

Domestic market summary

Domestic Market Scenario:

Indian cotton futures at MCX was volatile with the highest daily ups and downs but in physical market did not followed the same down fall. With Russian's invasion of Ukraine last month cotton market was in control of bears. With free fall in equity and other markets, cotton also followed a bearish trend. Indian cotton Shanker-6 prices remained steady near Rs. 76,300 to 78,500 per candy in February compared to previous month price of Rs. 73,727 per candy. Cotton prices at Rajkot traded at Rs. 10,519 per quintal last month.

Monthly Price Outlook : The Kapas prices likely to remain steady between Rs. 10,600-10,800/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:

Production Estimates - As per the Government's Second Advance Estimate, cotton production for 2021-22 have been projected at 340.63 lakh bales, which is 3% lower than the previous year's final production estimate of 352.48 lakh bales. As per AgriWatch estimate based on the arrival pattern, production is expected to be 342.60 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.

Cotton Association of India has reduced its January estimate of the cotton crop for the 2021-22 season by 5 lakh bales to 343.13 lakh bales from its previous estimate of 348.13 lakh bales. The Association has attributed the reduction in crop estimate to the drop in production in states including Gujarat, Telangana, Odisha, Karnataka and Andhra Pradesh.

Cotton arrivals from 01st October 2021 till 22nd February 2022 has reached 3590.09 thousand tonne as compared to previous season arrivals of 2570.19 thousand tonne. For the current 2021-22 season, cotton arrivals were higher from Telangana, Madhya Pradesh and Haryana whereas it was lower from the states of Maharashtra, Gujarat, Punjab and Karnataka. The arrivals were lower mainly because of the late rains caused by La Nina effect which has affected the yield of cotton.

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.

The total cotton supply between October 2021 to January 2022 remained at 272.20 lakh bales, which consists of the arrivals of 192.20 lakh bales, imports of 5 lakh bales during the month of January 2022 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 to January 2022 at 114 lakh bales while export shipment of cotton during the months of October to January 2022 is estimated at 25 lakh bales. Stock at the end of January 2022 is estimated at 113.20 lakh bales.

Cotton yarn prices was lower last month in South India as demand from both domestic and exports markets dried up because buyers were not keen on taking any risk in view of the looming uncertainty of geo-political developments after Russian attack on Ukraine. Buyers preferred to adopt a wait-and-watch policy while they assess the situation on the trade front. In Mumbai market, yarn prices fell by ₹5-12 per kg as demand weakened further.

Cotton Balance Sheet:

(Quantity in Lakh Bales)

	2020-21	2021-22*
Opening Stock	103.82	78.82
Production	365.00	342.60
Imports	10.00	12.00
Total Supply	478.82	433.42
Exports	75.00	50.00
Consumption	325.00	330.00
Total use	400.00	380.00
Ending Stock	78.82	53.42
Stock-to-Use ratio	19.71%	14.06%

Due to the good export parity in the 2020-21, exports had 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 be around 12 lakh bales around 2 lakh bales higher from the previous 2020-21 season.

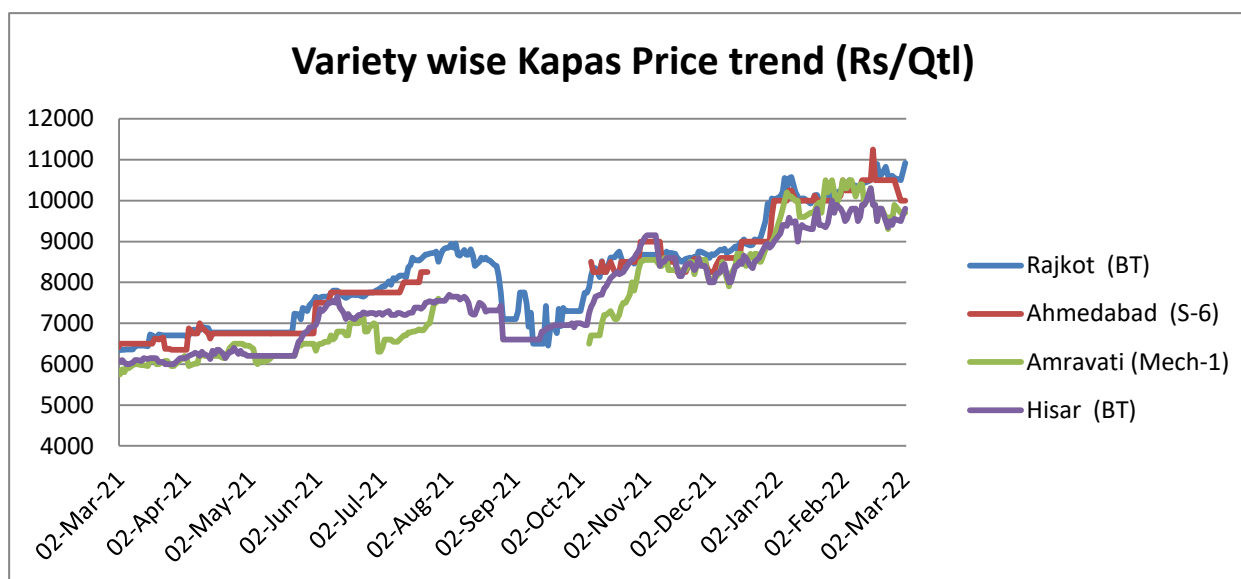
The total cotton availability by the end of the season in 2020-21 is estimated at 478.82 lakh bales and an lower availability is expected in 2021-22 season of around 433.42 lakh bales. Total domestic consumption in 2021-22 is expected to increase to 330.00 lakh bales.

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 14.06 lakh bales.

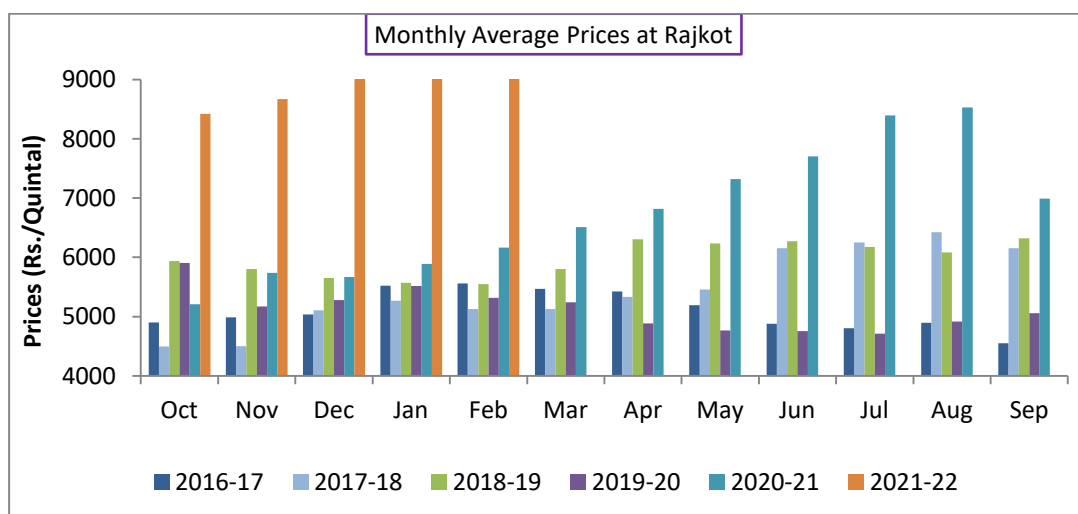
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot and other markets were significantly lower and stood at Rs.10,507/quintal in Rajkot as compared to previous month price of Rs. 10,159/quintal and Rs. 9693/quintal in Hisar as compared to previous month price of Rs. 9476/quintal. Prices have improved in Amravati and Ahmedabad market in the February month and were at Rs. 10000/quintal and Rs. 10439/quintal.



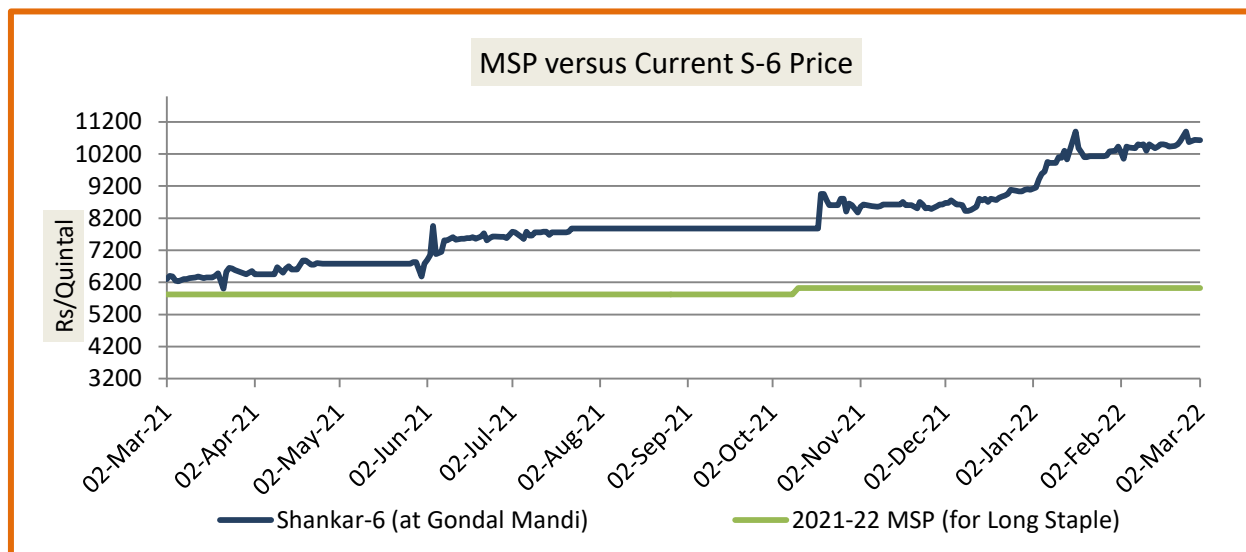
Kapas Monthly M-o-M Price Scenario



The arrivals in the month of February were lower in the market and the monthly average price were at Rs. 10,519/q compared to the prices during the corresponding month of the previous season.(Rs. 6161/q)

Spot Price versus MSP

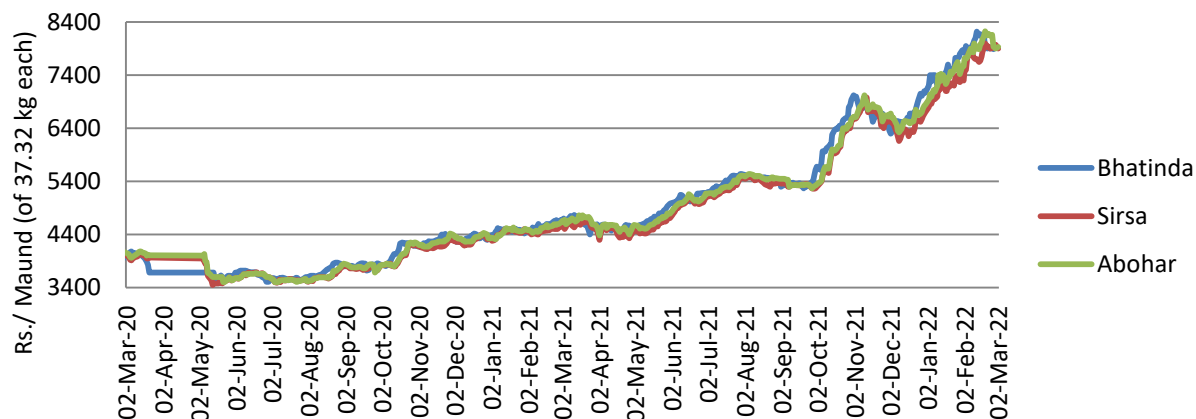
Average kapas price at Gondal market stood slightly higher at Rs. 10,554/qt in February 2022 as compared to Rs. 10,256/qt in January 2022.



Lint price Outlook

Monthly average price of Lint at Sirsa stood higher compared to previous month at Rs.7851 per maund of 37.32 kg each in February whereas in Bhatinda market the prices have increased and were at Rs. 7984 per maund of 37.32 kg each.

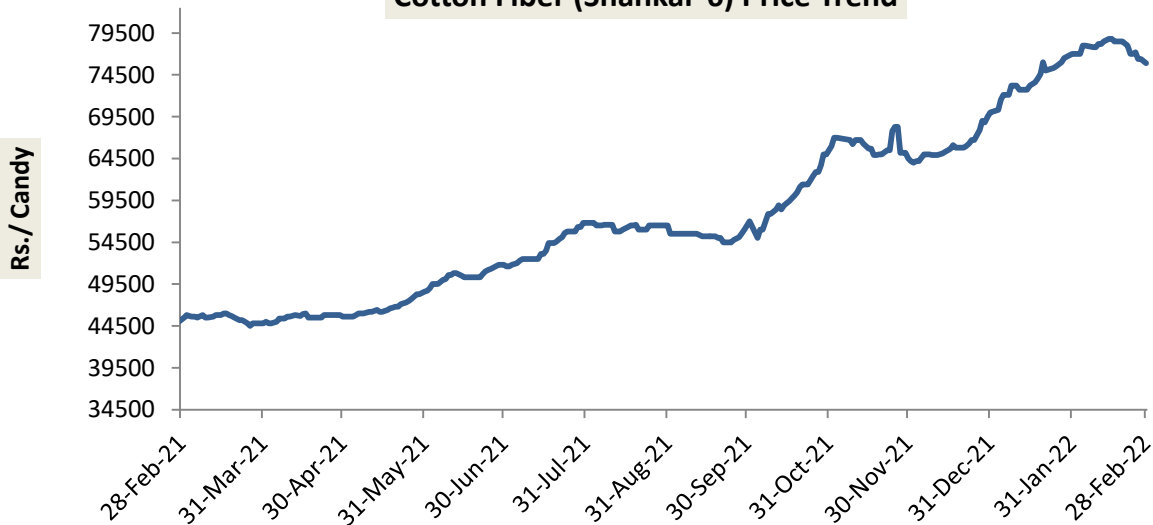
Lint Price Trend at Key Centers



Cotton Fiber price Outlook

The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.77695 per candy (of 355.6 kg each) during February, higher than Rs.73890 per candy from previous month. While the prices during the same month last year were low around Rs. 44370 per candy. Agriwatch expects cotton fiber to remain around of Rs.70,400-70,600 per candy in the coming month.

Cotton Fiber (Shankar-6) Price Trend

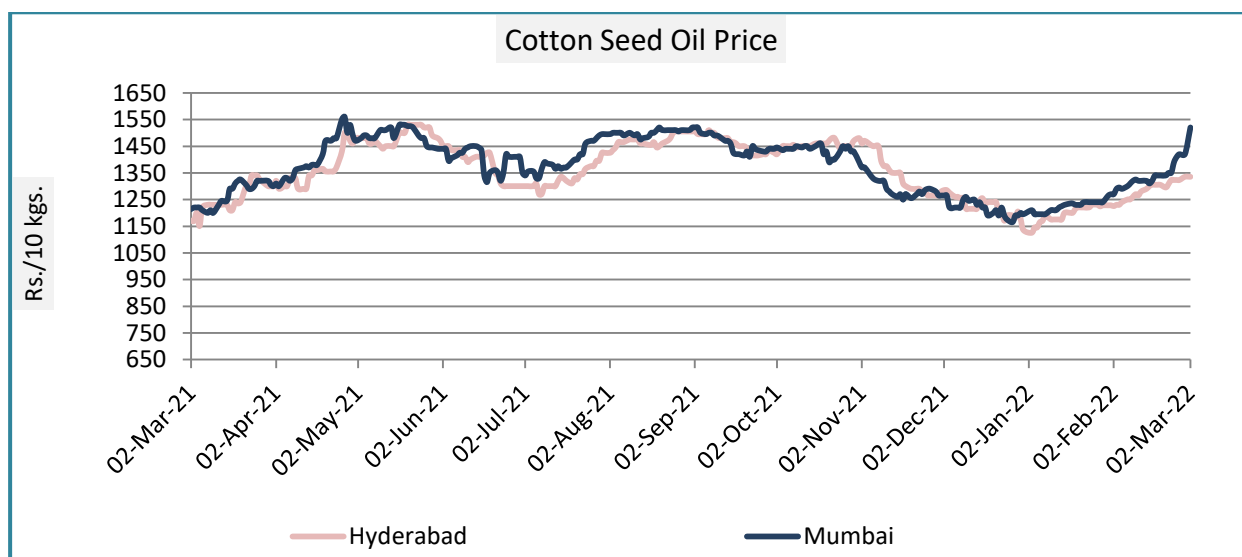


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1337 per 10 Kg, and followed by Rs. 1345 kg in Rajkot and Rs.1361 per 10 kg in Mumbai.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	February	January	
New Delhi	-	-	-
Rajkot	1345	1226	9.71
Hyderabad	1337	1220	9.60
Mumbai	1361	1233	10.40

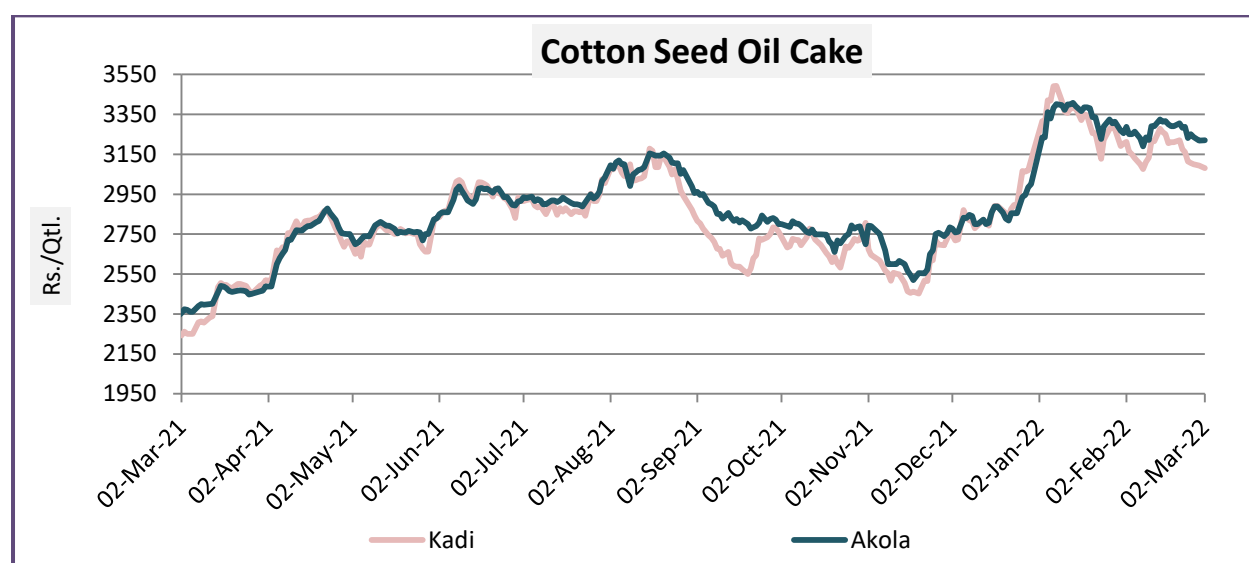


Cotton Seed Oil Cake monthly Price Scenario

The average price of cottonseed oilcake in the Kadi market was Rs. 3171 per quintal from Rs. 3330 per quintal and in Akola was at Rs. 3267 per quintal from Rs. 3343 per quintal the previous month. The demand in the local market has fallen in the February as compared to previous months.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	February	January	
Kadi	3171	3330	-4.77
Akola	3267	3343	-2.27

*Source: NCDEX



International Market Scenario

ICE front month futures was higher by around 2% in Feb'22 month compared in Jan'22. The average of ICE Dec contract stood high around 126.35 cents/lbs in Feb'22, up by 2.09 points compared to the average price that stood in Jan'22 around 123.76 cents/lbs.

Major Market Highlights:

The U.S. Department of Agriculture's (USDA's) first 2022-23 world cotton projections estimates that global consumption will exceed production, reducing world stocks by 2.5 million bales. World cotton production is expected to rise 3.2 percent, with harvested area rising in some countries. Global consumption is expected to grow at about the long-term average rate, as the world economy continues its recovery from the severe downturn in 2020 and supply chain problems in 2021.

According to USDA's February report, the world ending stock is expected to fall further to 84.31 million bales (480 pounds each), the lowest level in 3 years from their January's forecast of 85.01 million bales and 2020-21's ending stock of 88.41 million bales. India's cotton production is estimated at 5.99 million MT in 2021-22 from previous season of 6.01 million MT in 2020-21. Cotton production in China is expected to increase in this season at 3.84 million MT from previous season of 3.18 million MT.

According to USDA's World Agricultural Supply and Demand Estimate, February 2022 report, Tanzania's cotton crop is estimated to be lower 345,000 bales based on updated government data on planted area. World beginning stocks for 2021-22 season are 240,000 bales higher as several years of historical revisions for Iran and Syria raise global beginning stocks and consumption slightly.

Projected consumption is nearly 200,000 bales higher this month. World trade is 120,000 bales lower as China's imports are reduced 250,000 bales, partly offset by an increase for India's imports. Falling U.S., Brazilian, and Indian exports are partly offset by a higher export forecast for Australia.

Bangladesh's cotton production has been low as farmers are opting for other cash crops instead of white fibre, missing out at least a \$3-billion domestic market.

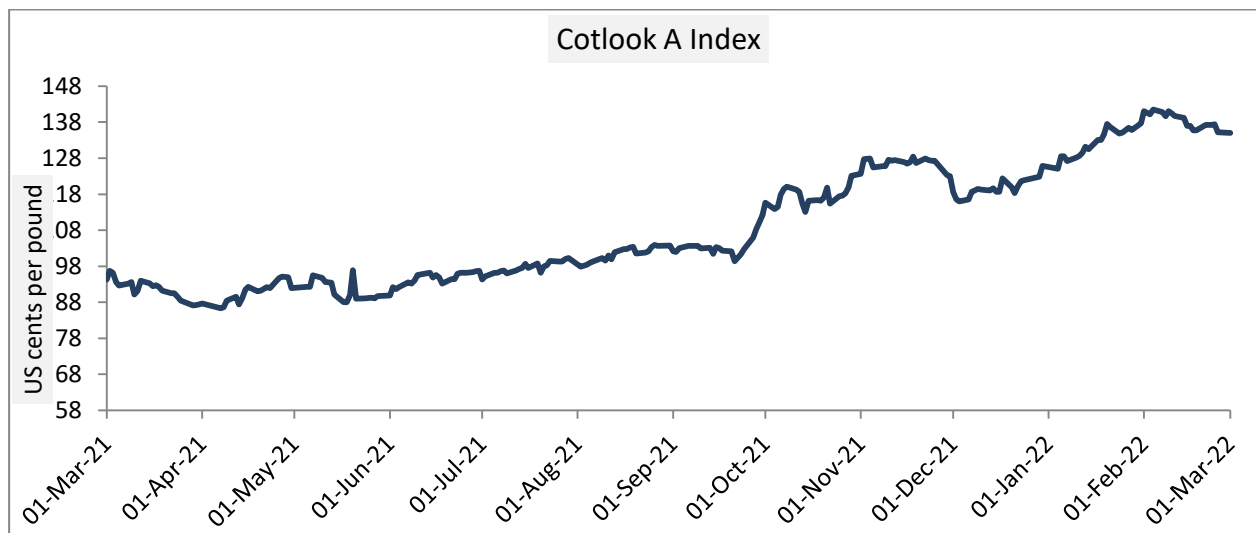
Cotton plantings in the United States are likely to increase as a result of strong international demand, increasing input prices for farmers, and a prolonged drought in Texas. Cotton futures in New York hit a new decade high at the end of January, signalling a potential increase for the world's largest cotton provider. Last year, expectations for a second worldwide shortfall pushed the fibre up 44 percent.

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.

Cotlook A Index

The average CotlookA Index stood higher at 132 US cents per lb in February month and that has increased by 4 percent from previous month.

Cotlook A Index	MonthlyAverage Price as on		% Change
	February	January	
Prices	138.50	132.21	4.76
Prices in US cents per Pound			



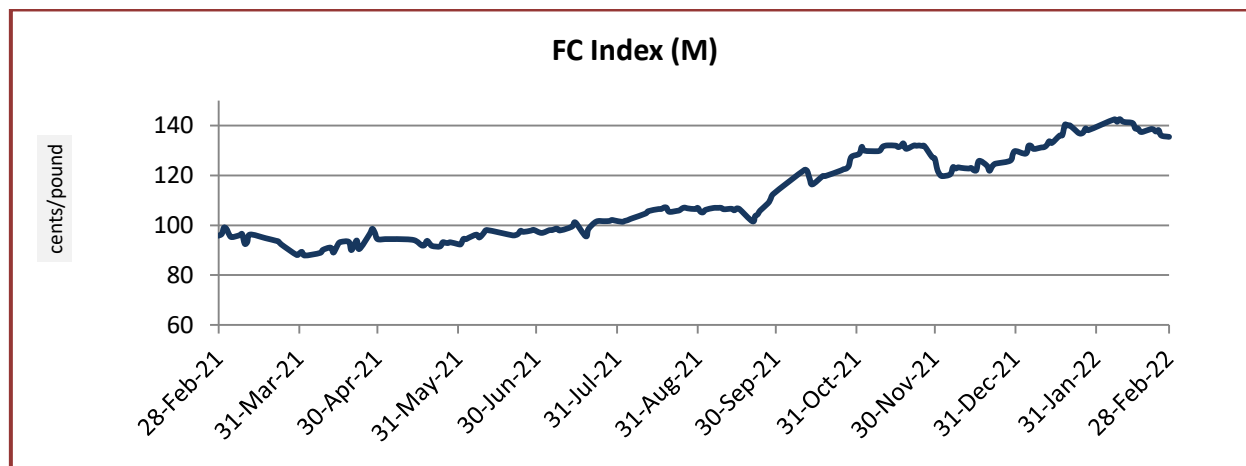
Source: Cotlook

China Cotton Index and Foreign Cotton Index

The China cotton Index prices has increased from previous month around 2-3 percent in February 2022.

Cotton Index	Monthly Average Price as on		% Change
	February	January	
FC (S)	140.62	139.89	3.05
FC (M)	139.27	138.53	3.13
FC (L)	137.70	136.97	3.12
Prices in US cents per Pound			

Source: China Cotton Association



Cotton Index	Monthly Average Price as on		% Change
	February	January	
CCIndex(328)	22848.47	22509.79	1.50
CCIndex(527)	21056.93	20797.11	1.25
CCIndex(229)	23310.00	23028.05	1.22

Prices in Yuan per ton

Source: China Cotton Association

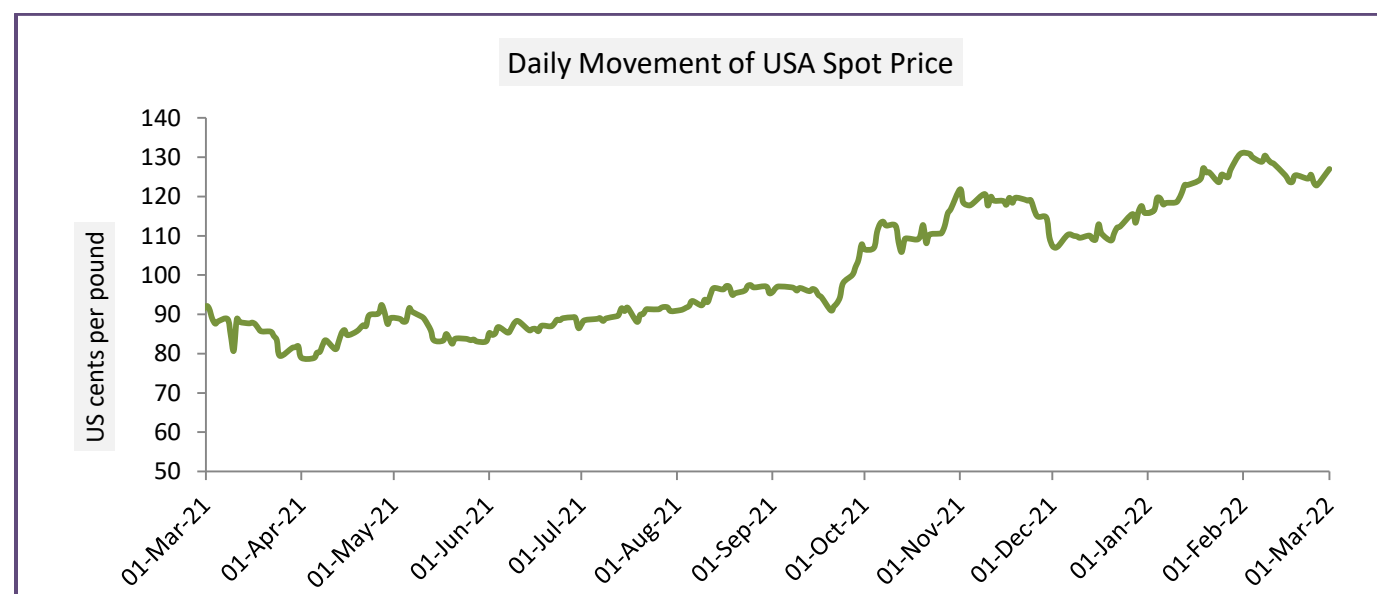


USA Spot Prices

U.S.A Spot price for this month was at 126.67 cents/ pound higher from previous month price by 2-3 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	February	January	
Prices	126.67	122.75	3.19
Prices in US cents per Pound			

Source: USDA

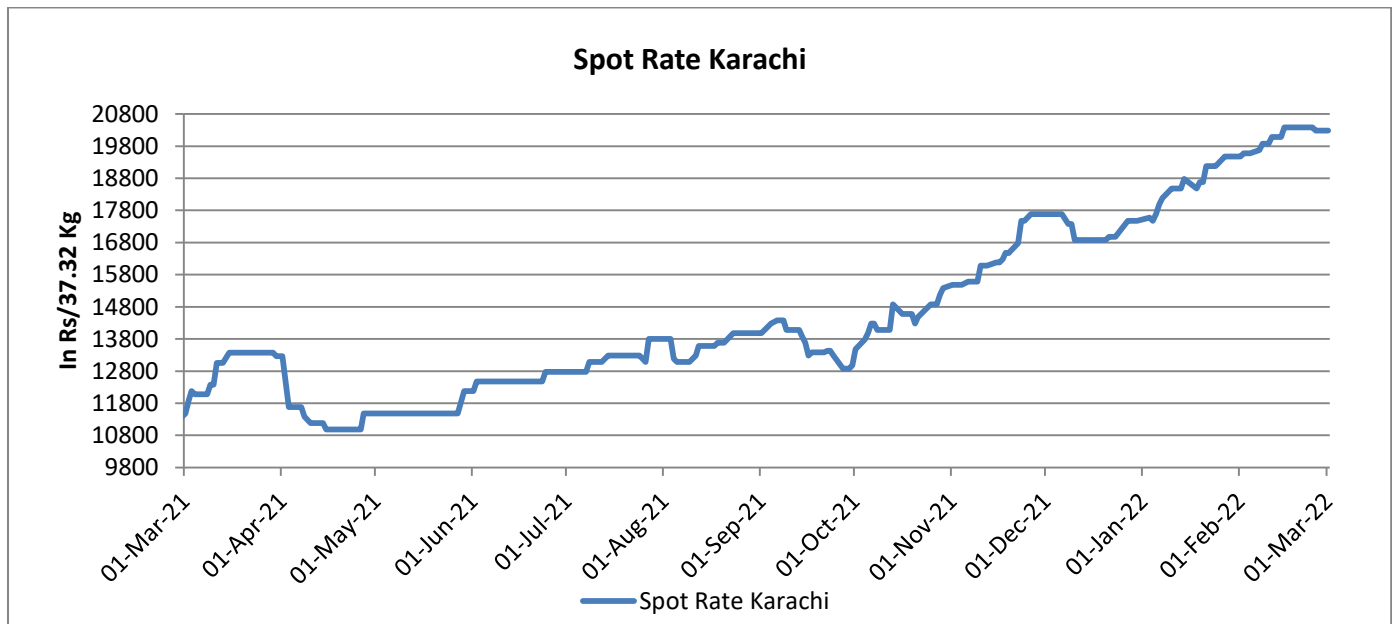


Pakistan Spot Prices

The Karachi spot price stood around Rs.20186/q slightly higher compared to the previous month.

Karachi Spot Prices	Monthly Average Price as on		% Change
	February	January	
Prices	20186	19001	6.23
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton
Exchange: MCX
Contract: Mar.
Expiry: Mar. 30, 2022
Cotton – Technical Outlook
Technical Chart:

Technical Commentary:

- The Cotton posted 2.37% loss on profit booking in Feb22 and closed at 36210.
- During the month, made low at 35710 and high at 38630.
- Currently trading above 9 and 21 DMA, indicating bullish trend.
- Trading above 50 DMA.
- MACD, indicating bullish momentum.
- RSI is indicating strong buying strength, currently in oversold zone.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cotton	MCX	Mar	35500	35000	36210	39000	40000
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Mar	Buy	36000	37000	38000	35500

* Do not carry-forward the position next day.

Commodity: Cottonseed oil
Exchange: MCX
Contract: Mar.
Expiry: Mar. 30, 2021
Cottonseed Oilcake
Technical Chart:

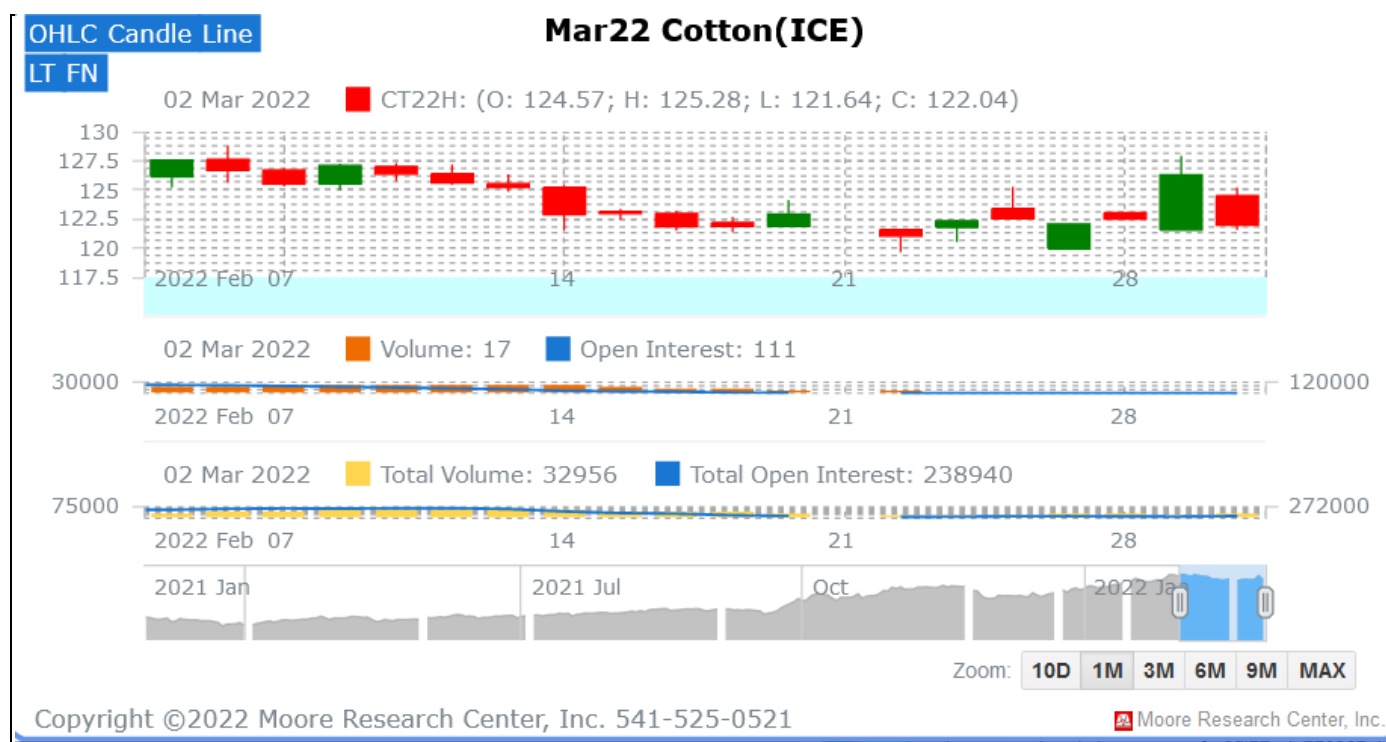
Technical Commentary:

- The Cottonseed oilcake posted 3.39% loss on profit booking and closed at 3082. During the month, market made low at 3049 and high at 3342.
- Currently trading above 9 and 18 DMA indicating firm momentum.
- Currently trading above 50 DMA.
- RSI indicating good buying strength.
- MACD crossover indicating firm tone.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cottonseed oilcake	NCDEX	Mar	2900	2800	3082	3300	3400
Intraday Trade Call			Call	Entry	T1	T2	SL
Cottonseed oilcake	NCDEX	Mar	Buy	3000	3100	3200	2950

Monthly Technical Outlook:

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



- Candlesticks showed firm trend in the market during February 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 Bullish momentum	122-134

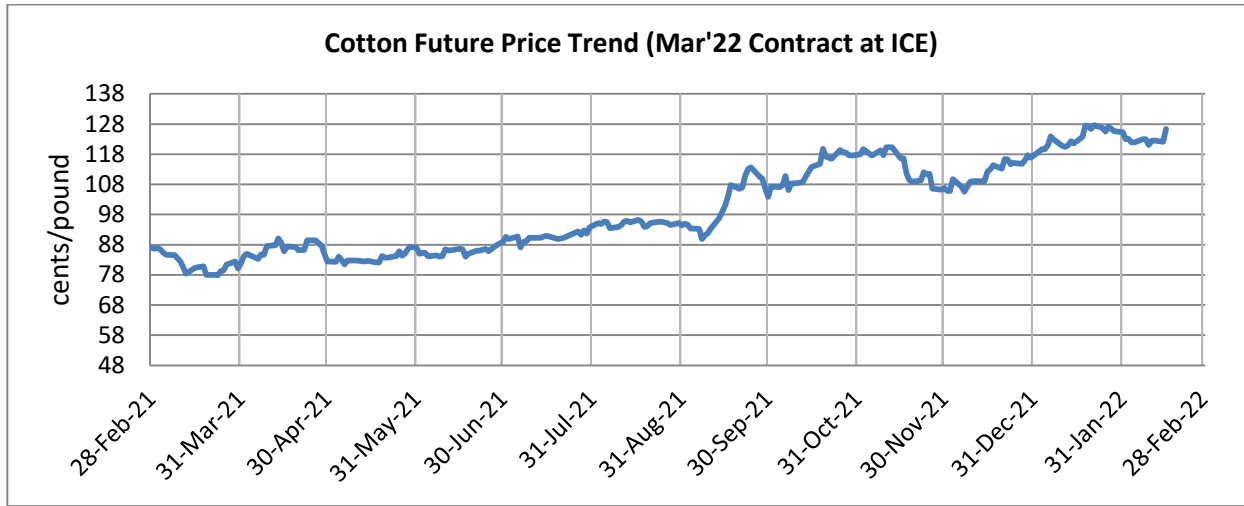
Expected Support and Resistance

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

Figures in US cents/pound

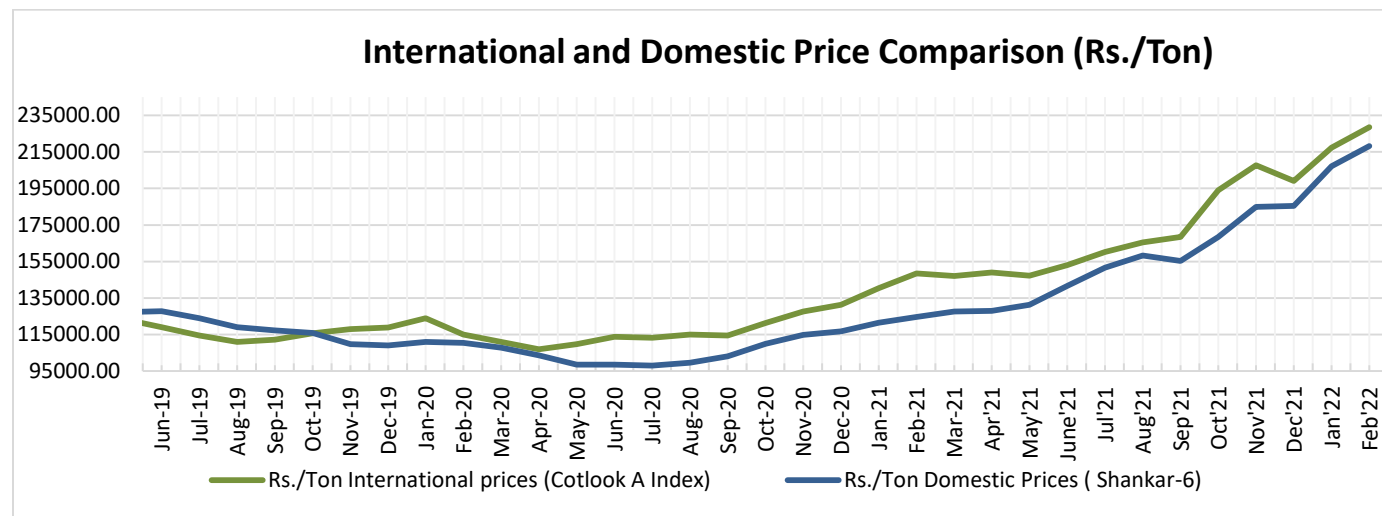
Cotton Future Prices at ICE

Future Price Trend (Active Contract):



Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	28-Feb-22	29-Jan-22 (1 month ago)	30-Nov-21 (3 months ago)	01-Sep-21 (6 months ago)	28-Feb-21 (a year ago)	% Change over a month	% Change over previous year
Mar-22	126.35	123.76	111.65	94.15	87.82	2.09	43.87
May-22	122.75	120.84	106.41	92.30	88.83	1.58	38.19
Jul-22	119.22	117.87	104.61	91.66	89.71	1.15	32.89
Dec-22	107.43	106.26	102.16	91.19	85.18	1.10	26.12
Mar-23	103.03	99.73	91.61	89.75	84.33	3.31	22.17

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	Feb'22	Jan'22	
Gujarat	Ahmedabad	Shankar-6	10442	10034	408
	Gondal	Shankar-6	10554	10290	263
	Rajkot	B.T. Cotton	10519	10158	361
	Patan	B.T. Cotton	10332	10129	203
	Kadi	B.T. Cotton	10292	9805	487
	Deesa	B.T. Cotton	9253	9539	-286
	Dhrol	B.T. Cotton	10033	9811	222
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9706	9477	229
	Fatehabad	B.T. Cotton	9571	9270	301
	Jind	B.T. Cotton	7943	9274	-1330
	Uchana	B.T. Cotton	9750	9429	321
	Dabwali	B.T. Cotton	10198	9653	545
Rajasthan	Hanumangarh	B.T. Cotton	10245	9769	476
	Rawatsar	B.T. Cotton	10159	9645	514

Madhya Pradesh	Khandwa	Mech-1	10120	10080	40
	Khargaon	Mech-1	10260	10466	-206
Maharashtra	Amravati	Mech-1	10256	9908	348
	Jamner	Medium Staple	9554	8757	796
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9658	9368	291
Andhra Pradesh	Adoni	Medium Staple	10524	10276	248
Karnataka	Bijapur	Bunny	10658	10574	84
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	8365	-
	Raichur	H-44 Cotton	10317	10085	232
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Feb'22	Jan'22	
Punjab	Bhatinda	J-34	7984	7434	551
	Abohar	J-34	7996	7459	538
	Mansa	J-34	7971	7465	505
Haryana	Sirsa	J-34	7762	7267	495
Rajasthan	Sri-Ganganagar	J-34	7419	6863	556

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Feb'22	Jan'22	
Gujarat	Ahmedabad	Shankar-6	1361700	986000	375700
	Gondal	Shankar-6	88408	84841	3567
	Rajkot	B.T. Cotton	114150	106100	8050
	Patan	B.T. Cotton	38818	67599	-28781
	Kadi	B.T. Cotton	560000	627500	-67500
	Deesa	B.T. Cotton	400	2800	-2400
	Dhrol	B.T. Cotton	12226	10213	2013
Haryana	Bhiwani	B.T. Cotton	32500	31960	540
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	44370	49470	-5100

	Fatehabad	B.T. Cotton	10275	17100	-6825
	Jind	B.T. Cotton	31532	25415	6117
	Uchana	B.T. Cotton	42335	32925	9410
	Dabwali	B.T. Cotton	23300	27715	-4415
Rajasthan	Hanumangarh	B.T. Cotton	52700	54400	-1700
	Rawatsar	B.T. Cotton	24800	75900	-51100
Madhya Pradesh	Khandwa	Mech-1	9550	22300	-12750
	Khargaon	Mech-1	73820	125366	-51546
Maharashtra	Amravati	Mech-1	406000	361500	44500
	Jamner	Medium Staple	307	1140	-833
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	603687	361822	241865
Andhra Pradesh	Adoni	Medium Staple	19300	71352	-52052
Karnataka	Bijapur	Bunny	26975	58259	-31284
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	95	-
	Raichur	H-44 Cotton	103	117	-14
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Feb'22	Jan'22	
Punjab	Bhatinda	J-34	178500	181900	-3400
	Abohar	J-34	14790	20655	-5865
	Mansa	J-34	11645	8755	2890
Haryana	Sirsa	J-34	19295	31960	-12665
Rajasthan	Sri-Ganganagar	J-34	47500	109900	-62400

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Feb'22	Jan'22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	54517	47836	6681
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	55087	48436	6651
J-34(202)	27mm	3.5 - 4.9	23	73413	68432	4981
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	NA	NA	-
Shankar-6(105)	29mm	3.5 – 4.9	28	77696	73727	3968
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	82126	77782	4344
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	106304	115000	-8696

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