

Weekly Publication of



Cotton  
Association  
of India

# COTTON STATISTICS & NEWS

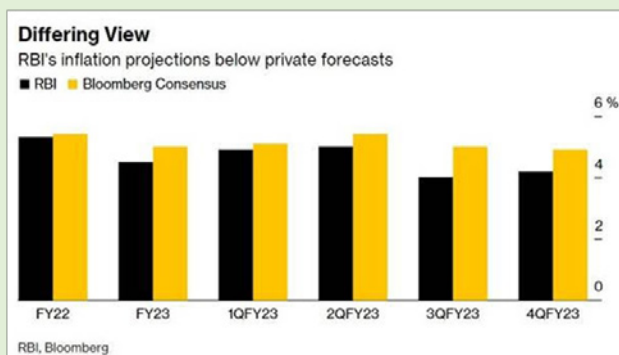
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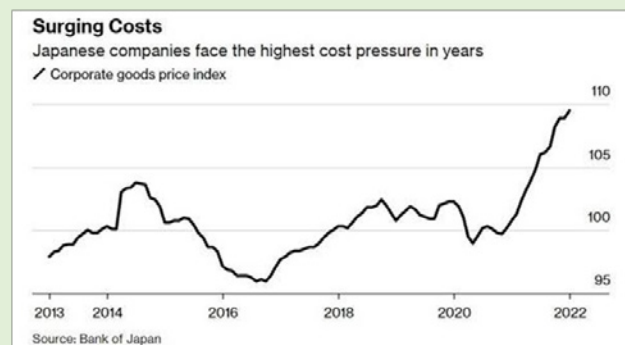
## The Month That Was - Snippets for February 2022

### RBI's Inflation Projections



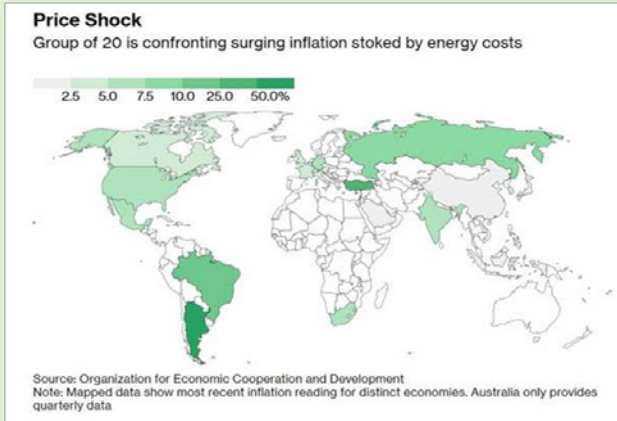
Economists are challenging the relaxed view on inflation by India's central bank, which surprised markets when it opted to avoid any major signs of normalisation and kept policy tilted toward growth. Citigroup Inc. and Standard Chartered Plc were among those calling out the projections as too dovish as fuel prices surge, cost pressures mount and demand rebuilds from the pandemic. Bond markets, which were expecting some signs of tightening, rallied after the Reserve Bank of India's decision. "This assessment is markedly different from most of the private sector forecasts. It is then a matter really about who turns out to be right on the assessment eventually." Indian inflation expectations eased for the first time since May 2021 as households expect price increases to be moderate in the near- to medium-term, a survey showed after the Reserve Bank of India kept borrowing costs steady to support economic growth.

### Japanese Companies Face the Highest Cost Pressure in Years



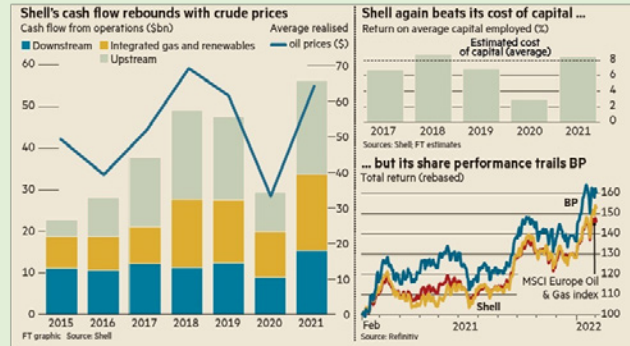
There's now a good chance Japan's inflation will climb and hover near the central bank's target for an extended period, instead of subsiding quickly as most analysts forecast, says the economy's top forecaster. "There is a real likelihood that inflation finishes the year around 1.5% if oil stays this high," said Dai-Ichi Life Research Institute's chief economist, Yoshiki Shinke. "It could get even frothier if more businesses start passing their costs onto consumers – and that is a distinct possibility." Most economists have been expecting a temporary rise in Japanese prices this spring, with technical factors playing a big role. Any upside surprise or sign that those gains aren't transitory will keep alive speculation that the Bank of Japan could inch back from its ultra-easy policies, especially as a global wave of monetary tightening puts pressure on domestic bond yields.

## \$100 Oil Threatens to Compound World Economy's Inflation Shock



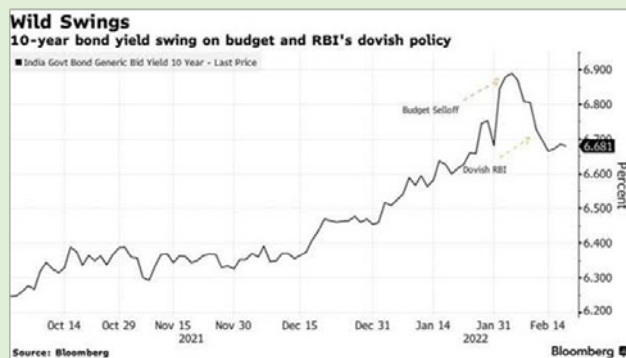
More price gains seen as \$100 neared for first time since 2014. Economists warn that higher energy costs will stoke inflation. Oil's surge toward \$100 a barrel for the first time since 2014 is threatening to deal a double-blow to the world economy by further denting growth prospects and driving up inflation. That's a worrying combination for the U.S. Federal Reserve and fellow central banks as they seek to contain the strongest price pressures in decades without derailing recoveries from the pandemic. Group of 20 finance chiefs meet virtually this week for the first time this year with inflation among their top concerns. While energy exporters stand to benefit from the boom and oil's influence on economies isn't what it once was, much of the world will take a hit as companies and consumers find their bills rising and spending power squeezed by costlier food, transportation and heating.

## Shell's Major's Cash Flow Generation Surges with Oil Price



The oil and gas major's cash flow generation has surged with the oil price. Its return on capital is the highest for several years. Shell could use the boost to its share price, which has trailed rival BP's over the past year. At a recent TED talk, chief executive Ben van Beurden took heavy flak from a climate activist about Shell's plans to develop Cambo, a UK North Sea oilfield. Since then, the Anglo-Dutch oil producer has abandoned development of Cambo and the price of crude has topped seven-year highs. Full-year results, bolstered by the oil major's strong fourth-quarter net profit of \$6.4 bn, beat analysts' consensus by a fifth. World energy is in a funk as oil prices spike up towards \$100 per barrel. This reflects the failure of governments to plan for transition, consequent under-investment in capacity and the simple failure of wind to spin turbines fast enough. The CEO of turbine maker SiemensGamesa Andreas Nauen is stepping down after less than two years in charge following repeated profit warnings.

## RBI's Dovish Policy



Foreign money managers are turning bearish on Indian debt after policy makers skipped opportunities to implement reforms needed to

enter global bond indexes. Indian bond market outlook has turned bearish, PineBridge says foreigners sold 14 billion rupees of bonds since Feb. 1 budget. "As a foreign participant in India's local bond market, Euroclearability is important in order to ensure best execution for our clients and is a vital component for inclusion to the JPMorgan bond index," said Anders Faergemann, senior portfolio manager at PineBridge Investments in London. "The outlook for Indian government bonds has turned bearish amid elevated price pressures and a heavy supply calendar." India's 10-year bond yield rose to 6.95% earlier this month, the highest in nearly three years, after the government shocked the markets with its record borrowings.

# NCC Prospective 2022 US Cotton Planting Acreage Survey

National Cotton Council 2022 Prospective US Cotton Planting Acreage Survey

Prospective 2022 U.S. Cotton Area			
	2021 Actual (Thou.) 1/	2022 Estimated (Thou.) 2/	Percent Change
<b>SOUTHEAST</b>	<b>2,326</b>	<b>2,413</b>	<b>3.7%</b>
Alabama	405	425	5.0%
Florida	91	87	-4.0%
Georgia	1,170	1,186	1.3%
N. Carolina	375	405	8.0%
S. Carolina	210	231	10.0%
Virginia	75	79	4.7%
<b>MID-SOUTH</b>	<b>1,630</b>	<b>1,868</b>	<b>14.6%</b>
Arkansas	480	555	15.7%
Louisiana	110	166	51.2%
Mississippi	450	479	6.5%
Missouri	315	334	5.9%
Tennessee	275	333	21.1%
<b>SOUTHWEST</b>	<b>6,955</b>	<b>7,440</b>	<b>7.0%</b>
Kansas	110	127	15.2%
Oklahoma	495	523	5.6%
Texas	6,350	6,791	6.9%
<b>WEST</b>	<b>182</b>	<b>156</b>	<b>-14.1%</b>
Arizona	120	93	-22.7%
California	26	24	-7.7%
New Mexico	36	40	10.0%
<b>TOTAL UPLAND</b>	<b>11,093</b>	<b>11,877</b>	<b>7.1%</b>
<b>TOTAL ELS</b>	<b>127</b>	<b>158</b>	<b>24.8%</b>
Arizona	9	10	5.9%
California	88	115	30.4%
New Mexico	13	14	11.0%
Texas	17	20	16.3%
<b>ALL COTTON</b>	<b>11,220</b>	<b>12,035</b>	<b>7.3%</b>

1/ USDA-NASS  
2/ National Cotton Council  
Source: cotton.org

# Is Russia Friend or Foe?



Russia is viewed as a threat in both the US and the UK but attitudes vary across the G7 and Brics nations. In a survey late last year, Chinese and Indian adults overwhelmingly saw Russia as an ally. In Italy, the sentiment is evenly divided.

# Why is India's Stock-Market Roaring?



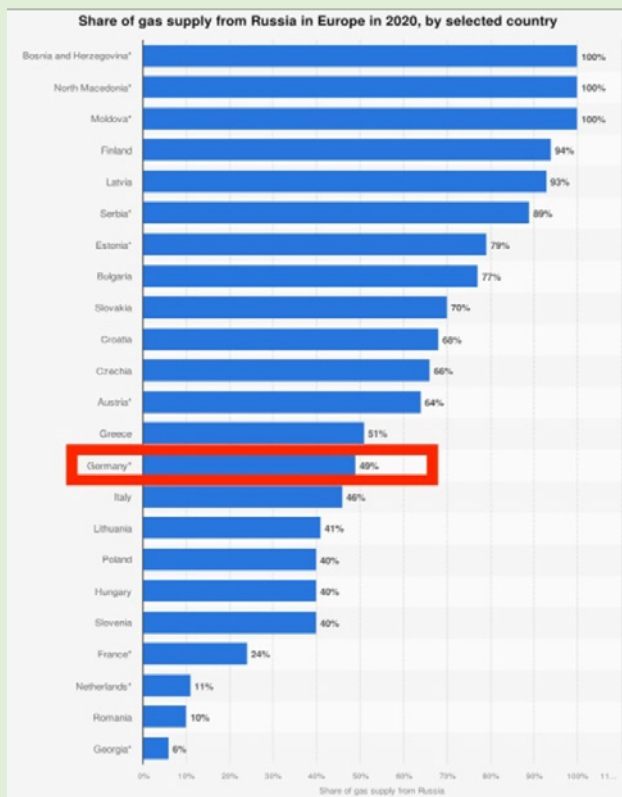
After a desultory decade, profits are expected to surge. In 1980 India's GDP per person, in purchasing-power-parity terms, was nearly twice that of China. Then the dragon took off. By 2021, Chinese incomes per person were more than double those in India. Yet when it comes to the performance of the stock market over the past year at least, India can declare triumph. The Sensex 30 index of stocks rose by nearly 22% last year, outperforming not just the Shanghai bourse but the MSCI emerging-markets index, and indices in many rich countries, too. Bank accounts opened by customers with the intention of investing in stocks and bonds rose above 77 mio last year, compared with 39 mio in 2019. What lies behind the market's extraordinary performance? After a desultory decade, profits are roaring back. The economy is now on the mend. IMF expects GDP to grow by 9% this year and 7.1% in 2023, more than any other big economy. What also helped were the few modest tweaks to the tax system reducing corporate tax rate.

## Russian Stocks Slide



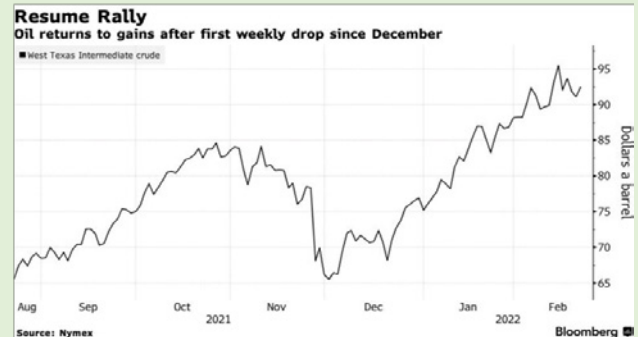
Russia's stocks plunge 14%, the most since 2008 as tensions flare over Ukraine. Western sanctions 'would clearly be problematic' for investors. Benchmark index Moex now down 30% from the recent record.

## Germany Highly Dependent on Russian Energy



Germany fears Russian gas retaliation if war breaks out. German Finance Minister highlights need to diversify energy supplies. Germany is highly dependent on Russian energy. Half of the gas it consumes comes from Russia.

## Oil Rallies with Gold as Tensions Over Ukraine Ratchet Higher



West Texas Intermediate (WTI) up as much as 2% in early trade after retreating last week. Russia plans to keep military forces in Belarus indefinitely. Oil advanced along with gold on intensifying tensions over Ukraine, with the U.S. stepping up warnings of an imminent Russian attack. West Texas Intermediate climbed as much as 2%, while bullion surged to an eight-month high above \$1,900 an ounce. The U.S. has told allies that any Russian invasion would potentially see it target multiple cities beyond the capital, Kyiv. Moscow, which has repeatedly denied it plans an invasion, said over the weekend that its forces would remain in Belarus indefinitely. Global commodity markets have been in thrall to the prolonged standoff over Ukraine, which comes at a time of already robust demand, surging prices and concern over fast-depleting inventories.

## India's Wide Trade Deficit with Oil



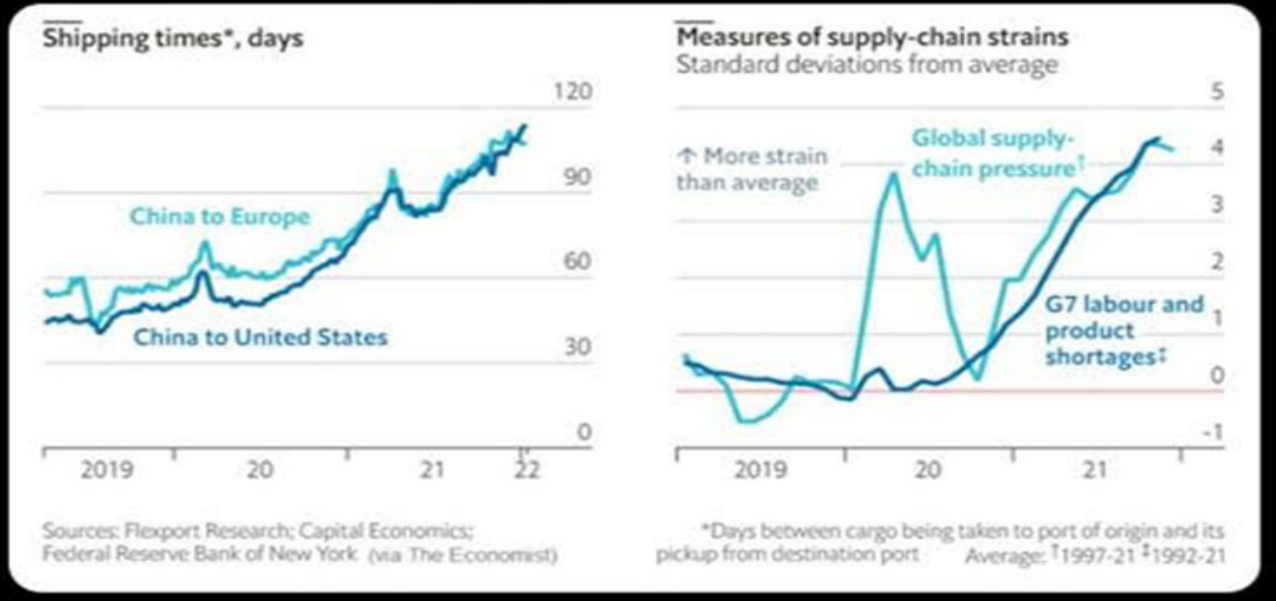
India's imports slowed in January due to omicron but the underlying trade deficit with oil close to \$90 is pretty wide. If there aren't major setbacks from new variants and oil doesn't fall, a current account deficit of at least 2.5% of GDP is likely this year.

## Transit Woes

Three years ago, shipments from China to the US took just under 50 days.

That same route is now taking roughly 114 days.

#supplychain #shipping #trade



USDA announced a partnership with Port of Oakland, California, to improve services to U.S. shippers of agricultural products including

setting up a 25-acre “pop-up” site to make it easier for agriculture companies to fill empty shipping containers with their commodities.

## German Inflation Pressure Accelerates



Producer prices jumped by >25% YoY in January, this was the highest increase since PPI statistics began in 1949. Rise mainly driven by energy prices but even excluding energy, producer prices rose by a whopping 12% YoY.

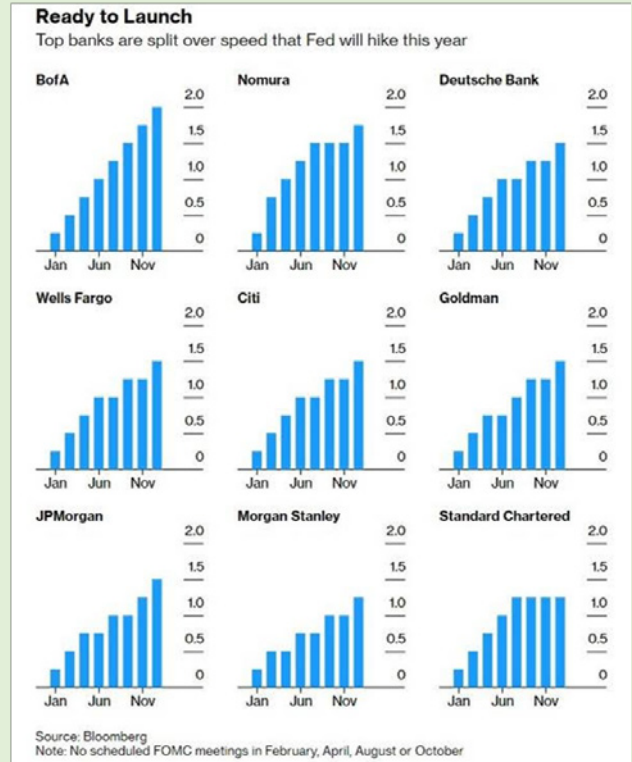
## Nasdaq Future Plunges



Nasdaq Future plunges 2.7% to the lowest level since June in global Risk-Off move after Russia’s Putin orders forces to separatist areas of Ukraine following decision to recognise two self-proclaimed separatist republics in eastern Ukraine.

# Fed Won't Be Rushed in Its Hiking Path by Wall Street Frenzy

Fed officials stress they are looking for a gradual tightening. While data-dependent, they rebuff calls for half-point hike. Federal Reserve officials have a message for investors ramping up 2022 interest-rate expectations: not so fast. None of six Fed officials speaking so far this week have backed the idea of a half-point rate increase in March and the most aggressive, James Bullard, president of the St. Louis Fed, said five hikes -- one more than every quarter -- is "not too bad a bet." Ideally, the Fed prefers to go gradually, said Kansas City Fed chief Esther George, who's another hawk. The measured calls contrast to Wall Street forecasts for as many as seven 2022 hikes, or even a half-point adjustment.



# Meta Erases \$251 Billion in Value, Biggest Wipeout in History

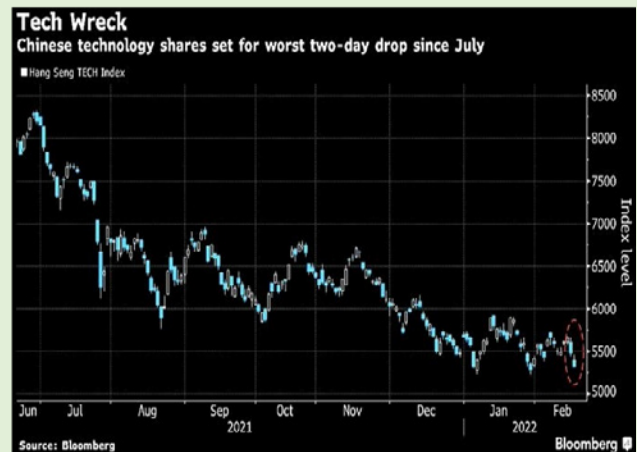
**Big Stock, Big Misery**  
Facebook owner sets record for biggest one-day drop in market history

Company name	Decline in market value	Date
Meta Platforms	\$252B	Feb. 3, 2022
Apple	180B	Sept. 3, 2020
Microsoft	178B	March 16, 2020
Tesla	140B	Nov. 9, 2021
Amazon	130B	July 30, 2021
Facebook	121B	July 26, 2018

Source: Bloomberg calculations

Shares slump 26%, dragging down Snap, Pinterest, Twitter. Wall Street cuts price targets on Meta shares after earnings. The Facebook parent plunged 26% on the back of woeful earnings results, and erased about \$251.3 billion in market value. That's the biggest wipe-out in market value for any U.S. company ever.

# China Tech Selloff



Tencent leads China tech selloff amid fears of further crackdown. Tencent fell as much as 6.3%. Beijing's banking watchdog issued warning against illegal fund-raising schemes and an industry association vowed to resist speculative trades in the capital market. Alibaba dropped 4%.

Compiled by Shri. Kunal Thakkar



## Since 1921, we are dedicated to the cause of Indian cotton.

Just one of the reasons, you should use our Laboratory Testing Services.

The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research laboratories are strategically spread across major cotton centres in India and are equipped with:

- State-of-the-art technology & world-class Premier and MAG cotton testing machines
- HVI test mode with trash% tested gravimetrically

### LABORATORY LOCATIONS

**Current locations :** • **Maharashtra :** Mumbai; Yavatmal; Aurangabad; Jalgaon • **Gujarat :** Rajkot; Ahmedabad • **Andhra Pradesh :** Adoni  
• **Madhya Pradesh :** Khargone • **Karnataka :** Hubli • **Punjab :** Bathinda • **Telangana:** Warangal, Adilabad



### COTTON ASSOCIATION OF INDIA

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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 February 2022					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	14th	15th	16th	17th	18th	19th
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	14201 (50500)	14201 (50500)	14116 (50200)	-	-	-
								Spot Rate (Upcountry) 2021-22 Crop					
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	15466 (55000)	15747 (56000)	15663 (55700)	15663 (55700)	15663 (55700)	15663 (55700)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	15635 (55600)	15916 (56600)	15832 (56300)	15832 (56300)	15832 (56300)	15832 (56300)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	-	-	-	12654 (45000)	12654 (45000)	12654 (45000)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	-	-	-	-	-	-
5	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	19684 (70000)	19684 (70000)	19600 (69700)	19600 (69700)	19600 (69700)	19600 (69700)
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	21090 (75000)	21090 (75000)	21090 (75000)	21090 (75000)	21090 (75000)	21090 (75000)
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	21259 (75600)	21259 (75600)	21259 (75600)	21259 (75600)	21259 (75600)	21259 (75600)
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	21709 (77200)	21709 (77200)	21709 (77200)	21709 (77200)	21709 (77200)	21709 (77200)
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	20949 (74500)	20949 (74500)	20949 (74500)	20949 (74500)	20949 (74500)	20949 (74500)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	22355 (79500)	22355 (79500)	22271 (79200)	22271 (79200)	22271 (79200)	22271 (79200)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	22412 (79700)	22412 (79700)	22327 (79400)	22327 (79400)	22327 (79400)	22327 (79400)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	22158 (78800)	22158 (78800)	22074 (78500)	22074 (78500)	22074 (78500)	22074 (78500)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	22918 (81500)	22918 (81500)	22833 (81200)	22833 (81200)	22833 (81200)	22833 (81200)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	23058 (82000)	23058 (82000)	22974 (81700)	22974 (81700)	22974 (81700)	22974 (81700)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	23340 (83000)	23340 (83000)	23255 (82700)	23255 (82700)	23255 (82700)	23255 (82700)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	23424 (83300)	23424 (83300)	23340 (83000)	23340 (83000)	23340 (83000)	23340 (83000)
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	28542 (101500)	28261 (100500)	27698 (98500)	27417 (97500)	27136 (96500)	27136 (96500)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	30651 (109000)	30369 (108000)	29807 (106000)	29526 (105000)	29245 (104000)	29245 (104000)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	29104 (103500)	28823 (102500)	28261 (100500)	27979 (99500)	27698 (98500)	27698 (98500)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	32057 (114000)	31775 (113000)	31213 (111000)	30932 (110000)	30651 (109000)	30651 (109000)

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