per the Government's 1st Advance Estimate, cotton production for 2021-22 have been projected at 362.19 lakh bales, which is 2% higher than the previous year's final production estimate of 353.84 lakh bales.

As per AgriWatch estimate, 2021-22 production is lower at 350.60 lakh bales against the previous season estimate of 365 lakh bales. Production is expected to be lower in the 2021-22 season mainly because of lower sown area in 2021-22 season at 119.66 lakh hectares as compared to previous season of 128.07 lakh hectares and the arrival pattern supports this estimate largely.

Cotton Association of India has reduced its December estimate of the cotton crop for the 2021-22 season by 12 lakh bales to 348.12 lakh bales from its previous estimate of 360.13 lakh bales. The Association has attributed the reduction in crop estimate to the drop in production in states including Punjab, Haryana, Rajasthan, Gujarat, Telangana, Odisha and Karnataka.

The total cotton supply for the month of October 2021 to December 2021 remained at 218.52 lakh bales, which consisted of the arrivals of 140.52 lakh bales, imports of 3 lakh bales during the month of December 2021 and Opening Stock of 75 lakh bales equivalent to 79.69 lakh running bales at the beginning of the season on 1<sup>st</sup> October 2021. Further, the CAI has estimated cotton consumption for the months of October to December 2021 at 86.25 lakh bales while export shipment of cotton during the months of October to December 2021 is estimated at 18.50 lakh bales. Stock at the end of 31<sup>st</sup> December 2021 is estimated at 113.77 lakh bales. The mills have on an average 68 days cotton stock in their godowns.

### **Cotton Balance Sheet:**

(Quantity in Lakh Bales)

	2020-21	2021-22*
Opening Stock	103.82	78.82
Production	365.00	350.60
Imports	10.00	12.00
Total Supply	478.82	441.42
Exports	75.00	50.00
Consumption	325.00	330.00
Total use	400.00	380.00
Ending Stock	78.82	61.42
Stock-to-Use ratio	19.71%	16.16%

Due to the good export parity in the 2020-21, exports are likely to increase 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 be around 12 lakh bales around 2 lakh bales higher from 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 441.42 lakh bales.

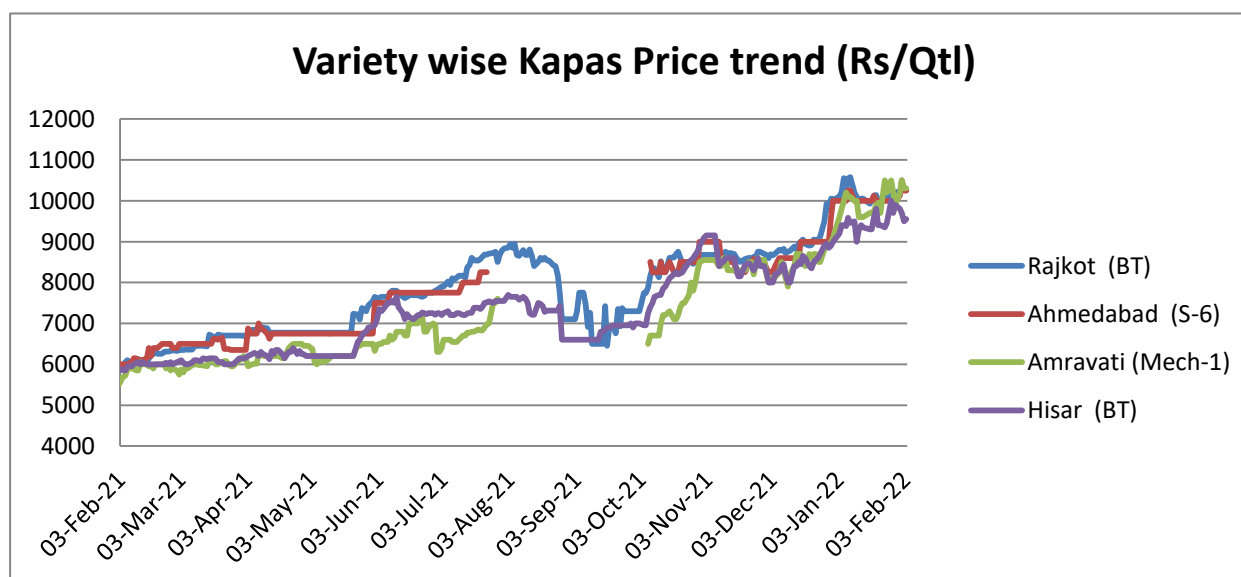
Total domestic consumption in 2021-22 is expected to increase to 330.00 lakh bales.

So, the increase in consumption has resulted in lowering ending stocks of around 78.82 lakh bales in 2020-21 and is likely to occur this year too, the ending stocks by the end of 2021-22 season is estimated to be 61.42 lakh bales.

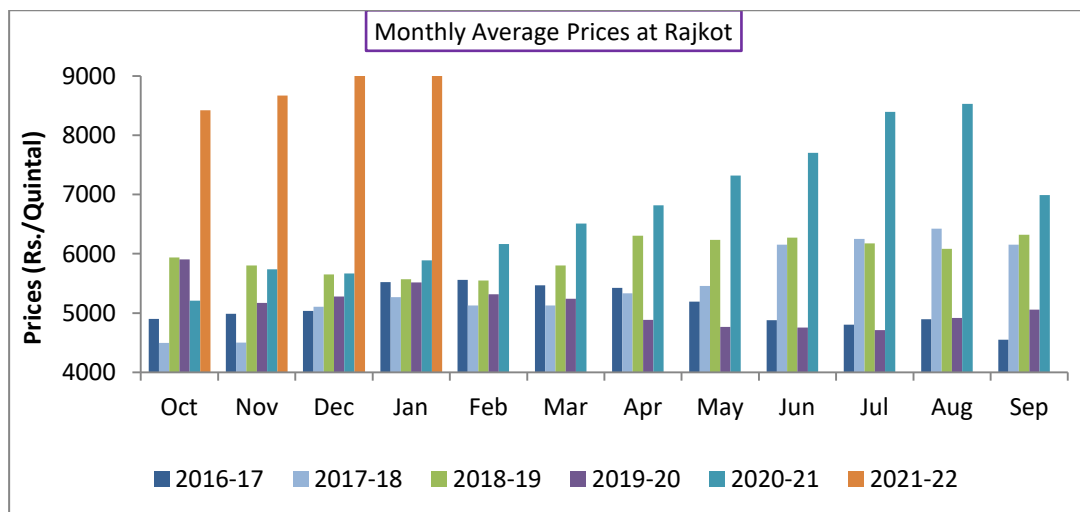
## Domestic Cotton Prices Scenario

### 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.10,159/quintal in Rajkot and Rs. 9476/quintal in Hisar as compared to previous season at Rs. 9047/quintal in Rajkot and Rs. 8451/quintal in Hisar.



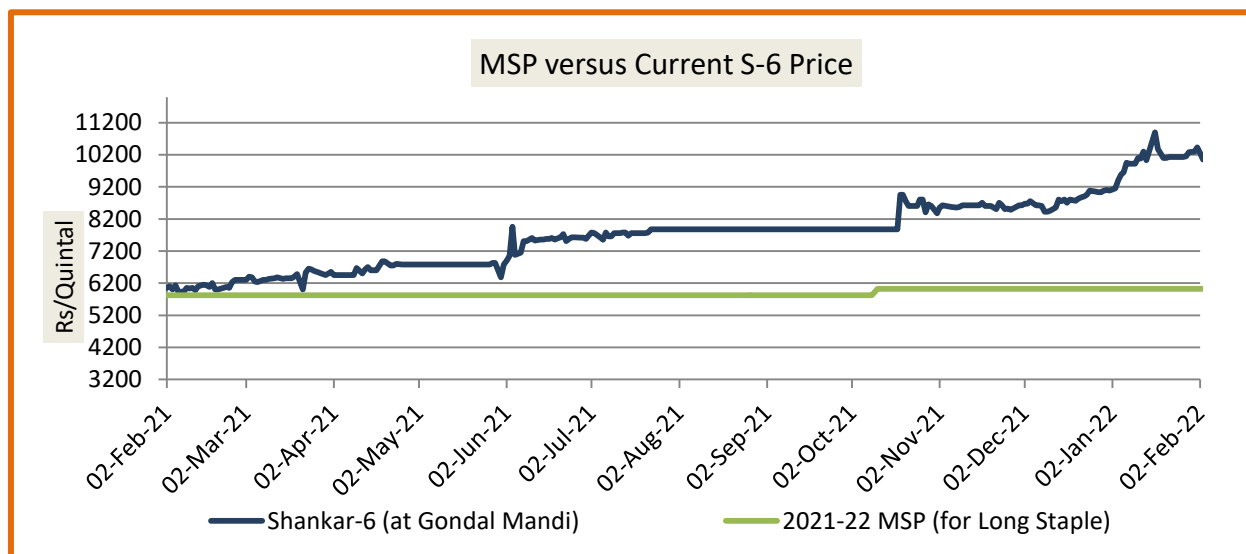
### Kapas Monthly M-o-M Price Scenario



The arrivals in the month of January were lower in the market and the monthly average price were at Rs. 10,158/q compared to the prices during the corresponding month of the previous season.(Rs. 5887/q)

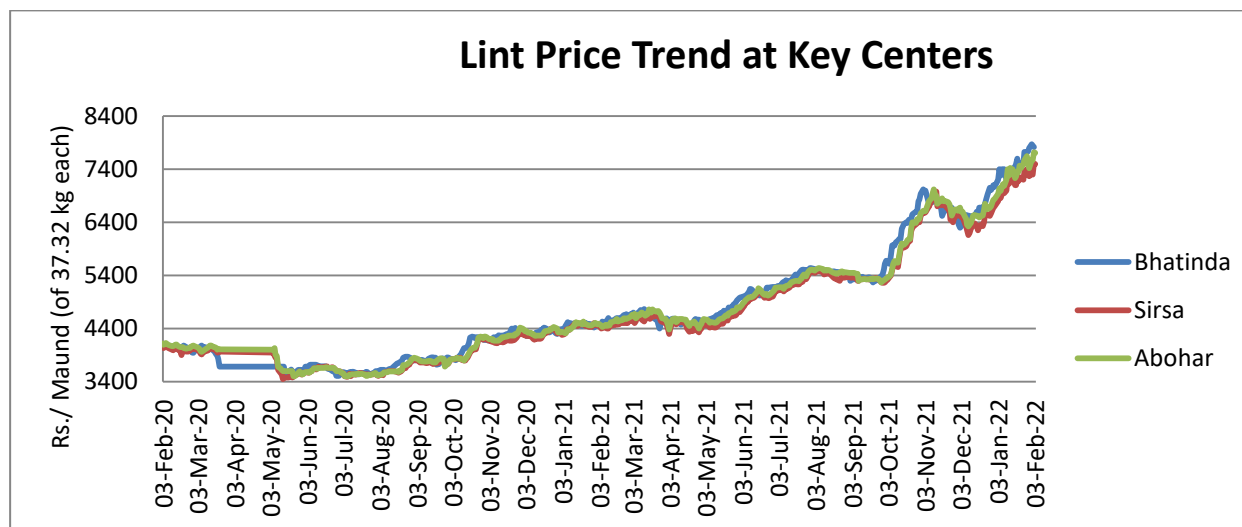
### Spot Price versus MSP

Average kapas price at Gondal market stood slightly higher at Rs. 10,256/qt in January 2022 as compared to Rs. 9008/qt in December 2021.



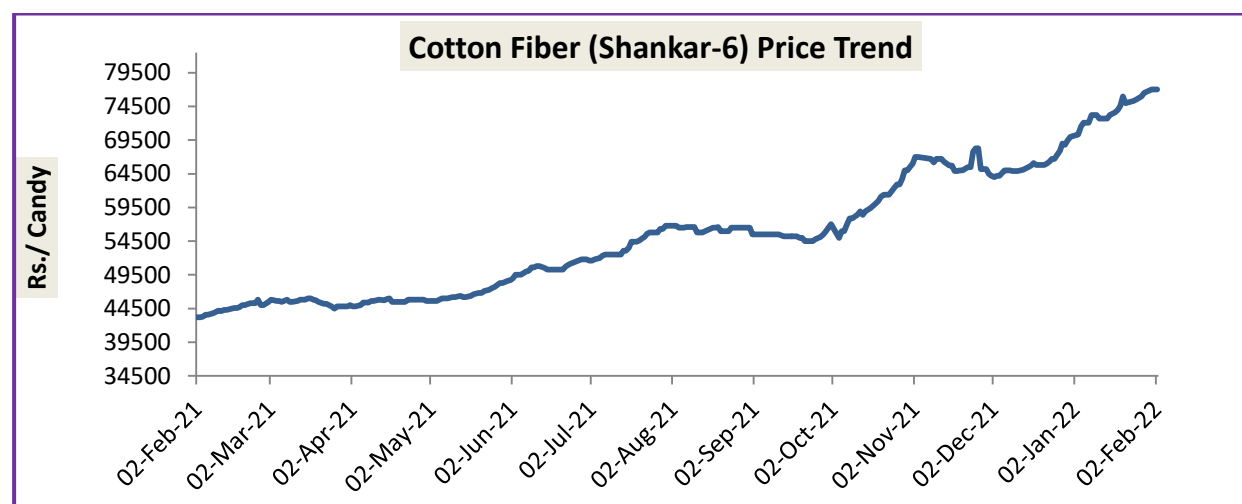
### Lint price Outlook

Monthly average price of Lint at Sirsa stood higher compared to previous month at Rs.7284 per maund of 37.32 kg each in January whereas in Bhatinda market the prices have increased and were at Rs. 7433 per maund of 37.32 kg each.



### Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.73890 per candy (of 355.6 kg each) during January, higher than Rs.66011 per candy from previous month. While the prices during the same month last year were low around Rs. 43256 per candy. Agriwatch expects cotton fiber to remain around of Rs.70,000-70,200 per candy in the coming month amid increase in arrivals.

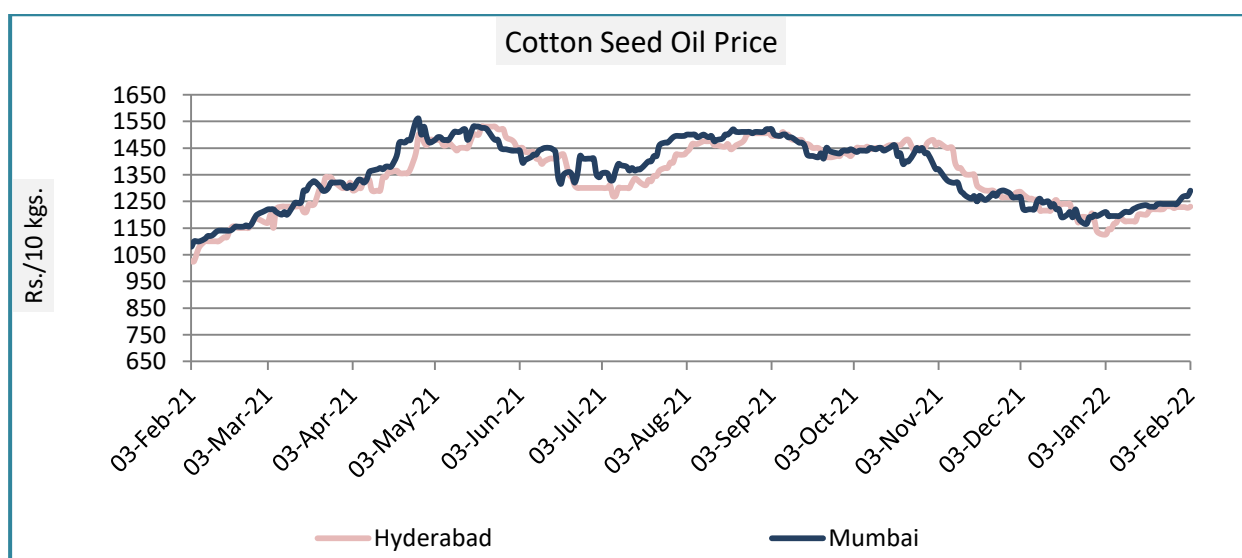


## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1220 per 10 Kg, and followed by Rs. 1226 kg in Rajkot and Rs.1233 per 10 kg in Mumbai.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	January	December	
New Delhi	-	-	-
Rajkot	1226	1206	0.02
Hyderabad	1220	1194	2.15
Mumbai	1233	1211	1.79

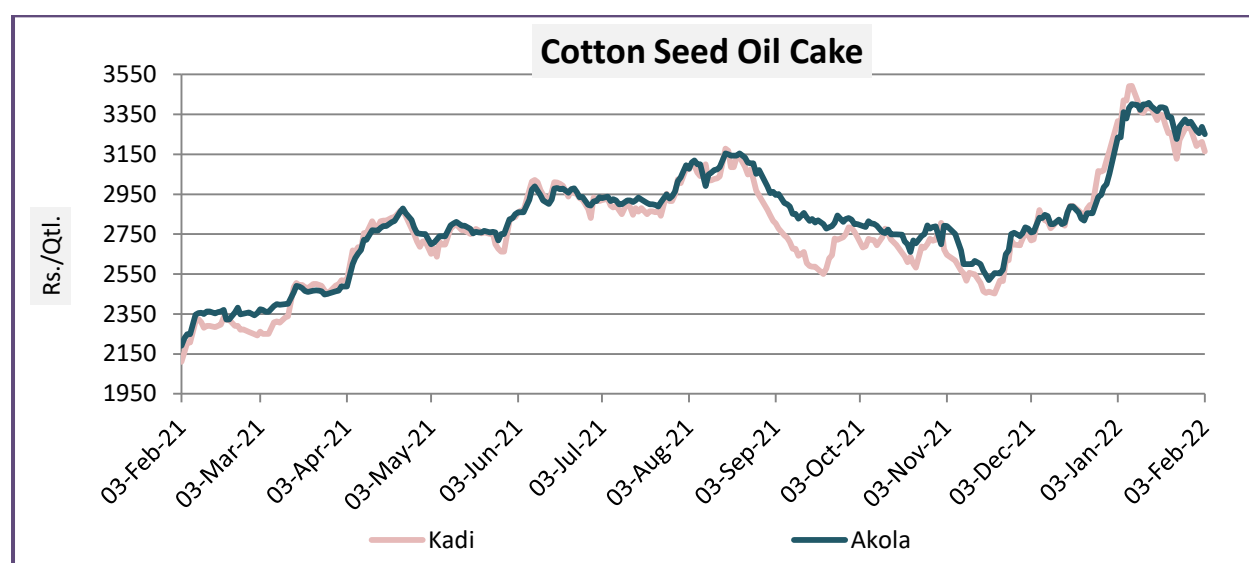


### Cotton Seed Oil Cake monthly Price Scenario

The average price of cottonseed oilcake in the Kadi market was Rs. 3330 per quintal from Rs. 2875 per quintal and in Akola was at Rs. 3343 per quintal from Rs. 2855 per quintal the previous month. The demand in the local market has improved in the January as compared to previous months.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	January	December	
Kadi	3330	2875	15.84
Akola	3343	2855	17.09

\*Source: NCDEX



### International Market Scenario

ICE front month futures was higher by around 11% in Jan'22 month compared in Dec'21. The average of ICE Dec contract stood high around 126.03 cents/lbs in Jan'22, up by 11 points compared to the average price that stood in Dec'21 around 113.23 cents/lbs.

### **Major Market Highlights:**

Due to shortage of feeder vessels and a high unloading time, Bangladesh may face a crisis of cotton from March 2022 as the global shipping companies are unable to carry containers to Bangladesh. According to Bangladesh Textile Mills Association, the country also fears a suspension of production in spinning mills and rise in yarn prices in the local market if they failed to get cotton on time.

Cotton Prices in Brazilian local market may continue to firm up as most of the 2020-21 crop has already been traded. Brazil's National Supply Company (CONAB) estimates cotton production at 2.7 million tonne in the 2021-22 season, which is around 11 percent higher as compared to the previous season. The planted area may increase to 1.542

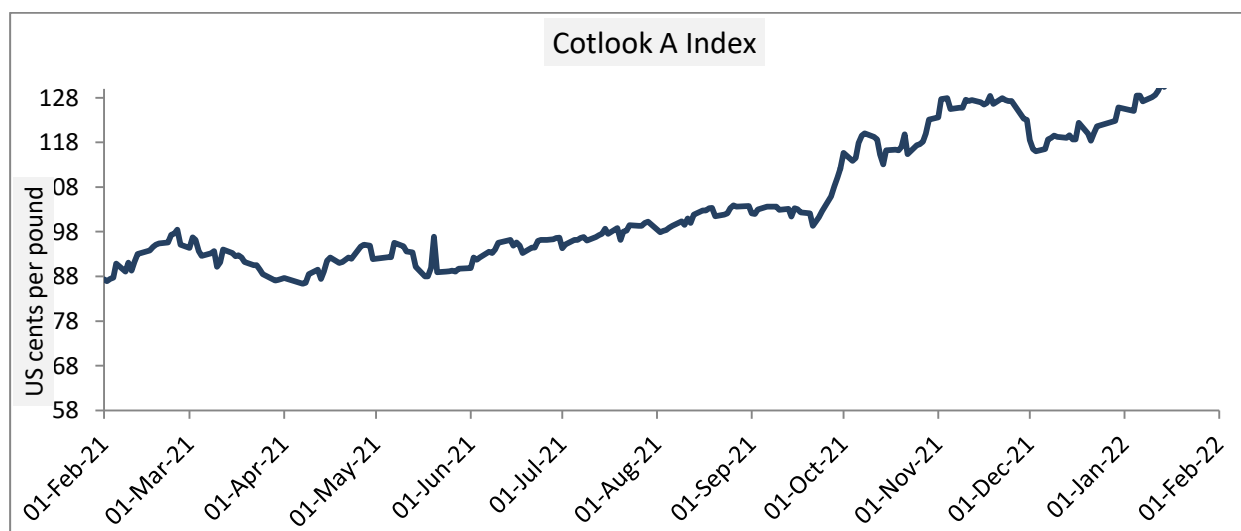
million hectares in the second cotton crop of 2021-22 season. Brazil cotton production is expected to increase because of regular rains early in the season.

According to USDA, World Agricultural Supply and Demand Estimate, January 2022 report, US is projected to produce around 17.62 million bales of cotton for the 2021-22 season, about 660,000 bales lower than the previous month bringing its ending stock estimate at 200,000 bales lower to 3.20 million bales. The USDA has also cut its global output estimate by about 610,000 bales to 120.96 million bales, bringing ending stocks forecast to 85.01 million bales from 85.73 million bales last month. However, USDA has trimmed US exports estimate by 500,000 bales to 15.0 million bales, citing lower US crop and continuing logistical issues.

### Cotlook A Index

The average CotlookA Index stood higher at 132 US cents per lb in January month and that has increased by 10 percent from previous month.

Cotlook A Index	MonthlyAverage Price as on		% Change
	January	December	
Prices	132.21	119.65	10.50
Prices in US cents per Pound			



Source: Cotlook



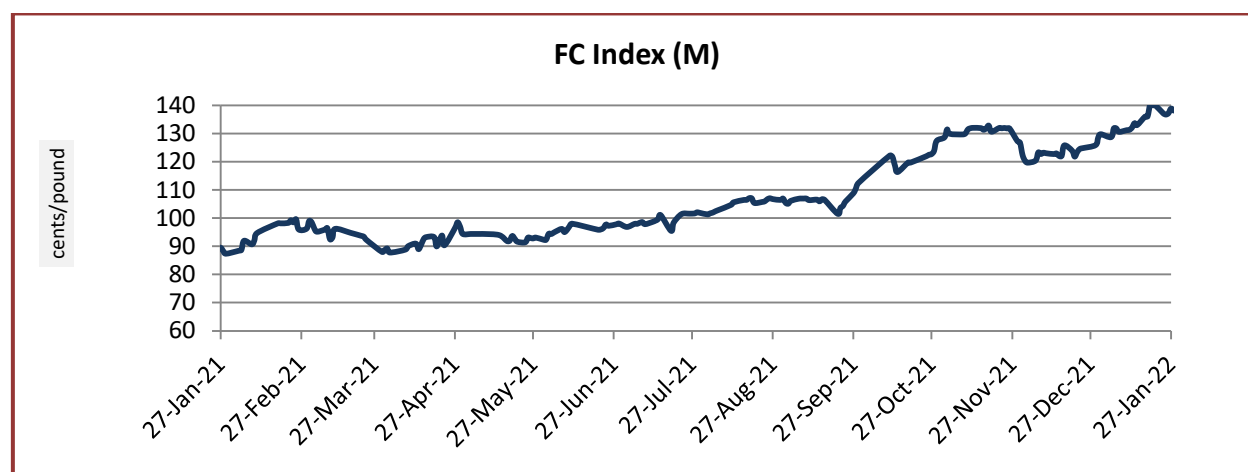
### China Cotton Index and Foreign Cotton Index

The China cotton Index prices has increased from previous month around 1-2 percent in January 2022.

Cotton Index	Monthly Average Price as on		% Change
	January	December	
FC (S)	139.89	126.13	1.89
FC (M)	138.53	125.14	1.95
FC (L)	136.97	123.56	2.05

Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Monthly Average Price as on		% Change
	January	December	
CCIndex(328)	22509.79	21970.13	2.46
CCIndex(527)	20797.11	20507.65	1.41
CCIndex(229)	23028.05	22581.17	1.98

Prices in Yuan per ton

Source: China Cotton Association

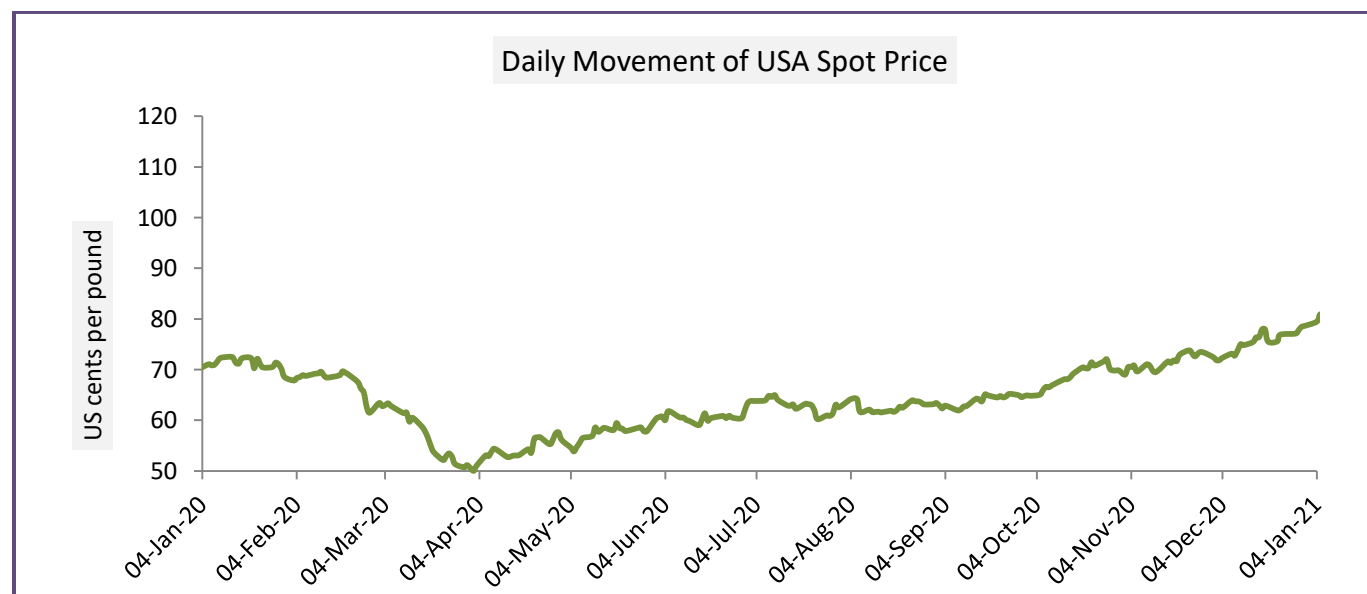


### USA Spot Prices

U.S.A Spot price for this month was at 122.75 cents/ pound higher from previous month price by 10 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	January	December	
Prices	122.75	111.21	10.37
Prices in US cents per Pound			

Source: USDA

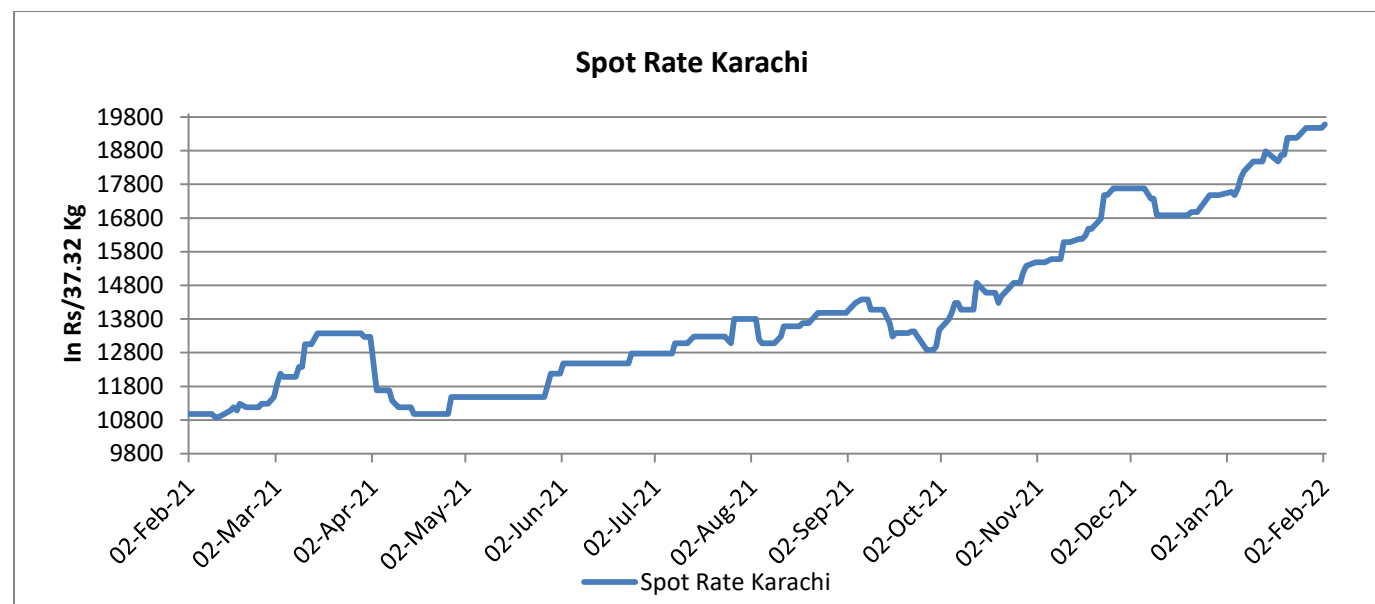


### Pakistan Spot Prices

The Karachi spot price stood around Rs.19001/q slightly higher compared to the previous month.

Karachi Spot Prices	Monthly Average Price as on		% Change
	January	December	
Prices	19001	17225	10.31
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



**Commodity: Cotton**
**Exchange: MCX**
**Contract: Feb.**
**Expiry: February. 28, 2022**
**Cotton – Technical Outlook**
**Technical Chart:**

**Technical Commentary:**

- The Cotton posted gain on buyers interest.
- However, strong resistance can be seen at 37300.
- MACD, indicating steady momentum.
- RSI is indicating steady to firm buying strength.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cotton	MCX	Feb	36670	36750	37090	37300	37420
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Feb	Buy	37080	37180	37270	37010

\* Do not carry-forward the position next day.

**Commodity: Cottonseed oil**
**Exchange: MCX**
**Contract: Jan.**
**Expiry: January. 31, 2021**
**Cottonseed Oilcake**
**Technical Chart:**

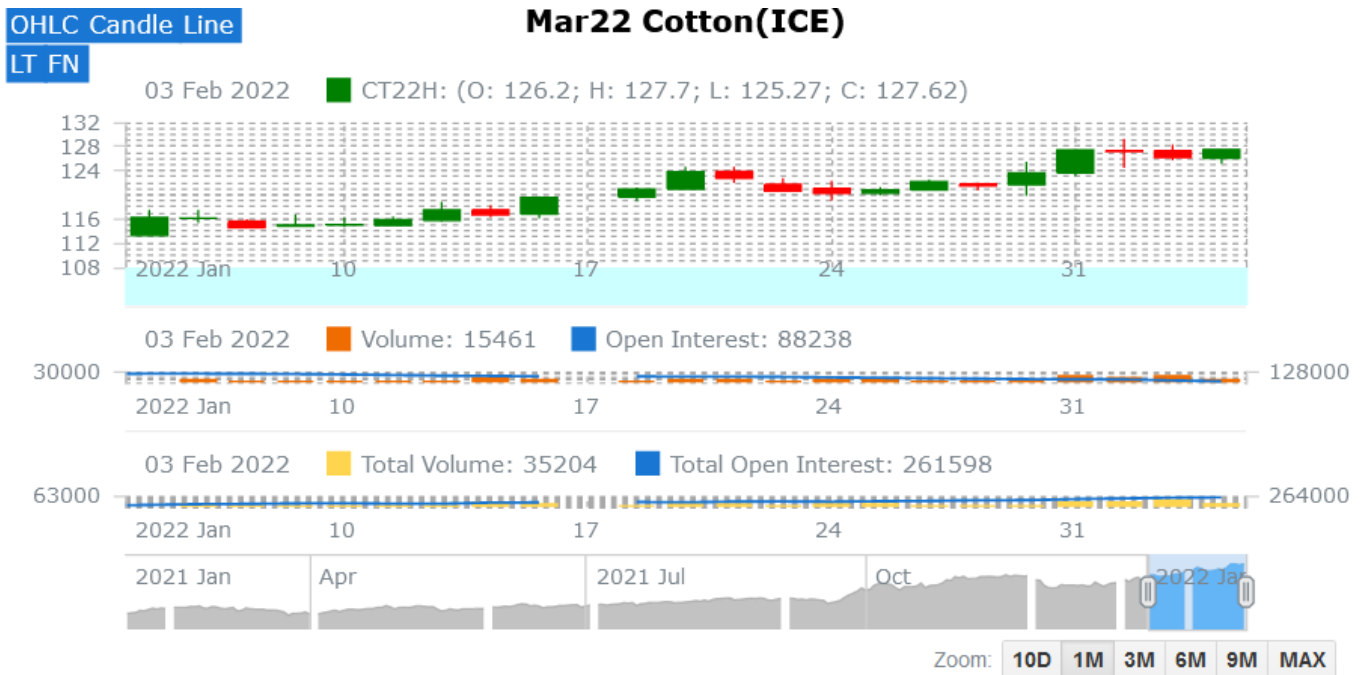
**Technical Commentary:**

- The Cottonseed oilcake posted gain on buyers interest.
- However, strong resistance can be seen at 2977.
- MACD, indicating firm momentum.
- Market may consolidate at Rs. 3250-Rs.3400.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cottonseed oilcake	NCDEX	Jan	3130	3200	3300	3460	3520
Intraday Trade Call			Call	Entry	Call	Entry	T1
Cottonseed oilcake	NCDEX	Jan	Buy	3310	3410	3430	3240

### Monthly Technical Outlook:

#### Technical Analysis of Cotton Future (Mar'22 Contract) at ICE



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

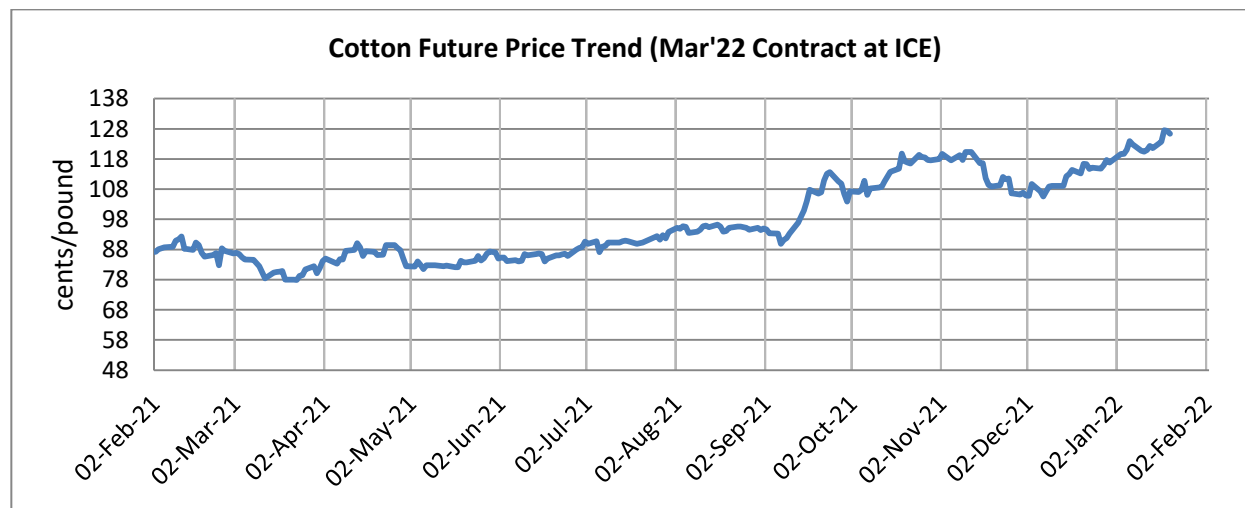
#### Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to BullishMomentum	127-134

#### Expected Support and Resistance

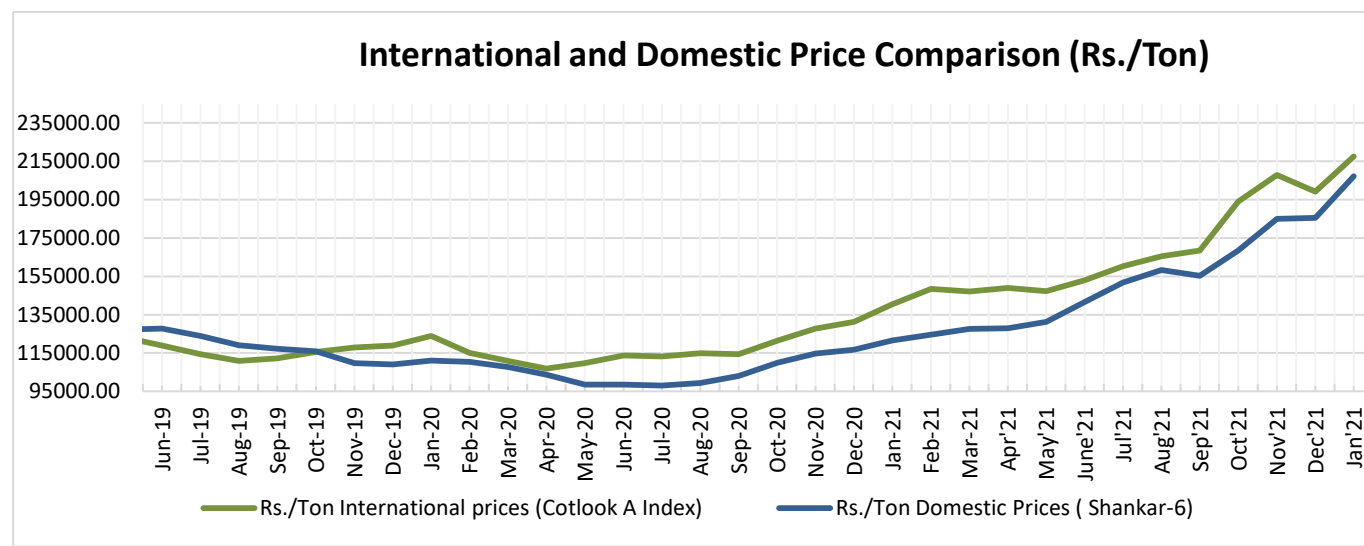
Support 1	Support 2	Resistance 1	Resistance 2
120	115	129	132

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	02-Feb-22	03-Jan-22 (1 month ago)	04-Nov-21 (3 months ago)	06-Aug-21 (6 months ago)	02-Feb-21 (a year ago)	% Change over a month	% Change over previous year
Mar-22	126.33	113.23	117.25	92.42	80.69	11.57	56.56
May-22	123.03	110.91	113.83	91.70	82.05	10.93	49.95
Jul-22	119.86	108.50	112.16	91.33	82.99	10.47	44.43
Dec-22	108.00	97.90	109.48	90.69	79.71	10.32	35.49
Mar-23	102.95	92.95	98.43	89.79	78.71	10.76	30.80

### 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	Jan'22	Dec'21	
Gujarat	Ahmedabad	Shankar-6	10034	8821	1213
	Gondal	Shankar-6	10290	9009	1282
	Rajkot	B.T. Cotton	10158	9048	1110
	Patan	B.T. Cotton	10129	8862	1267
	Kadi	B.T. Cotton	9805	8546	1258
	Deesa	B.T. Cotton	9539	7960	1579
	Dhrol	B.T. Cotton	9811	8785	1026
Haryana	Bhiwani	B.T. Cotton	NA	7801	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9477	8452	1025
	Fatehabad	B.T. Cotton	9270	8367	903
	Jind	B.T. Cotton	9274	8366	908
	Uchana	B.T. Cotton	9429	8402	1027



	Dabwali	B.T. Cotton	9653	8618	1034
Rajasthan	Hanumangarh	B.T. Cotton	9769	8761	1008
	Rawatsar	B.T. Cotton	9645	8753	892
Madhya Pradesh	Khandwa	Mech-1	10080	8496	1584
	Khargaon	Mech-1	10466	8622	1845
Maharashtra	Amravati	Mech-1	9908	8507	1402
	Jamner	Medium Staple	8757	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	6445	-
	Hathras	Desi	NA	6732	-
Telangana	Adilabad	Un-Ginned	9368	8082	1286
Andhra Pradesh	Adoni	Medium Staple	10276	8659	1618
Karnataka	Bijapur	Bunny	10574	9074	1500
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	8365	7809	556
	Raichur	H-44 Cotton	10085	NA	-
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Jan'22	Dec'21	
Punjab	Bhatinda	J-34	7434	6634	799
	Abohar	J-34	7459	6659	800
	Mansa	J-34	7465	6646	819
Haryana	Sirsa	J-34	7267	6500	767
Rajasthan	Sri-Ganganagar	J-34	6863	6321	542

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Jan'22	Dec'21	
Gujarat	Ahmedabad	Shankar-6	986000	1268200	-282200
	Gondal	Shankar-6	84841	67919	16922
	Rajkot	B.T. Cotton	106100	110200	-4100
	Patan	B.T. Cotton	67599	174418	-106819
	Kadi	B.T. Cotton	627500	729000	-101500
	Deesa	B.T. Cotton	2800	8700	-5900
	Dhrol	B.T. Cotton	10213	8635	1578
Haryana	Bhiwani	B.T. Cotton	31960	18100	13860

	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	49470	53210	-3740
	Fatehabad	B.T. Cotton	17100	31400	-14300
	Jind	B.T. Cotton	25415	37018	-11603
	Uchana	B.T. Cotton	32925	38555	-5630
	Dabwali	B.T. Cotton	27715	56700	-28985
Rajasthan	Hanumangarh	B.T. Cotton	54400	89000	-34600
	Rawatsar	B.T. Cotton	75900	100400	-24500
Madhya Pradesh	Khandwa	Mech-1	22300	34300	-12000
	Khargaon	Mech-1	125366	155590	-30224
Maharashtra	Amravati	Mech-1	361500	307000	54500
	Jamner	Medium Staple	1140	1245	-105
Uttar Pradesh	Hathras	B.T. Cotton	NA	1000	-
	Hathras	Desi	NA	1295	-
Telangana	Adilabad	Un-Ginned	361822	1795367	-1433545
Andhra Pradesh	Adoni	Medium Staple	71352	95196	-23844
Karnataka	Bijapur	Bunny	58259	132992	-74733
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	95	372	-277
	Raichur	H-44 Cotton	117	NA	-
<b>Commodity</b>	<b>Lint</b>		<b>Monthly Sum Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>Jan'22</b>	<b>Dec'21</b>	
Punjab	Bhatinda	J-34	181900	227800	-45900
	Abohar	J-34	20655	42670	-22015
	Mansa	J-34	8755	28560	-19805
Haryana	Sirsa	J-34	31960	48280	-16320
Rajasthan	Sri-Ganganagar	J-34	109900	65100	44800

**Cotton Association of India Cotton Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Jan'22	Dec'21	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	47836	45389	2447
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	48436	45989	2447
J-34(202)	27mm	3.5 - 4.9	23	68432	61489	6943
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	NA	NA	-
Shankar-6(105)	29mm	3.5 – 4.9	28	73727	66011	7716
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	77782	69300	8482
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	115000	112389	2611

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