

Domestic Market Scenario

India's Cotton Balance Sheet:

(Quantity in Lakh Bales)

	2020-21	2021-22*
Opening Stock	103.82	78.82
Production	365.00	320.60
Imports	10.00	12.00
Total Supply	478.82	411.42
Exports	75.00	45.00
Consumption	325.00	330.00
Total use	400.00	375.00
Ending Stock	78.82	36.42
Stock-to-Use ratio	19.71%	9.71%

Source: Agriwatch

As evident from the above Balance Sheet, overall supply during 2021-22 season to remain tight with stock to use ratio falls to 9.71% compared to past year amid lower cotton production in 2021-22 season and anticipated increased consumption by almost 2%. Given tight supply situation, overall cotton prices are expected to remain on stronger note.

Domestic Market Highlights:

Indian domestic market remained stable with slow supply against regular demand, through mills have reduced consumption. Weaker Indian rupee had made imports costly. Cotton fiber (Shanker-6) prices have touched a record high at Rs. 1,02,500 to Rs. 1,03,000 per candy in the last month.

Cotton Association of India (CAI) and International Cotton Association (ICA) have signed a Memorandum of Understanding (MoU) to increase co-operation and address quality issues in cotton in the coming 2022-23 season.

As per the Spinners Association of Gujarat, Yarn demand has declined due to the increase in prices. Spinning unit in Gujarat have reduced cotton procurement to 50 percent to 3.1 lakh bales per month instead of 6.2 lakh bales per month. The textile value chain in Gujarat has also reduced cotton production by nearly half as textile mills are facing the possibility of shutting down units as raw cotton and cotton yarn prices kept on rising despite the governments steps to remove import duty.

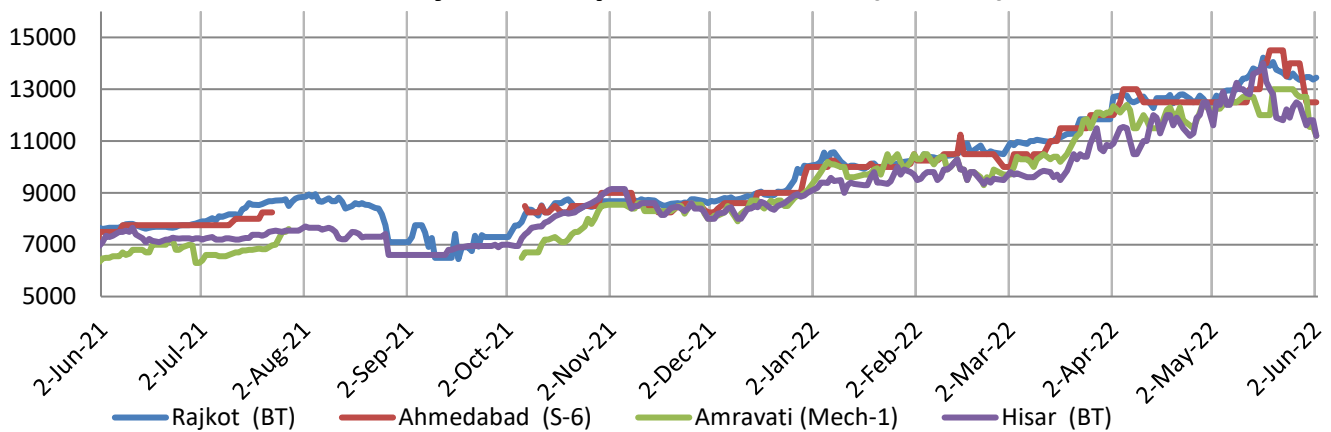
The Tamil Nadu government is planning to establish procurement centers like Cotton Corporation of India in the state, to procure cotton directly from farmers across the state.

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

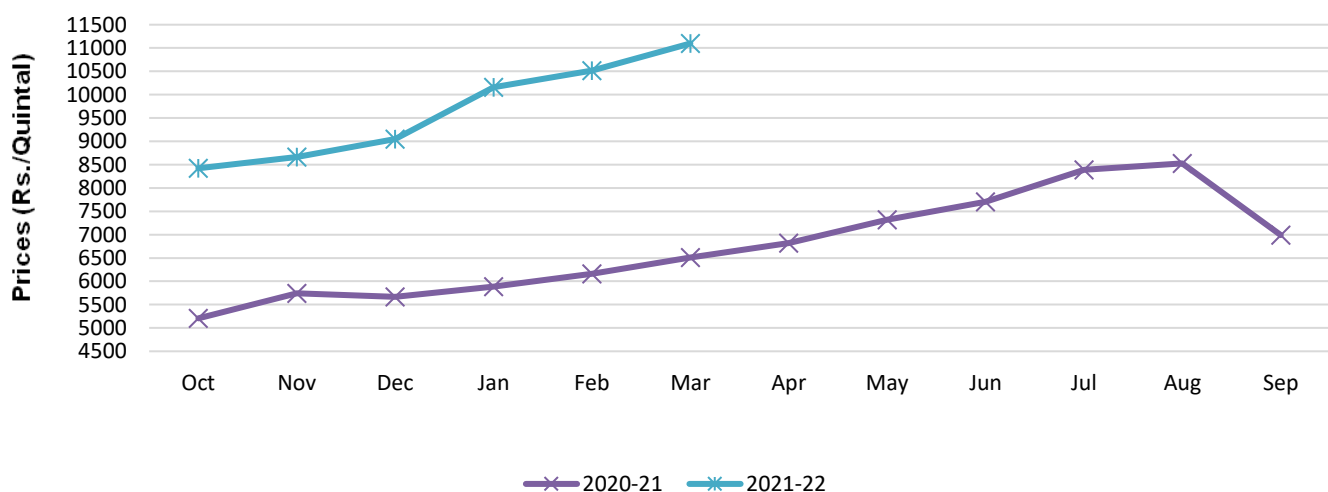
Monthly Price Review: Monthly kapas average price at Rajkot and other markets were significantly higher and stood at Rs.13,407/quintal in Rajkot as compared to previous month price of Rs. 12,592/quintal and Rs. 12,612/quintal in Hisar as compared to previous month price of Rs. 11,505/quintal. Prices have improved in Amravati and Ahmedabad market in the May month and were at Rs. 12,528/quintal and Rs. 13,250/quintal.

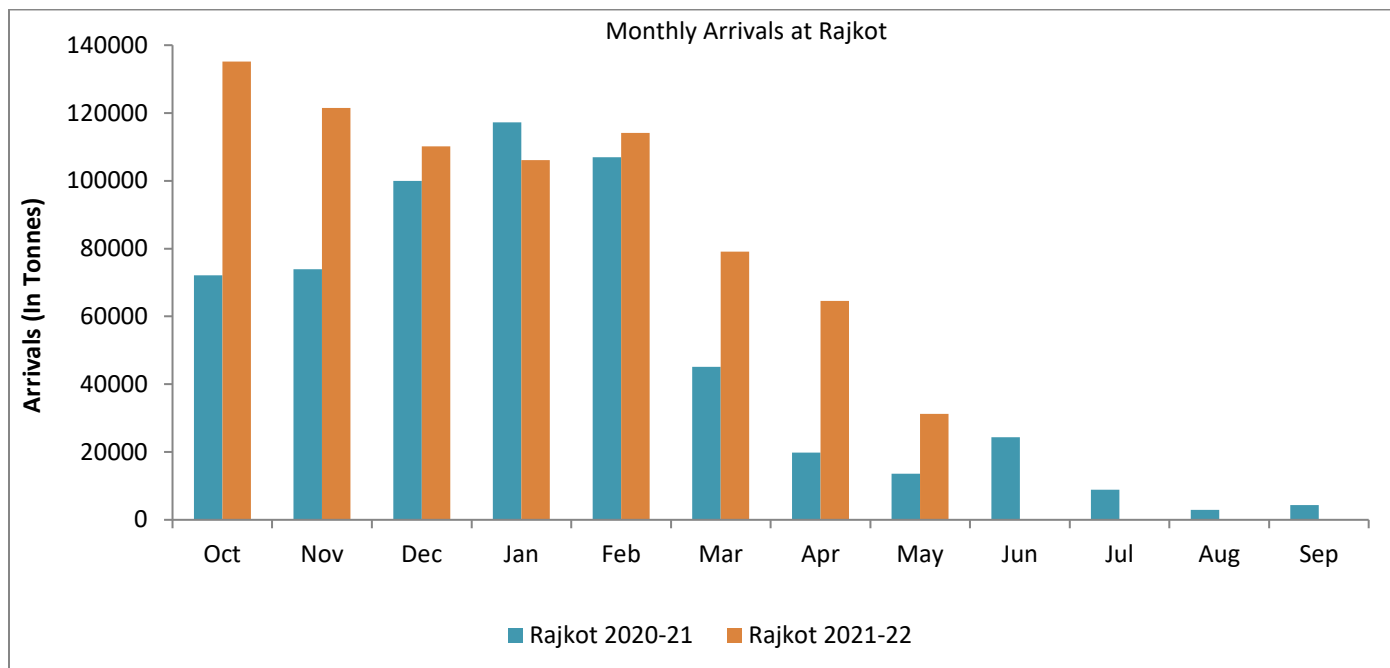
Variety wise Kapas Price trend (Rs/Qtl)



Kapas Monthly M-o-M Price Scenario

Monthly Average Prices at Rajkot

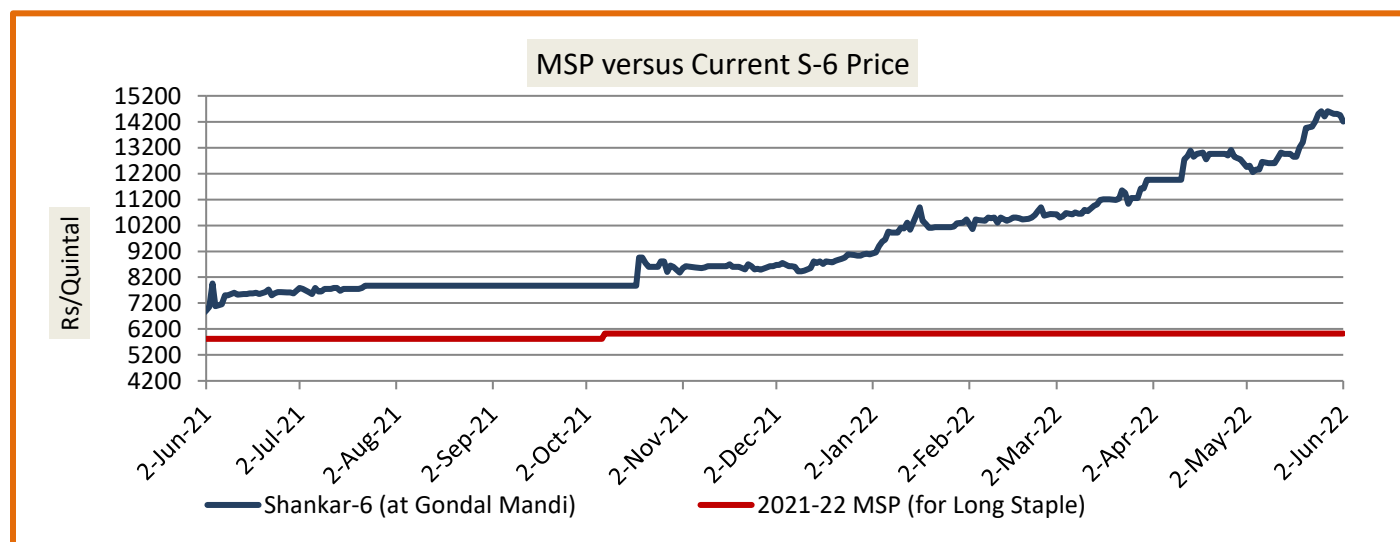




The arrivals in the month of April has declined in the market as the 2021-22 season is coming towards its end, whereas the prices continued a steady trend and the monthly average price was at Rs. 12,620/Qtl compared to the prices during the corresponding month of the previous season. (Rs. 6817/Qtl)

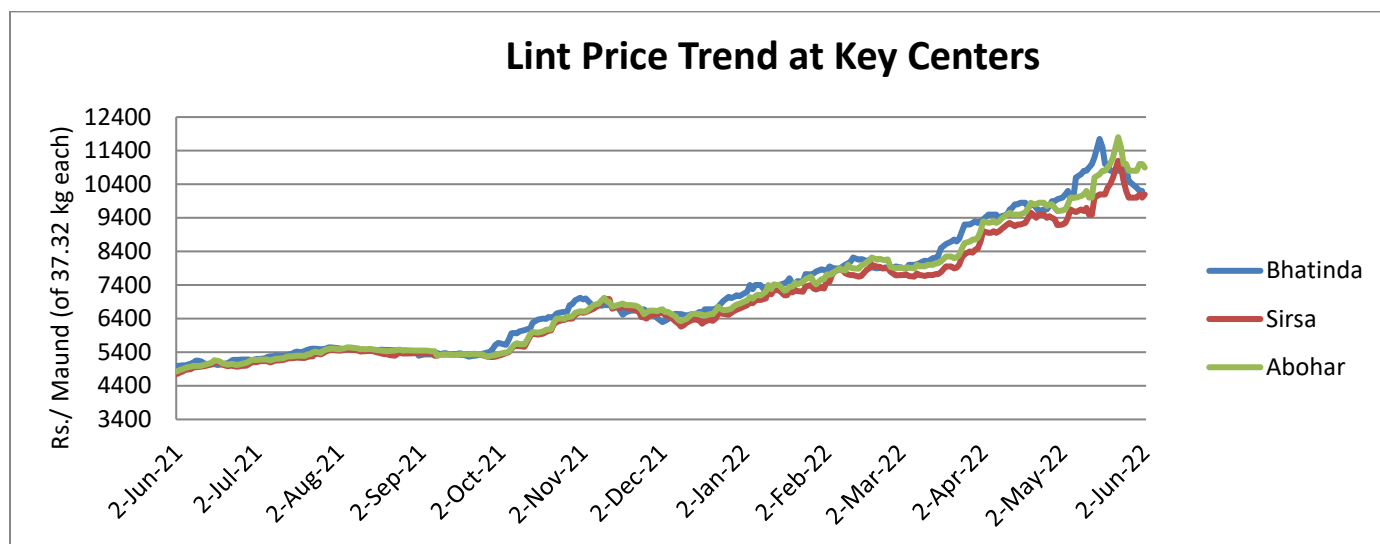
Spot Price versus MSP

Average kapas price at Gondal market stood slightly higher at Rs. 13,674/qt in May 2022 as compared to Rs. 12,714/qt in April 2022.



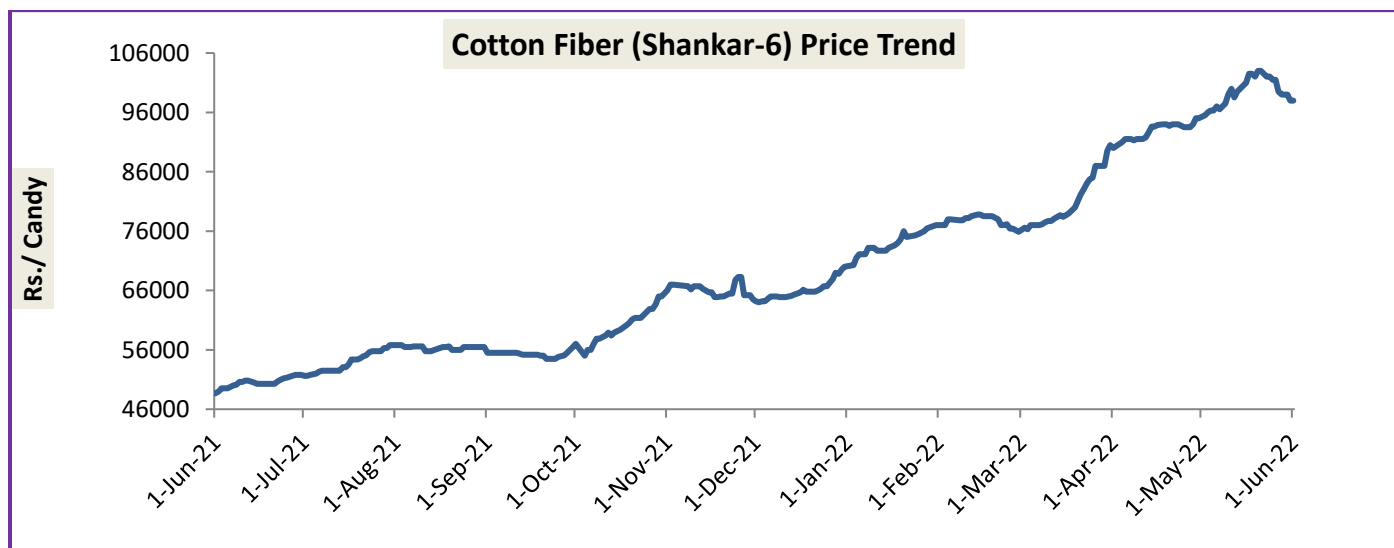
Lint price Outlook

Monthly average price of Lint at Sirsa stood higher compared to previous month at Rs.10036 per maund of 37.32 kg each in May whereas in Bhatinda market the prices have increased and were at Rs. 10692 per maund of 37.32 kg each.



Cotton Fiber price Outlook

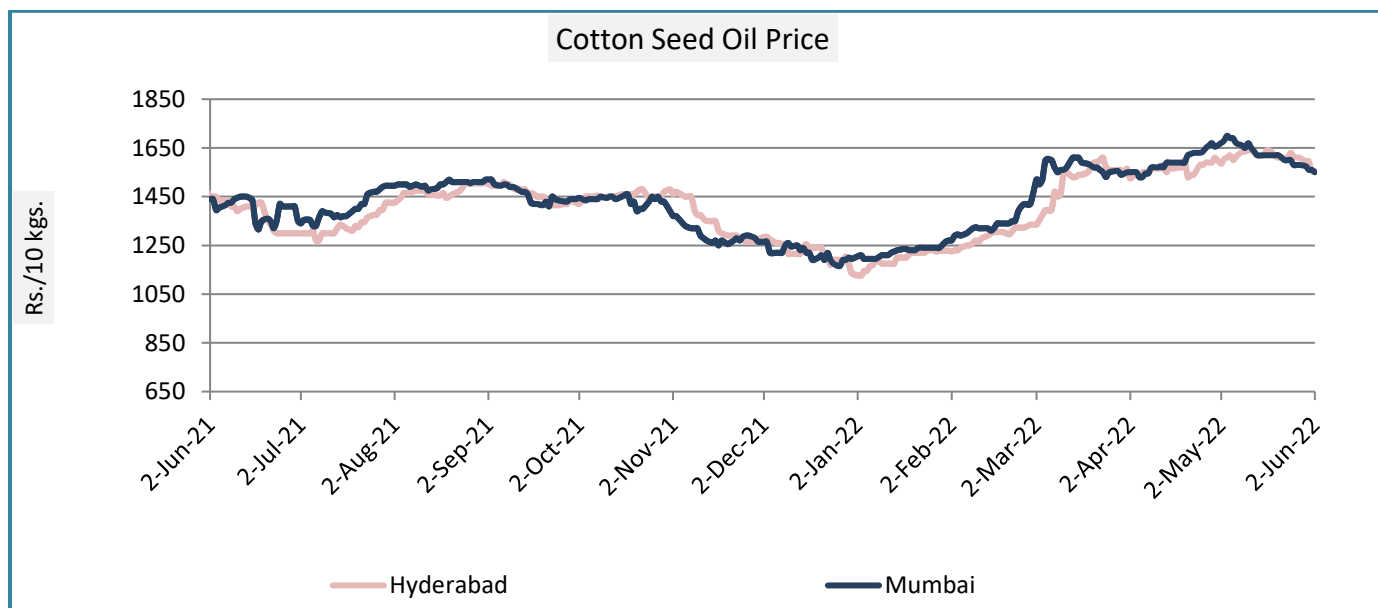
The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.99561 per candy (of 355.6 kg each) during the May month, higher than Rs.92940 per candy from previous month. While the prices during the same month last year were low around Rs. 46762 per candy. Agriwatch expects cotton fiber to remain around of Rs.94,500-95,800 per candy in the coming month.



Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1597 per 10 Kg, Rs. 1599 kg in Rajkot and Rs.1608 per 10 kg in Mumbai.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	May	April	
Rajkot	1608	1599	0.58
Hyderabad	1597	1584	0.84
Mumbai	1615	1608	0.44

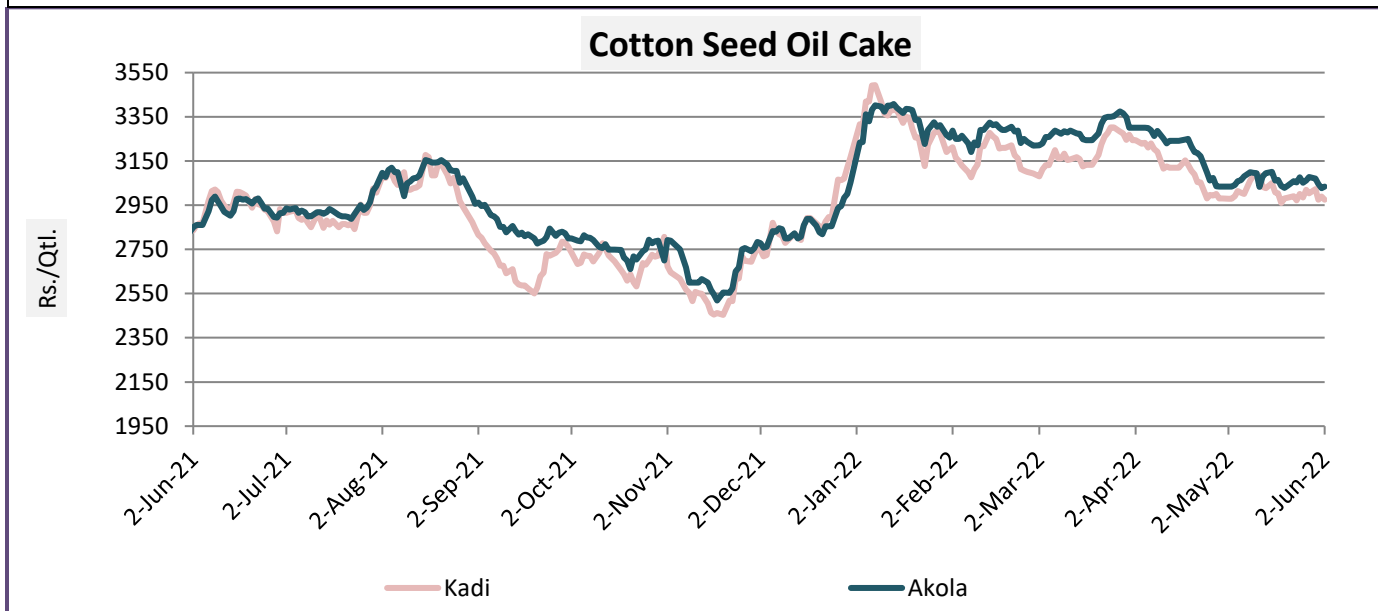


Cotton Seed Oil Cake monthly Price Scenario

The average price of cottonseed oilcake in the Kadi market has decreased and was at Rs. 3012 per quintal from Rs. 3116 per quintal and in Akola was at Rs. 3067 per quintal from Rs. 3207 per quintal the previous month. The demand in the local market has fallen in the May as compared to previous months.

Centers	Monthly Average Price as on (Rs/quintal.)		% Change
	May	April	
Kadi	3012	3116	-3.35
Akola	3063	3207	-4.49

*Source: NCDEX

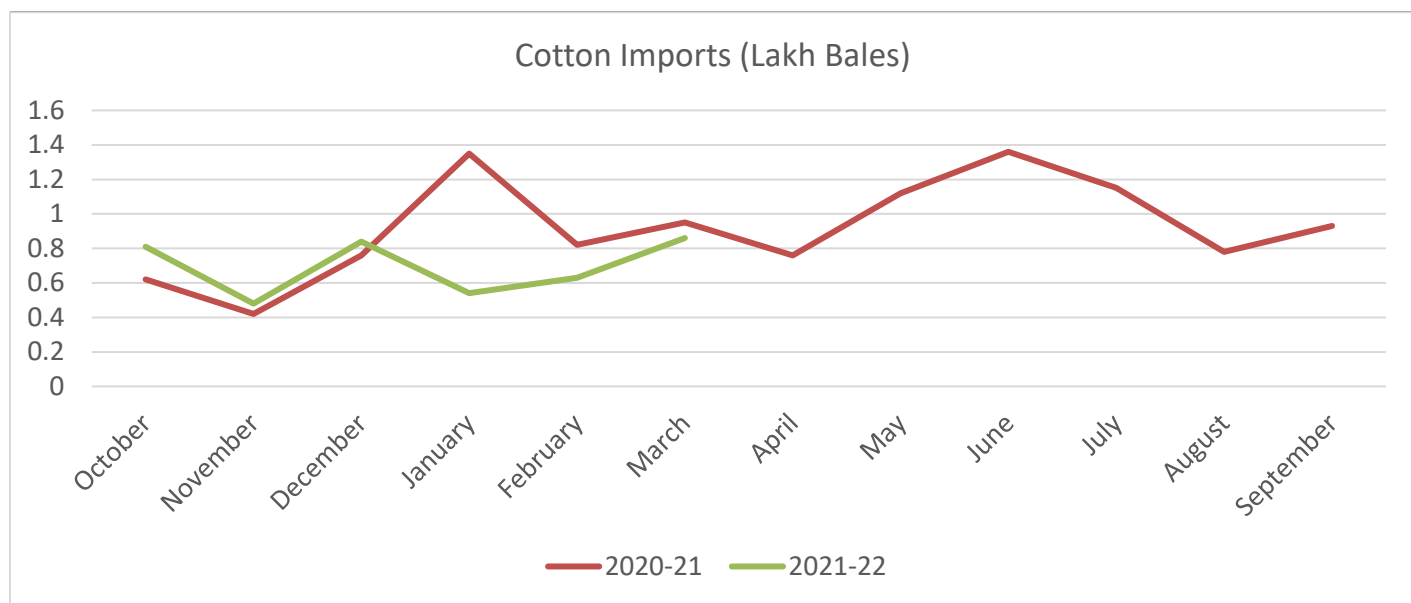
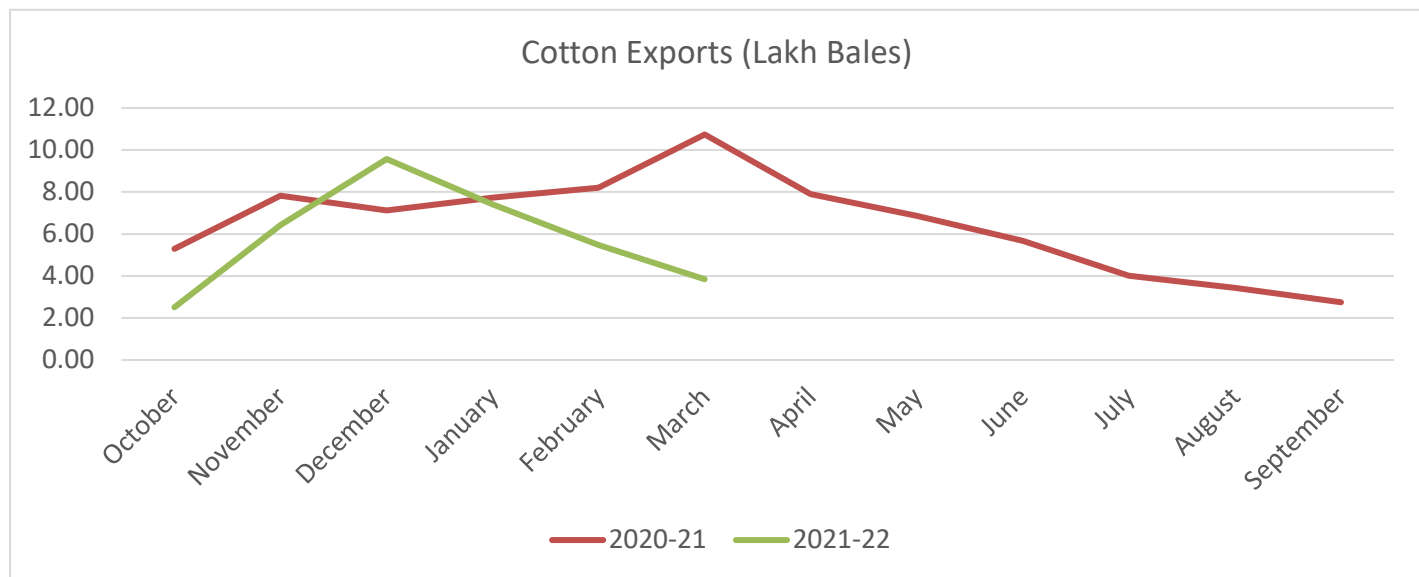


Monthly Price Outlook :

Cotton Price at Rajkot Market (Rs. Per Quintal)								
Forecast Date	31 st Oct 2021	30 th Nov 2021	31 st Dec 2021	31 st Jan 2022	28 th Feb- 2022	31 st Mar- 2022	30 th Apr- 2022	31 st May- 2022
Actual Price at end of the month	8800	8675	10020	10235	10500	11840	12460	13475
Average Price for the month	8422	8667	9047	10157	10518	11097	12620	13407

The Cotton prices in Rajkot market are currently trading at Rs. 13,400 per quintal. Further, prices are expected to remain firm in the coming month.

Export and Import Scenario:



Source: DGCIS

International Market Scenario

Global Balance Sheet

Global Balance Sheet (MMT)			
	2019-20	2020-21	2021-22*
Beginning Stock	19.33	22.12	20.63
Production	26.27	24.39	26.43
Supply	45.61	46.50	47.06
Consumption	23.05	25.66	26.16
Exports	9.20	10.60	10.07
Ending Stocks	22.11	20.63	20.90

Source: ICAC

As the 2021-22 cotton season is coming towards its closure, the production and consumption both are on higher side. Global cotton production is higher by 8.4 percent from 24.39 million tonnes to 26.43 million tonnes in 2021-22 season. While the global cotton production is on the higher side, India(3.7%) and china(3.1%) cotton production is on its lower side as compared to the previous season mainly because of the lesser sown area. Further, Global cotton consumption has increased by 1.9 percent to 26.16 million tonnes as compared to the previous season. Global cotton trade was down from the previous season. The drop is mainly due to logistical complications and supply chain disruptions over the course of the 2021-22 season.

Major Market Highlights:

According to the USDA's WASDE May Report, the 2021-22 global cotton production was lowered by 1.8 million bales to 118.4 million bales. This was primarily a result of a 1.0 million bales reduction for India at 25.5 million bales and a 650,000 bales reduction for Uzbekistan at 2.8 million bales. World mill use in 2021-22 season, was lowered by 1.1 million bales to 122.9 million bales. The reduction in Consumption was primarily a result of lowered estimate for china to 500,000 bales to 38.5 million bales. The U.S. export forecast was unchanged, but the Chinese import number dropped to 400,000 bales at 8.8 million tonnes. Also, India's export forecast was lowered by 500,000 bales to 4.44 million bales.

According to the U.S. Crop progress report, as on 29th May 2022, U.S cotton planting stands at 68 percent which was 54 percent a week ago and around 64 percent in the previous year. The crop is 44 percent in good to excellent condition which was 43 percent a year ago.

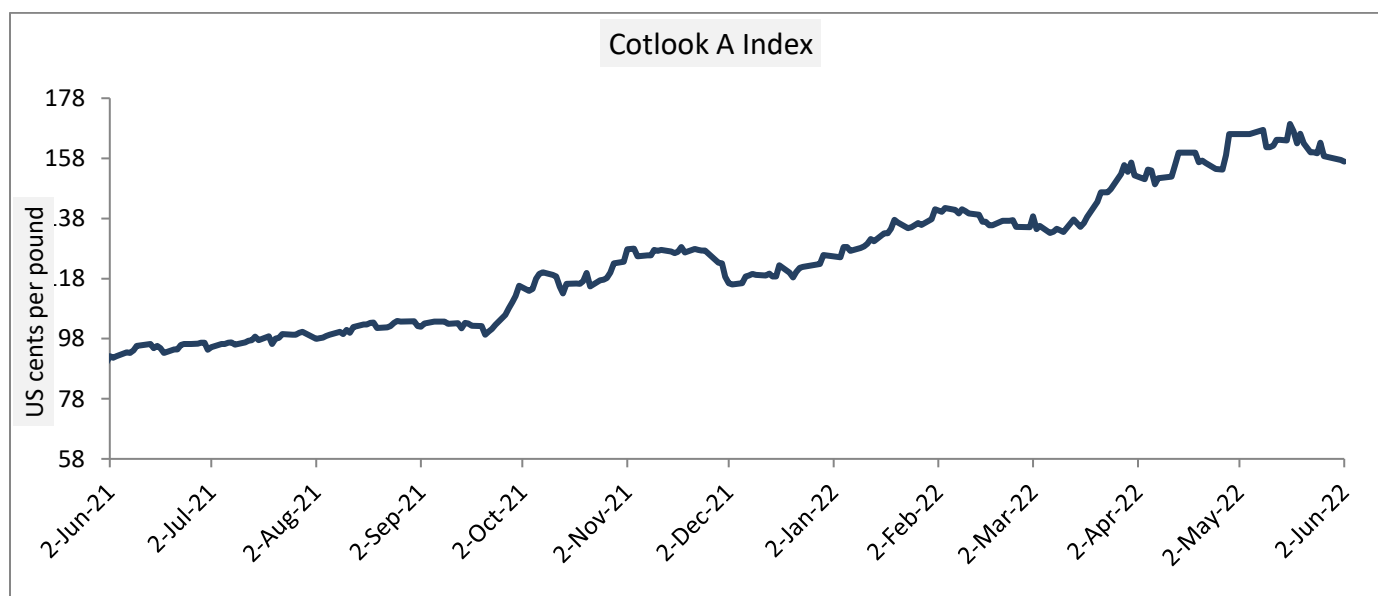
Pakistan cotton sowing has reached 90 percent in Punjab, over 3.6 million acres of area has been cultivated under cotton crop. As Pakistan agriculture department, cotton sowing is still underway due to good availability of water in the current season.

The United States department of agriculture (USDA) has forecasted that the area under cotton cultivation in Burkina Faso in the 2022-23 season (August to July) is expected to increase by 9 percent compared to the previous year 650,000 ha.

Cotlook A Index

The average CotlookA Index stood higher at 163 US cents per lb in May month and that has increased by 5 percent from previous month.

Cotlook A Index	Monthly Average Price as on		% Change
	May	April	
Prices	163.43	155.54	5.07
Prices in US cents per Pound			



Source: Cotlook

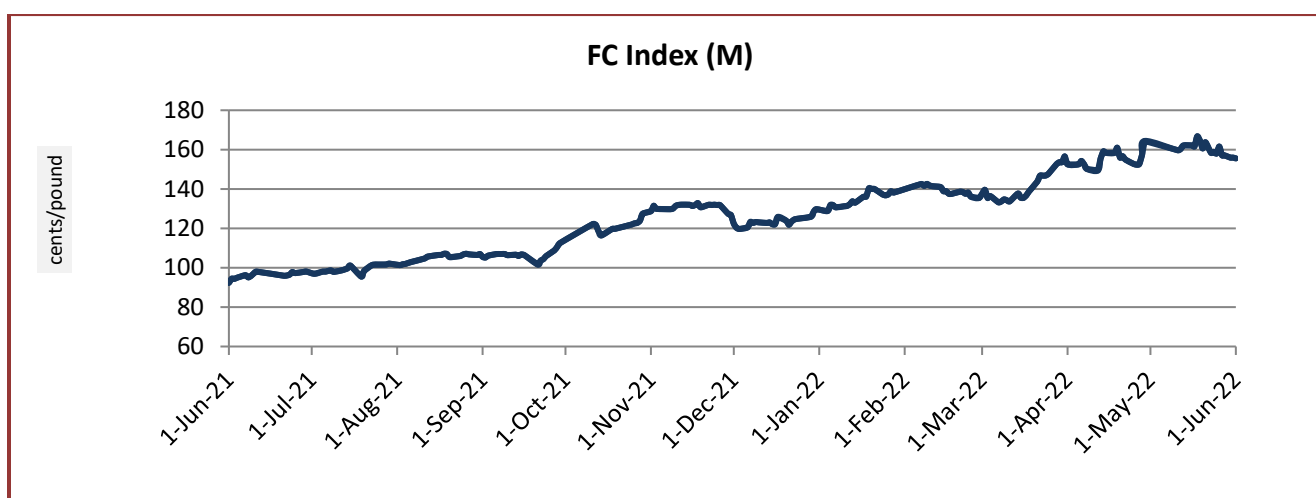
China Cotton Index and Foreign Cotton Index

The China cotton Index prices has increased from previous month around 3-4 percent in May 2022.

Cotton Index	Monthly Average Price as on		% Change
	May	April	
FC (S)	161.90	156.89	3.19
FC (M)	160.27	155.30	3.20
FC (L)	158.71	153.77	3.21

Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Monthly Average Price as on		% Change
	May	April	
CCIndex(328)	22302.68	22612.16	-1.37
CCIndex(527)	20466.05	20855.37	-1.87
CCIndex(229)	22296.55	23038.16	-3.22

Prices in Yuan per ton

Source: China Cotton Association



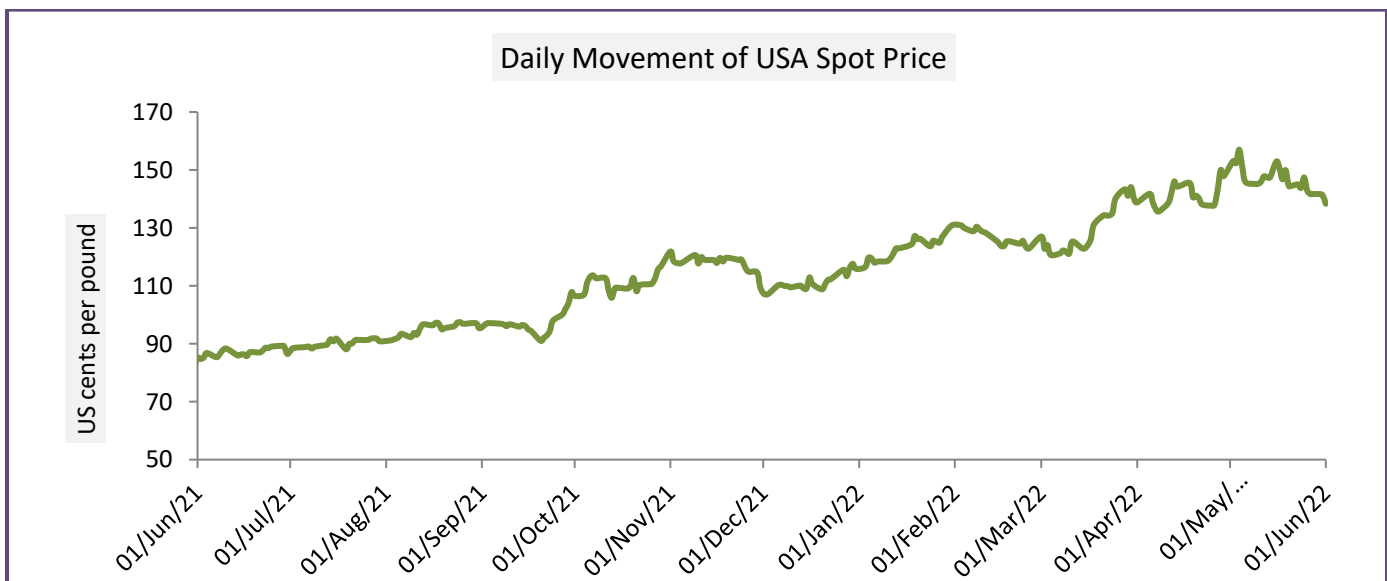
USA Spot Prices

U.S.A Spot price for this month was at 146.91 cents/ pound higher from previous month price by 2-4 percent.

USA Spot Prices	Monthly Average Price as on		% Change
	May	April	
Prices	146.91	141.91	4.00

Prices in US cents per Pound

Source: USDA

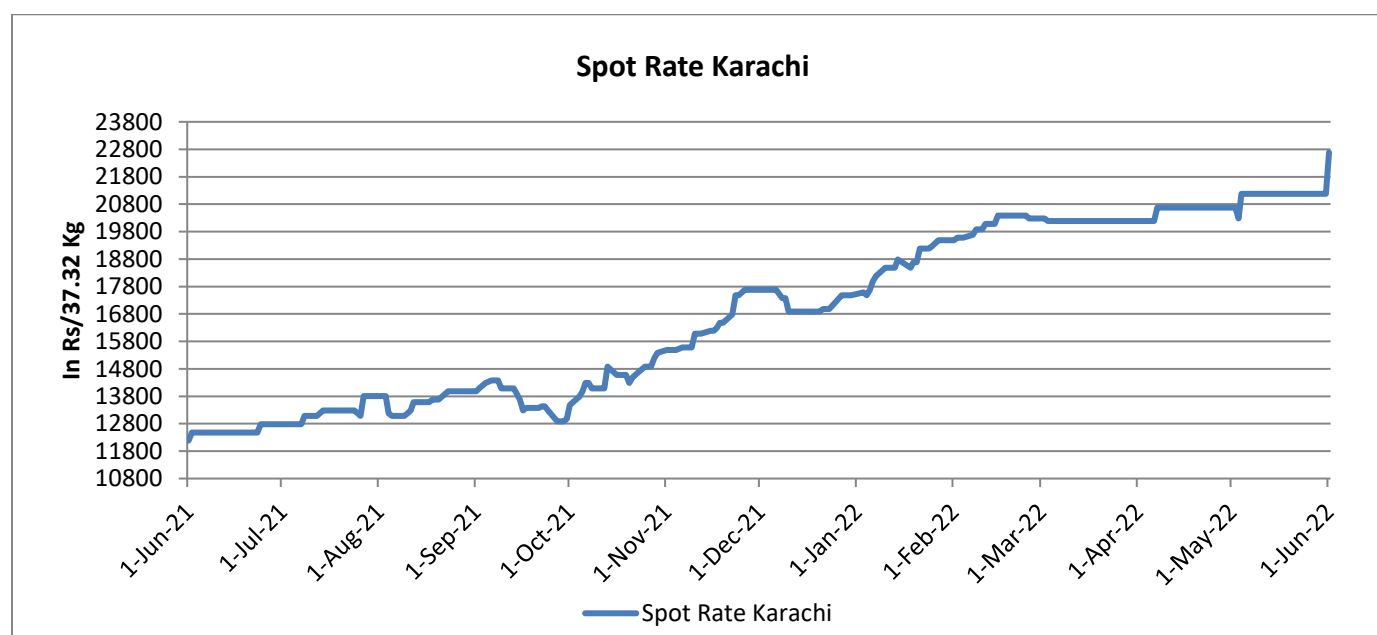


Pakistan Spot Prices

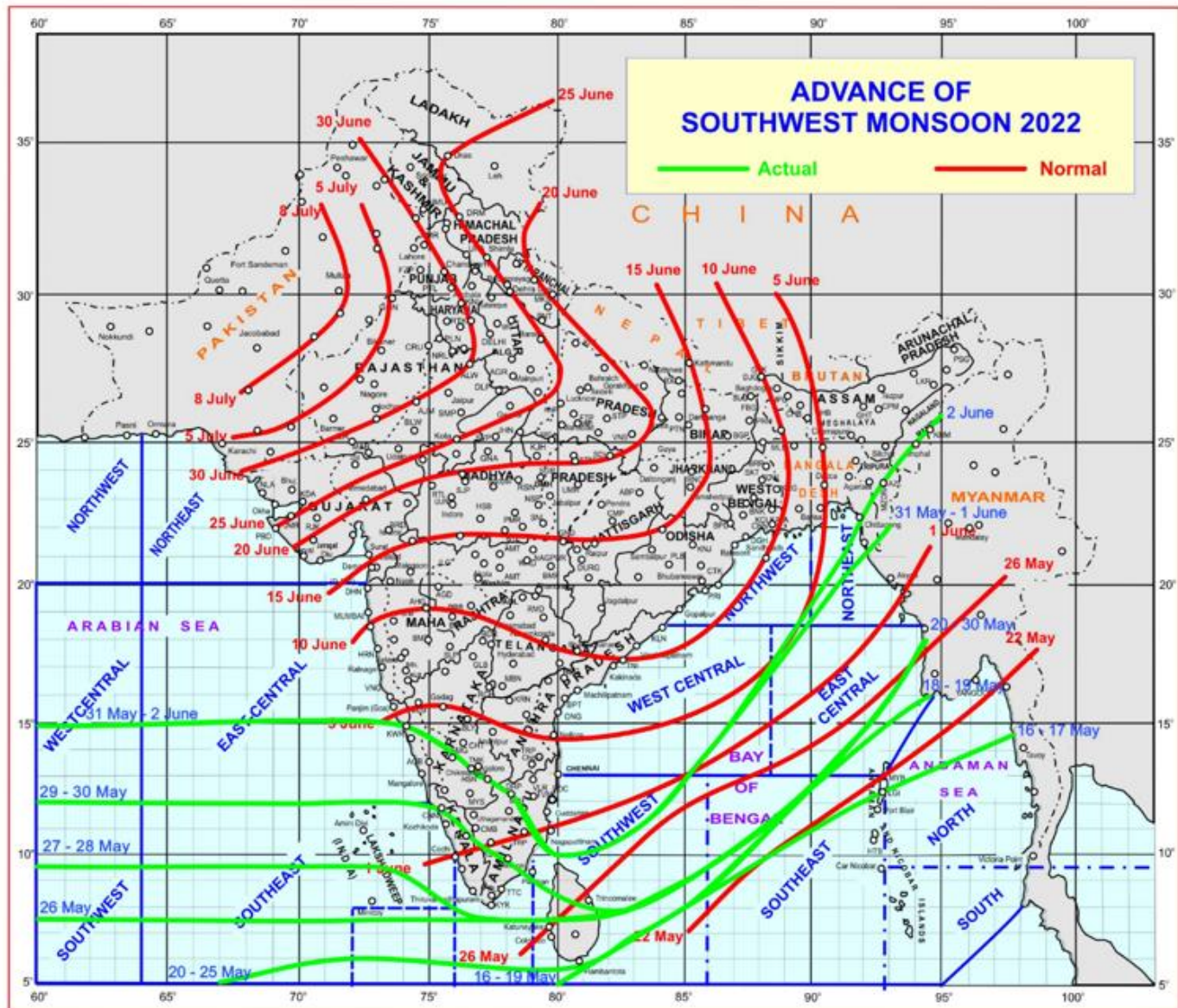
The Karachi spot price stood around Rs.21420/q slightly higher compared to the previous month.

Karachi Spot Prices	Monthly Average Price as on		% Change
	May	April	
Prices	21420	20712	3.42
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Weather Forecast



The conditions are favorable for the further advance of southwest monsoon into some more parts of central & North Bay of Bengal, remaining parts of northeastern states and some parts of sub- Himalayan West Bengal. India Meteorological Department has predicted the long-range forecast for the monsoon season, it indicates that from June to September 2022, the countrywide precipitation is likely to be 103 percent of the long period average (LPA) with a model error of 4 percent. The country may record seasonal precipitation up to 89.6 cm this year. Also, India is likely to receive more rainfall in this season.

Cotton Sowing 2022-23 season:

According to the market sources, area under cotton cultivation is expected to grow in 2022-23 season by 7-9 percent on year-on-year basis to 13.2 million hectares on account of a strong demand and sufficient availability of seeds. The farm ministry has estimated cotton acreages at 12.0 million hectares. Agriwatch expects cotton acreages to increase by 8-9 percent in the 2022-23 season. Cotton sowing is still progressing in Punjab, Haryana and Rajasthan and is expected to continue till 15th June 2022.

Telangana government is targeting to increase the area under cotton by 55–65 percent to about 28–30 lakh hectares as compared to last year's 18 lakh hectares even as the cottonseed industry pegged the growth in cotton acreage at 15 per cent in the upcoming Kharif season.

According to Agriwatch, Cotton was sown in 20.69 lakh hectares in Telangana last year. For the coming 2022-23 season, we expect area to increase by 8-10 percent due to higher realization to farmers in the ongoing season. Cotton is been trading at Rs. 12,350 per quintal in 2021-22 season in Khammam from previous year's around 6,300 per quintal.

Cotton sowing is being progressing in northern states along with some parts of Madhya Pradesh and Gujarat. As per Agriwatch market sources, around 5 percent of the cotton sowing is done in Gujarat where water availability was there. Also, In Madhya Pradesh sowing is progressing in Khandwa region.

Cotton sowing is being progressing in Andhra Pradesh. Around 0.097 lakh hectares of area has been sown under sugarcane as of 01st June 2022 which was 0.06 lakh hectares as on the corresponding date last year.

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

COTTON 1st(MXCTNC1)2022/06 - Monthly B:46100.00 A:46170.00
 O 45780.00 H 46700.00 L 43890.00 C 46220.00 ↑ V 5,293 T 5,999,449 I 2,720 -2940 -5.98%
 SMA(9) 39446 (18) 31661 (50) 24074 (100) 21147


Technical Commentary:

- The Cotton market is trading above 9 DMA, 18 DMA and 50 DMA, indicating firm sentiment.
- Market may witness profit booking at higher level.
- Momentum indicator MACD is diverging and moving up, pointing for a possible further increase in prices.
- Currently RSI is in the overbought zone, market is expected to remain elevated in the coming month.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cotton	MCX	Jun	45820	45900	46220	46450	46570
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Jun	Buy	46230	46330	46420	46160

* Do not carry-forward the position next day.

Commodity: Cottonseed oil

Exchange: MCX

Contract: Jun

Expiry: Jun. 30, 2021

Cottonseed Oilcake

Technical Chart:

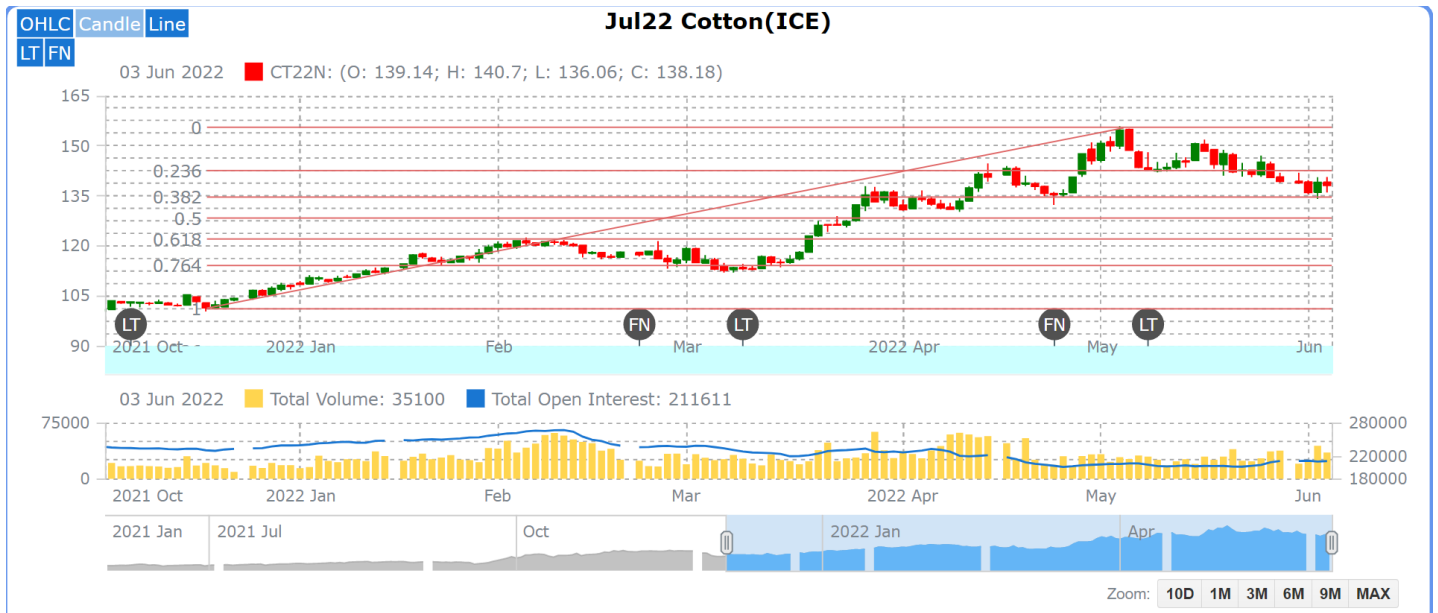


Technical Commentary:

- The Cottonseed oilcake market is trading below 9 DMA, prices may take support from 18 DMA in the coming month.
- RSI is indicating steady to firm buying strength but market may take trendline support (2752).
- MACD is converging and a bearish crossover may change market trend.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cottonseed oilcake	NCDEX	Jun	2705	2755	2821	3102	2996
Intraday Trade Call			Call	Entry	T1	T2	SL
Cottonseed oilcake	NCDEX	Jun	Sell	2831	2796	2771	2852

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



- The Jul'22' contract closed high by the end of the month.
- Total volume increased & Open Interest decreased compared to last month, correction in prices had seen but overall prices will remain on a higher side.
- Prices may take support of 0.38 percent Fibonacci retracement level and is likely to remain range bound.
- We expect cotton prices to remain firm in the coming month.

Expected Price Range During Coming month

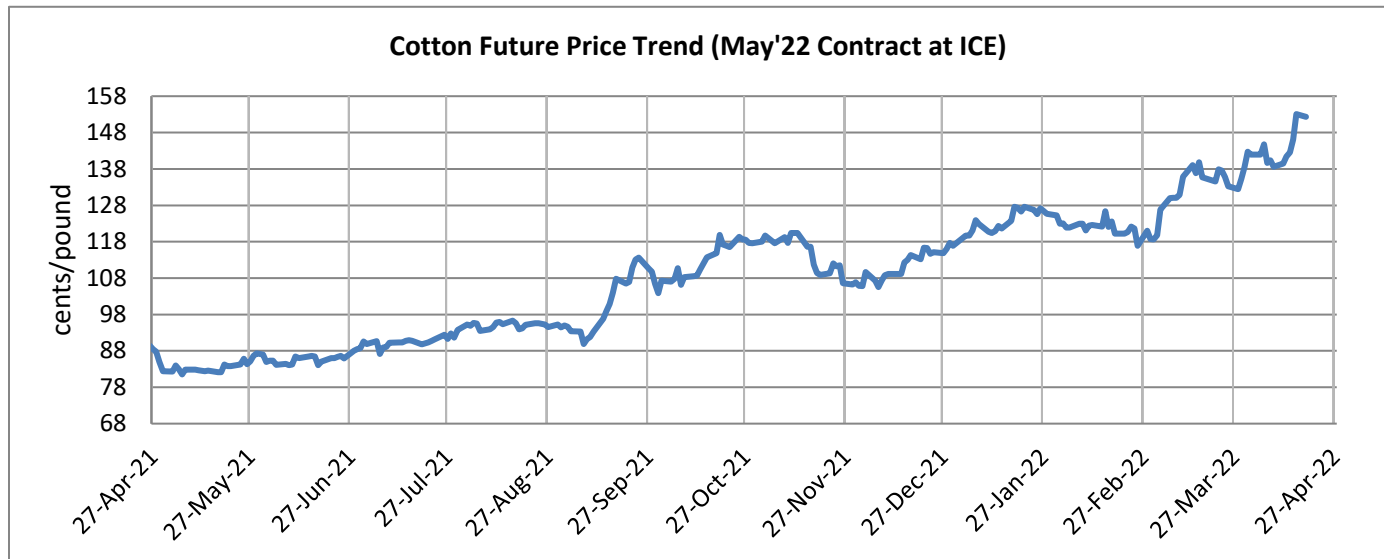
Expected Trend	Expected Trading Band
Range bound to Bullish momentum	138-172

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
136	120	157	168

Figures in US cents/pound

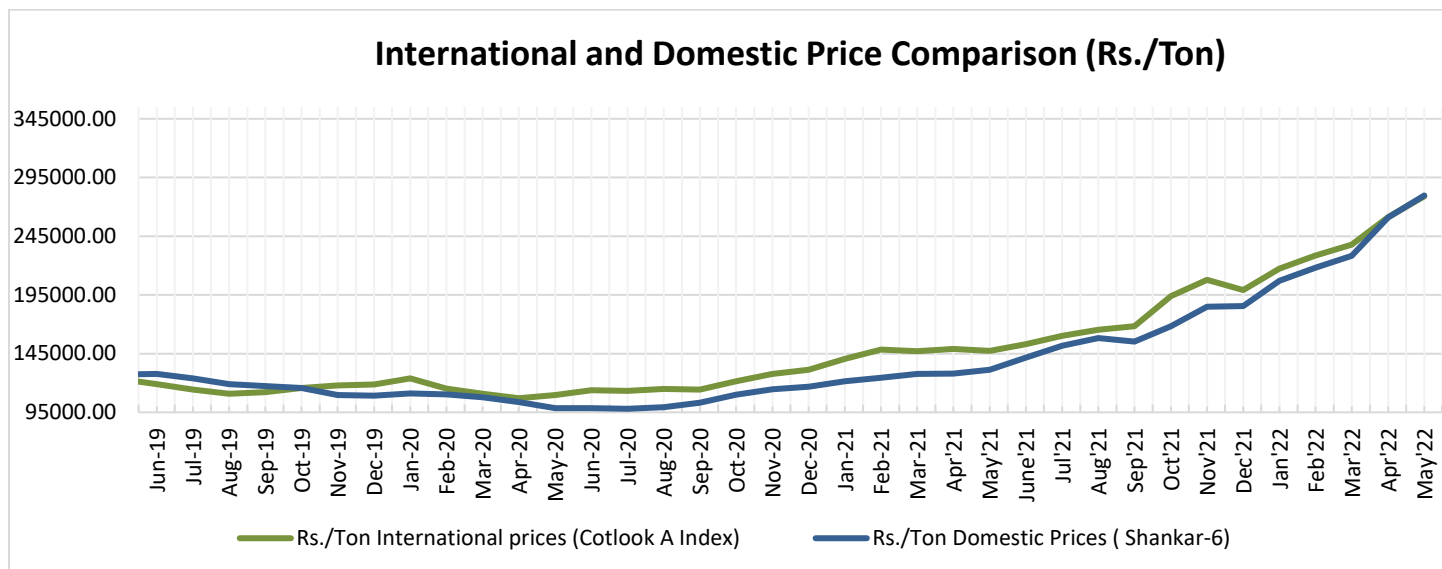
Future Price Trend (Active Contract):



ICE front month futures was higher by down 9% in Jun'22 month compared in May'22. The average of ICE Jul contract stood high around 139.11 cents/lbs in Jun'22, down by 9.27 points compared to the average price that stood in May'22 around 153.33 cents/lbs.

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	02-Jun-22	03-May-22 (1 month ago)	04-Mar-22 (3 months ago)	04-Dec-21 (6 months ago)	02-Jun-21 (a year ago)	% Change over a month	% Change over previous year
Jul-22	139.11	153.33	120.20	109.30	83.77	-9.27	66.06
Oct-22	128.75	150.08	116.42	104.20	84.84	-14.21	51.76
Dec-22	120.10	133.40	113.11	102.91	84.66	-9.97	41.86
Mar-22	115.77	126.18	104.31	101.01	84.61	-8.25	36.83
May-23	112.55	120.87	100.65	91.85	84.50	-6.88	33.20

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	May'22	Apr'22	
Gujarat	Ahmedabad	Shankar-6	13280	12614	666
	Gondal	Shankar-6	13709	12756	953
	Rajkot	B.T. Cotton	13407	12620	787
	Patan	B.T. Cotton	11941	12056	-115
	Kadi	B.T. Cotton	NA	12292	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	11805	11435	371
Haryana	Bhiwani	B.T. Cotton	NA	11550	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	12612	11506	1106
	Fatehabad	B.T. Cotton	NA	11167	-
	Jind	B.T. Cotton	NA	10960	-
	Uchana	B.T. Cotton	NA	10402	-
	Dabwali	B.T. Cotton	NA	11547	-
Rajasthan	Hanumangarh	B.T. Cotton	13500	11650	1850
	Rawatsar	B.T. Cotton	NA	11554	-

Madhya Pradesh	Khandwa	Mech-1	NA	9753	-
	Khargaon	Mech-1	NA	10008	-
Maharashtra	Amravati	Mech-1	12572	11984	588
	Jamner	Medium Staple	12144	11502	642
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	10550	-
Andhra Pradesh	Adoni	Un-Ginned	NA	12389	-
Karnataka	Bijapur	Bunny	13323	12572	751
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	12880	11516	1364
Commodity	Lint		Montly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	May'22	Apr'22	
Punjab	Bhatinda	J-34	10673	9629	1044
	Abohar	J-34	10694	9658	1036
	Mansa	J-34	NA	9414	-
Haryana	Sirsa	J-34	10028	9315	712
Rajasthan	Sri-Ganganagar	J-34	NA	8863	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	May'22	Apr'22	
Gujarat	Ahmedabad	Shankar-6	325550	421600	-96050
	Gondal	Shankar-6	34383	50226	-15843
	Rajkot	B.T. Cotton	33210	64537	-31327
	Patan	B.T. Cotton	6288	72381	-66093
	Kadi	B.T. Cotton	NA	57000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	334	1967	-1633
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	43554	33405	10149
	Fatehabad	B.T. Cotton	NA	335	-
	Jind	B.T. Cotton	NA	10880	-
	Uchana	B.T. Cotton	NA	9850	-
	Dabwali	B.T. Cotton	NA	5950	-
Rajasthan	Hanumangarh	B.T. Cotton	12	1300	-1288

	Rawatsar	B.T. Cotton	NA	6500	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	284300	290000	-5700
	Jamner	Medium Staple	358	565	-207
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	13722	-
Andhra Pradesh	Adoni	Un-Ginned	7172	12489	-5317
Karnataka	Bijapur	Bunny	7380	15600	-8220
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	160	120	40
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	May'22	Apr'22	
Punjab	Bhatinda	J-34	111	951	-840
	Abohar	J-34	400	189	210
	Mansa	J-34	NA	234	-
Haryana	Sirsa	J-34	6460	16490	-10030
Rajasthan	Sri-Ganganagar	J-34	NA	650	-

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				May'22	Apr'22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	70227	58748	11479
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	70927	59436	11491
J-34(202)	26mm	3.5 - 4.9	23	95354	88424	6930
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	98496	90848	7648
Shankar-6(105)	29mm	3.5 – 4.9	28	99562	92940	6622
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	106192	99704	6488
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	114942	113200	1742

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