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The Month That Was - Snippets for November 2021

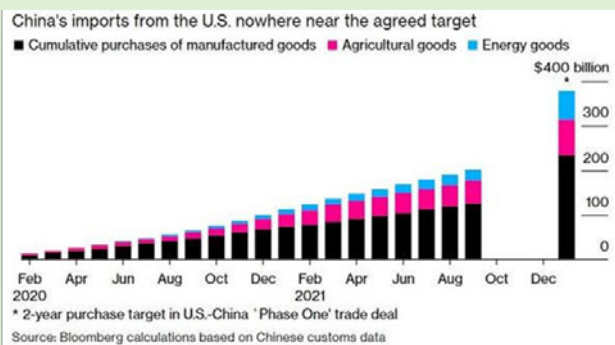
Real Interest Rates Become More Negative



Rising inflation pushes real interest rates to 1970s lows. Borrowing costs fall deeper into negative territory, helping to finance big debts. Rising inflation will next year likely leave the world's leading economies with their lowest real interest rates in as many as 50 years. Despite moves to tighten monetary policy slowly as these countries get close to recovering the output lost

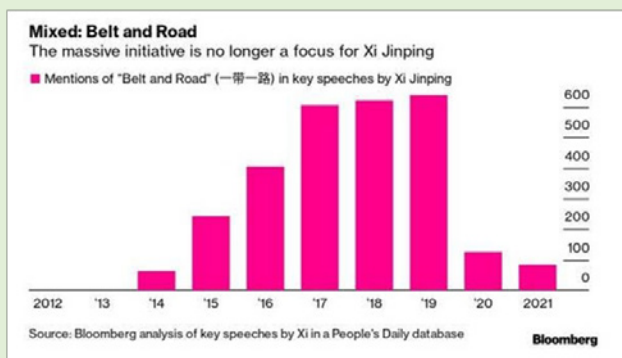
during the corona virus crisis. Real interest rates, which many economists believe are the single most important price in an economy, subtract inflation from nominal rates and reflect the real cost of funds to borrowers. As inflation is rising in the US, euro-zone and the UK, that means real interest rates are becoming more negative.

China Misses Import Targets



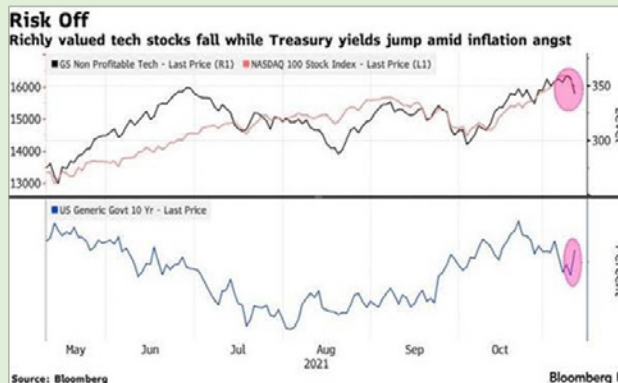
Bloomberg calculations show that in the first 21 months of the two-year deal, China has only bought half of the goods it promised to purchase. Yet Chinese exports continue to rise, hitting a new annual record in the first 10 months of this year. The U.S. has also been flagging other concerns, including the impact of China's "extremely robust and very effective industrial policies on our ability to grow, on our ability to compete, on our ability to thrive," U.S. Trade Representative Katherine Tai said last week. "That is a larger conversation that we feel very strongly that we have to have."

Xi Jinping Changes Focus



“The Silk Road Economic Belt and the 21st Century Maritime Silk Road should meet the call of the times and the aspiration of all countries to speed up development,” said Xi Jinping in 2014. The world’s largest infrastructure program was launched in 2013 to deepen China’s physical and financial international ties, find a home for excess manufacturing capacity and foreign exchange, and pivot commerce in places like Africa away from the West. A mention of the project was even written into China’s constitution in 2017. It hasn’t been quite so simple. Pouring billions of dollars into ports, roads and railways in developing nations left China exposed to criticism that it was lending irresponsibly and with a lot of unpaid debt. In recent years, Beijing has pulled back on lending and Xi is talking less and less about what was once his flagship project.

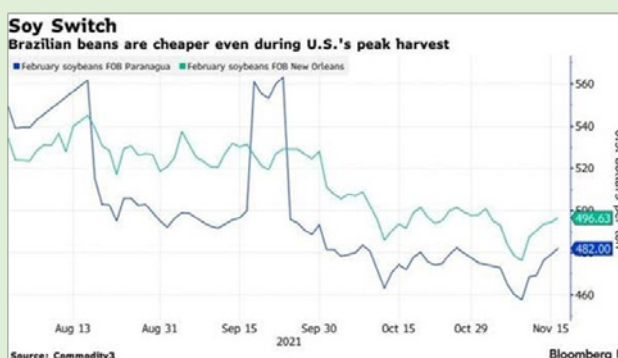
Stock Market Slide Shows Inflation Worrywarts Were Right



Inflation has been at best an ambiguous influence on stocks this year, bearish in its impact on policy while bullish as an economic signal and because it’s lifted sales without shrinking margins. Wednesday, November 10, was a rare victory for the worrywarts. Stocks sold off after the biggest jump in consumer prices since 1990. The Nasdaq 100 dropped more than 1% for its worst decline in a month while richly valued shares bore the brunt of the selling. A Goldman Sachs Group Inc. basket of unprofitable technology firms tumbled roughly 4%, the most in a month. Granted, the retreat followed weeks of relentless gains during which the S&P 500 rose in 17 of 19 sessions through Monday, the best run since 1971.

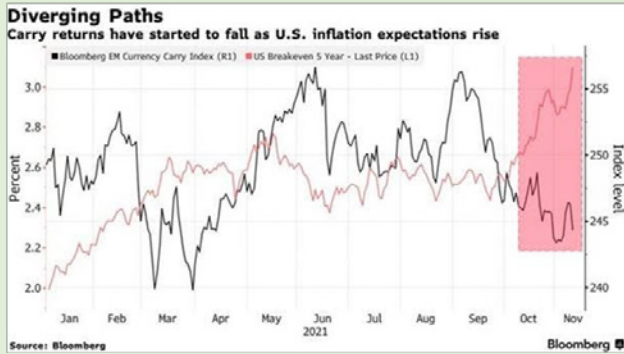
China Prefers Brazilian Soybeans

China needs soybean to feed its expanding hog herds, and November is a prime time for the U.S. to sell its crops, having just finished the harvest. Supplies are at their peak and American prices should be the most attractive in the world. But, China is making big purchases of soybean from Brazil, an unusual move for this time of year. Yet this year, Brazil soybean is even cheaper and cutting into the U.S.’s key sales window. Last week China bought at least 30 soybean cargoes from the U.S. and Brazil, with more than half coming from the South American nation. The move shows that Brazil, already the No. 1 shipper, is becoming ever more



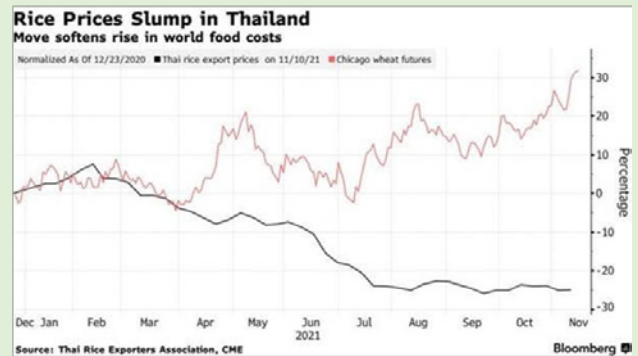
competitive in world markets. In an unusual twist, this slight shift in global trade flows could send world soybean prices falling. If Brazil steals market share from the U.S., American stockpiles could rise, driving down prices at the exchange in Chicago -- which is also the benchmark for global prices.

Inflation Is Killing the Dollar Carry Trade in Emerging Markets



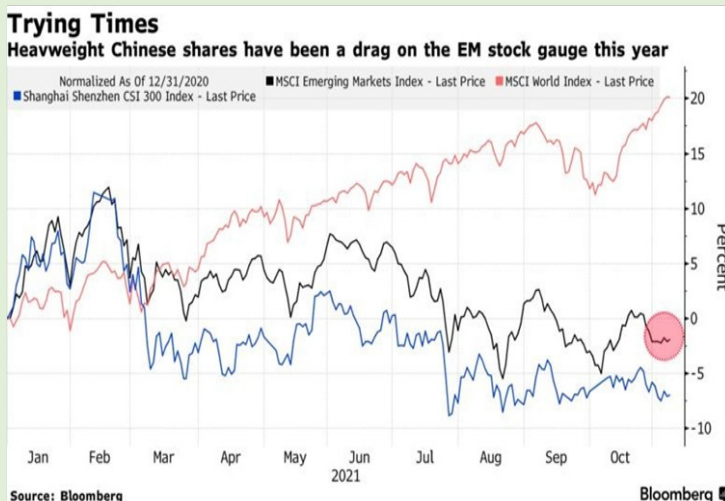
A short-lived reprieve for emerging-market carry trades funded in dollars looks to be over, with an upsurge in U.S. inflation making the outlook increasingly treacherous. A Bloomberg index of these bets has dropped more than 4% in the past two months, the biggest slide since March 2020 for a strategy of borrowing in the greenback and investing in developing-nation currencies. The quickest U.S. inflation in three decades is putting pressure on the Federal Reserve to tighten, raising the prospect of higher costs for dollar borrowers, and less extra yield -- or carry. It's a speedy about-face for traders, who just two months ago were taking comfort in the Fed's dovish messaging around gradual pace of tightening and were using the opportunity to pile into carry trades.

Rice Prices Slump in Asia



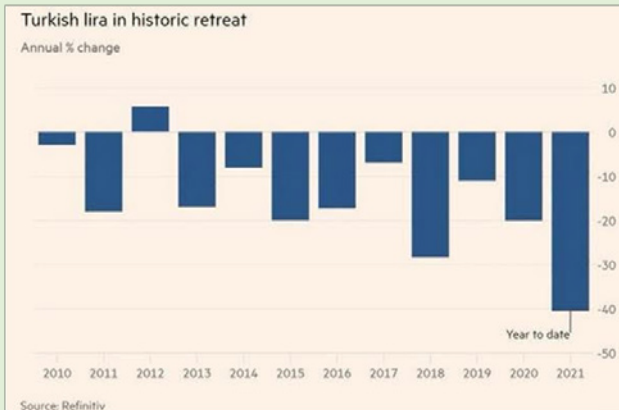
In a world where crop prices are climbing, fanning inflation fears, one crucial food staple has slumped this year in Asia -- rice. Unlike 2008 when wheat and rice surged to the highest on record, helping spark food riots in some countries, this year they are moving in opposite directions. Wheat futures in Chicago, a global benchmark, have climbed about 30% since the end of December to the strongest in almost a decade, while rice export prices from Thailand, a regional marker, have slumped 25% to a four-year low. A severe drought in Canada and parts of the U.S., coupled with dryness in the Black Sea region, have cut wheat supply as global demand expands. Meanwhile, rains in Thailand, one of the world's top rice shippers, have boosted production. Output is expected to rise by more than 20% in the country this year after rainfall ended a prolonged drought.

Mobius Bets on '50-Year Rally' in Indian Stocks as China Slows



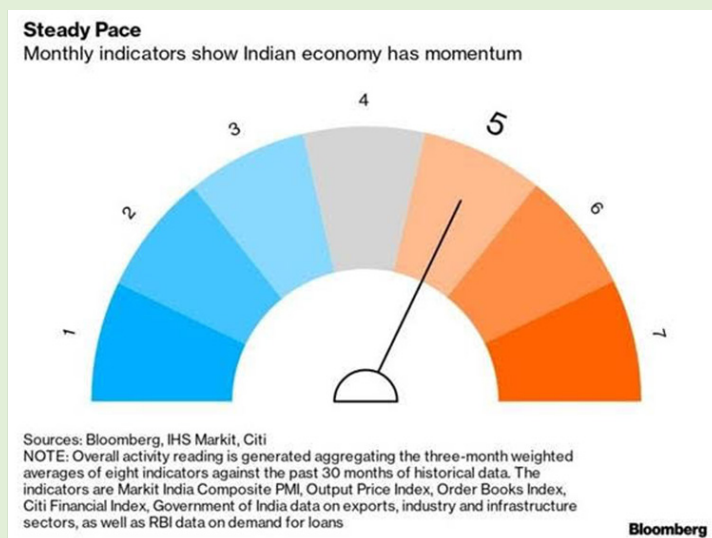
Veteran investor Mark Mobius has allocated almost half of his emerging-markets fund to India and Taiwan to help offset a slide in China shares that has dragged down returns from developing nations as a whole. "India is on a 50-year rally," even if there are short bouts of bear markets, Mobius said in an interview on Bloomberg Television. "India is maybe where China used to be 10 years ago," he said, adding the government policies of unifying rules across states will help the country in the long run. Mobius' bullish view on India clashes with those of analysts at Morgan Stanley and Nomura Holdings Inc., who have downgraded the stock market after the benchmark S&P BSE Sensex Index more than doubled from a March 2020 low.

Turkish Lira Plunges



The Turkish lira has plunged up to 15 per cent – worse than at the peak of Turkey’s currency crisis in 2018 – after President Recep Tayyip Erdogan, declared that his country was fighting an “economic war of independence”. His comments in a speech in which he expressed pleasure at last week’s cut in interest rates, fuelled the latest drop in the currency, which is down more than 40 per cent against the dollar this year. Erdogan said Turkey would not give in to the “opportunists” and “global financial acrobats” calling for interest rate rises, despite warnings from economists that the cut would further stoke an annual inflation rate of 20 per cent.

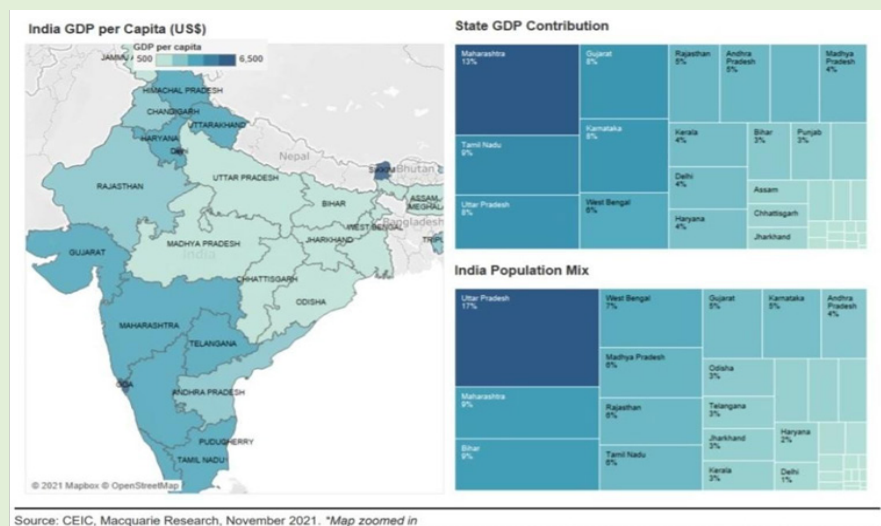
Indian Economy Has Momentum



India’s economy showed steady signs of strengthening in October as services, manufacturing and exports kept it on course to post the world’s fastest growth. Demand during India’s so-called festive season has helped keep momentum rolling, as shown by a fourth straight month unchanged at a 5 on the Bloomberg News ‘Animal Spirits’ gauge of indicators, which uses a three-month weighted average to smooth out volatility in single-month readings. The steady pace will help India stay on path toward being the world’s fastest-growing major economy this year. Data due Nov. 30 will probably show gross domestic product in the July-September period grew 8.2% from a year ago, according to a Bloomberg survey, following a record 20.1% expansion the previous quarter.

India Population Mix and GDP Per Capita

Among the larger states Maharashtra, Tamil Nadu, Karnataka, Haryana and Gujarat have a higher share in India’s GDP than in India’s population. Uttar Pradesh, West Bengal, Bihar, Rajasthan and Madhya Pradesh are the opposite.



CAI Releases Cotton Arrivals and Monthly Balance Sheet for October 2021

By its Press Release dated the 30th October 2021, the Cotton Association of India (CAI) had released its first estimate of the cotton crop for the new season 2021-22 beginning from 1st October 2021 at 360.13 lakh bales of 170 kgs. each, which is equivalent to 382.64 lakh running bales of 160 kgs. each. The CAI has now released the October month arrivals and the monthly cotton balance sheet.

CAI has estimated cotton arrivals for the month of October 2021 at 31.12 lakh bales of 170 kgs. each (equivalent to 33.07 lakh running bales of 160 kgs. each).

CAI has also released its monthly balance sheet for October 2021 and estimated total

cotton supply at 107.12 lakh bales of 170 kgs. each (equivalent to 113.82 lakh running bales of 160 kgs. each), which consists of the arrivals of 31.12 lakh bales of 170 kgs. each, imports of 1 lakh bales of 170 kgs. each (equivalent to 1.06 lakh running bales of 160 kgs. each) during the month of October 2021 and Opening Stock of 75 lakh bales of 170 kgs. each (equivalent to 79.69 lakh running bales of 160 kgs. each) at the beginning of the season on 1st October 2021.

Further, the CAI has estimated cotton consumption for the month of October 2021 at 27.91 lakh bales of 170 kgs. each (equivalent to 29.65 lakh running bales of 160 kgs. each) while export shipment of cotton upto 31st October 2021 is estimated at 4.00 lakh bales of 170 kgs.

CAI's Estimates of Cotton Crop for the Season 2021-22 and 2020-21

(in lakh bales of 170 kg.)

State	Production Estimate				Arrivals as on 31st October 2021	
	2021-22		2020-21		2021-22	
	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each
Punjab	10.70	10.07	11.16	10.50	1.36	1.28
Haryana	17.64	16.60	23.91	22.50	1.92	1.81
Upper Rajasthan	15.50	14.59	20.72	19.50	2.86	2.69
Lower Rajasthan	12.84	12.08	13.81	13.00	2.87	2.70
Total North Zone	56.67	53.34	69.59	65.50	9.01	8.48
Gujarat	103.05	96.99	97.22	91.50	8.13	7.65
Maharashtra	91.86	86.46	86.06	81.00	4.31	4.06
Madhya Pradesh	21.78	20.50	19.66	18.50	2.85	2.68
Total Central Zone	216.70	203.95	202.94	191.00	15.29	14.39
Telangana	48.78	45.91	46.75	44.00	2.92	2.75
Andhra Pradesh	15.19	14.30	17.00	16.00	2.02	1.90
Karnataka	27.15	25.55	25.50	24.00	2.92	2.75
Tamil Nadu	10.63	10.00	7.97	7.50	0.21	0.20
Total South Zone	101.75	95.76	97.22	91.50	8.08	7.60
Orissa	4.34	4.08	3.19	3.00	0.32	0.30
Others	3.19	3.00	2.13	2.00	0.37	0.35
Total	382.64	360.13	375.06	353.00	33.07	31.12

each (equivalent to 4.25 lakh running bales of 160 kgs. each).

Stock at the end of October 2021 is estimated at 75.21 lakh bales of 170 kgs. each (equivalent to 79.91 lakh running bales of 160 kgs. each). The cotton stock held by mills in their godown on 31st October 2021 is estimated at 46.21 lakh bales of 170 kgs. each (equivalent to 50 lakh running bales of 160 kgs. each). The mills have on an average 50 days stock in their godown. The CCI, Maharashtra Fedn., MNCs, Ginners, Traders and Exchanges are estimated to have a total stock of about 29 lakh bales of 170 kgs. each (equivalent to 30.81 lakh running bales of 160 kgs. each) as on 31st October 2021. Thus, the total stock by Spinning mills and stockists including the stock of cotton sold but not lifted on 31st October 2021

with CCI and Maharashtra Fedn. is estimated at 75.21 lakh bales of 170 kgs. each (equivalent to 79.91 lakh running bales of 160 kgs. each).

The CAI cotton crop estimate of 360.13 lakh bales of 170 kgs. each (equivalent to 382.64 lakh running bales of 160 kgs. each) and the yearly cotton balance sheet as notified earlier by the CAI vide its Press Release dated 30th October 2021 remain unchanged. The CAI crop estimate for the cotton season 2021-22 containing state-wise break-up of the crop and October arrivals now released by the CAI, monthly cotton balance sheet for the month of October as well as the yearly cotton balance sheet for the entire cotton season 2021-22 with the corresponding date for the previous year are given below.

The Balance Sheet drawn by the Association for 2021-22 and 2020-21 is reproduced below:-

(in lakh bales of 170 kg.)

Details	2021-22	2020-21
Opening Stock	75.00	125.00
Production	360.13	353.00
Imports	10.00	10.00
Total Supply	445.13	488.00
Mill Consumption	292.00	292.00
Consumption by SSI Units	25.00	25.00
Non-Mill Use	18.00	18.00
Total Domestic Demand	335.00	335.00
Available Surplus	110.13	153.00
Exports	48.00	78.00
Closing Stock	62.13	75.00

* One time adjustment of 17.50 lakh bales made in the Opening stock i.e. 107.50 lakh bales to 125.00 lakh bales by the CAI Statistics Committee in the meeting held on 6th January 2021.

Balance Sheet of 1 month i.e. from 1.10.2021 to 31.10.2021 for the season 2021-22

Details	In lakh b/s of 170 kg.	In '000 Tons
Opening Stock as on 01.10.2020	75.00	1275.00
Arrivals upto 31.07.2021	31.12	529.04
Imports upto 31.07.2021	1.00	17.00
Total Available	107.12	1821.04
Consumption	27.91	474.47
Export Shipments upto 31.07.2021	4.00	68.00
Stock with Mills	46.21	785.57
Stock with CCI, Maha. Fedn., MCX, MNCs, Ginners, Traders & Exporters:-		
Unsold and Sold but not lifted stock with CCI and Maharashtra Fedn.	9.00	153.00
Stock with MNCs, Traders & Exporters, Ginners, and Exchanges	20.00	340.00
Total	107.12	1821.01

UPCOUNTRY SPOT RATES (Rs./Qtl)													
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]								Spot Rate (Upcountry) 2020-21 Crop November 2021					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	22nd	23rd	24th	25th	26th	27th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	-	-	-	-	-	-
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	-	-	-	-	-	-
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	10967 (39000)	10882 (38700)	10882 (38700)	10967 (39000)	10967 (39000)	10826 (38500)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	12317 (43800)	12317 (43800)	12317 (43800)	12598 (44800)	12654 (45000)	-
5	M/M (P)	ICS-104	Fine	24mm	4.0 – 5.5	4%	23	13301 (47300)	13301 (47300)	13301 (47300)	13582 (48300)	13723 (48800)	-
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	-	-	-	-	-	-
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	-	-	-	-	-	-
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	-	-	-	-	-	-
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	-	-	-	-	-	-
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	-	-	-	-	-	-
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	-	-	-	-	-	-
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	-	-	-	-	-	-
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	-	-	-	-	-	-
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	-	-	-	-	-	-
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	-	-	-	-	-	-
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	-	-	-	-	-	-
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	-	-	-	-	-	-
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	-	-	-	-	-	-
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	-	-	-	-	-	-
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	-	-	-	-	-	-
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	-	-	-	-	-	-
22	SA/TL/K / TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	-	-	-	-	-	-
23	SA/TL/K/ TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	-	-	-	-	-	-
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	-	-	-	-	-	-
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	-	-	-	-	-	-
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	-	-	-	-	-	-
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	-	-	-	-	-	-

(Note: Figures in bracket indicate prices in Rs./Candy)

UPCOUNTRY SPOT RATES								(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]								Spot Rate (Upcountry) 2021-22 Crop November 2021					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	22nd	23rd	24th	25th	26th	27th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	13919 (49500)	13891 (49400)	13919 (49500)	13919 (49500)	13779 (49000)	13498 (48000)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	14088 (50100)	14060 (50000)	14088 (50100)	14088 (50100)	13947 (49600)	13666 (48600)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	-	-	-	-	-	-
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	-	-	-	-	-	-
5	M/M (P)	ICS-104	Fine	24mm	4.0 – 5.5	4%	23	-	-	-	-	-	-
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	17378 (61800)	17350 (61700)	17406 (61900)	17406 (61900)	17547 (62400)	17266 (61400)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	-	-	-	-	-	-
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	17547 62400	17519 62300	17575 62500	17575 62500	17716 63000	17434 62000
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	-	-	-	-	-	-
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	-	-	-	-	-	-
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	17744 (63100)	17716 (63000)	17772 (63200)	17772 (63200)	17912 (63700)	17631 (62700)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	-	-	-	-	-	-
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	-	-	-	-	-	-
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	-	-	-	-	-	-
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	17575 (62500)	17547 (62400)	17603 (62600)	17603 (62600)	17744 (63100)	17462 (62100)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	18334 (65200)	18334 (65200)	18447 (65600)	18587 (66100)	18587 (66100)	18306 (65100)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	18390 (65400)	18390 (65400)	18503 (65800)	18643 (66300)	18643 (66300)	18362 (65300)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	18419 (65500)	18419 (65500)	18475 (65700)	18615 (66200)	18615 (66200)	18334 (65200)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	18559 (66000)	18615 (66200)	18700 (66500)	18840 (67000)	18840 (67000)	18700 (66500)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	18643 66300	18700 (66500)	18784 (66800)	18925 (67300)	18925 (67300)	18784 (66800)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	18756 (66700)	18840 (67000)	18925 (67300)	19065 (67800)	19065 (67800)	18925 (67300)
22	SA/TL/K / TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	18897 (67200)	18981 (67500)	19065 (67800)	19206 (68300)	19206 (68300)	19065 (67800)
23	SA/TL/K/ TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	32338 (115000)	32338 (115000)	32338 (115000)	32338 (115000)	32338 (115000)	32338 (115000)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	32338 (115000)	32338 (115000)	32338 (115000)	32338 (115000)	32338 (115000)	32338 (115000)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	33744 (120000)	33744 (120000)	33744 (120000)	33744 (120000)	33744 (120000)	33744 (120000)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	34306 (122000)	34306 (122000)	34306 (122000)	34306 (122000)	34306 (122000)	34306 (122000)

(Note: Figures in bracket indicate prices in Rs./Candy)