

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	318.60
Imports	10.00	12.00
Total Supply	478.82	409.42
Exports	75.00	45.00
Consumption	325.00	330.00
Total use	400.00	375.00
Ending Stock	78.82	34.42
Stock-to-Use ratio	19.71%	9.18%

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 9.18% compared to past year amid lower cotton production in 2021-22 season and anticipated increased consumption by almost 2%.

Domestic Market Highlights:

Cotton: Minimum Support Price (Rs. / Quintal)		
Season	2021-22	2022-23
Medium Staple	5726	6080
Long Staple	6025	6380

Sources: PIB

Cotton Association of India has reduced its latest estimate for the cotton crop for the 2021-22 season by 8.31 lakh bales to 315.32 lakh bales from its previous estimate of 323.63 lakh bales. The association has attributed the reduction in crop estimate to the drop in production in states including Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Telangana, Karnataka and Andhra Pradesh. Agriwatch has estimated cotton production for 2021-22 season at 315.32 lakh bales lower from its previous season estimate of 323.63 lakh bales.

The total cotton supply between October 2021 and May 2022 remained at 367.22 lakh bales, which consists of the arrivals of 288.38 lakh bales, imports of 7 lakh bales during the month of May 2022 and Opening Stock is now estimated at 71.84 lakh bales at the beginning of the season on 1st October 2022. Further, the CAI has estimated cotton consumption for the months of October to May 2022 at 225 lakh bales while export shipment of cotton during the

months of October to May 2022 is estimated at 38 lakh bales. Stock at the end of May 2022 is estimated at 34.22 lakh bales.

Government of India in a notification has extended exemptions of all custom duty on raw cotton imports till 31st Oct 2022. Extension would benefit the textile industry to get yarn, fabric, garments on relatively lower rates.

Indian cotton market looks steady to downward. As mills remains slower in buying due to slow offtake of yarn while limited cotton stock did not allow market to go lower. Cotton Sowing is in progress for the coming 2022-23 season but due to some weaker monsoon sowing pace is low. Weaker rupee is unfavorable for imports, rupee has depreciated to Rs. 79 a dollar.

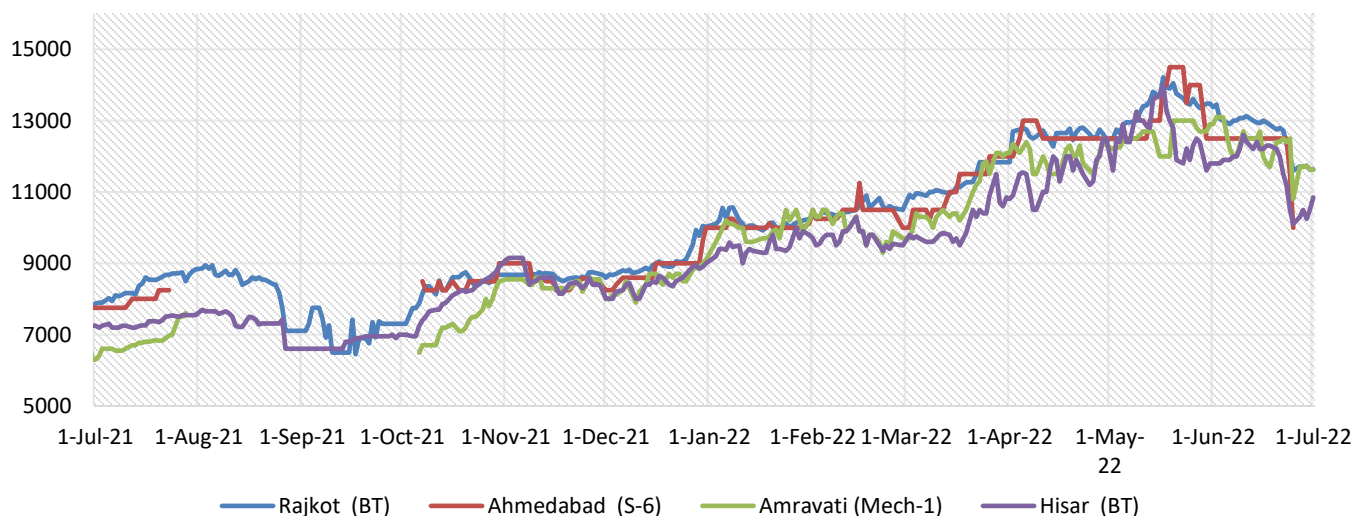
The Committee on Cotton Production and Consumption had estimated the closing stock in the 2021-22 season to be at 41.27 lakh bales, imports are estimated at 15 lakh bales, production at 315.43 lakh bales with opening stock of 71.84 lakh bales. Whereas, textile consumption is estimated at 285 lakh bales.

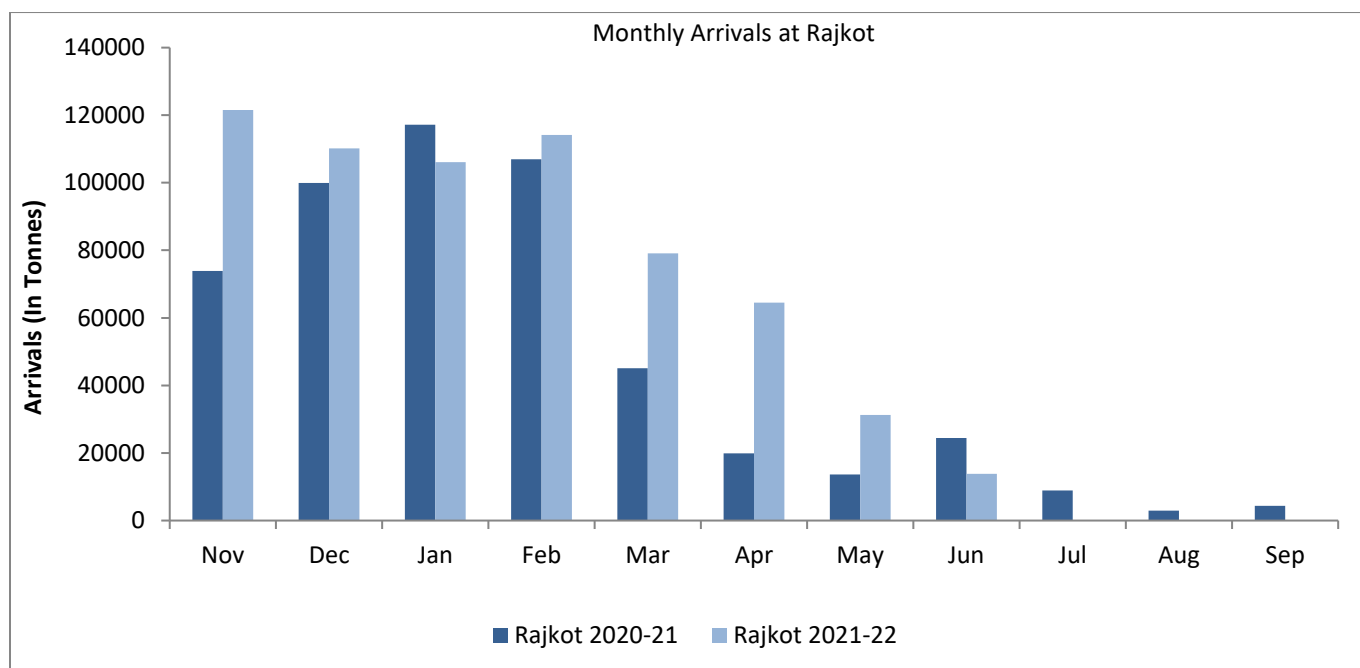
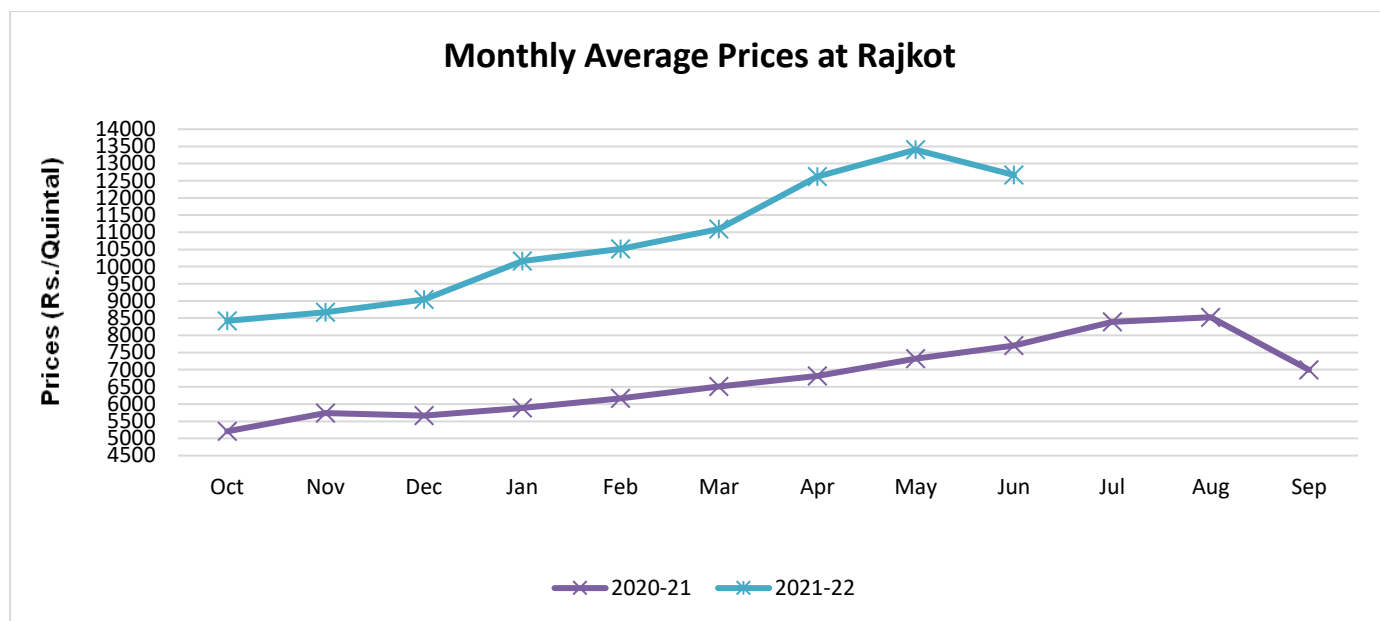
Domestic Cotton Prices Scenario

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.12,684/quintal in Rajkot as compared to previous month price of Rs. 13,407/quintal and Rs. 11,655/quintal in Hisar as compared to previous month price of Rs. 12,612/quintal. Prices have improved in Amravati and Ahmedabad market in the June month and were at Rs. 12,264/quintal and Rs. 12,340/quintal.

Variety wise Kapas Price trend (Rs/Qtl)

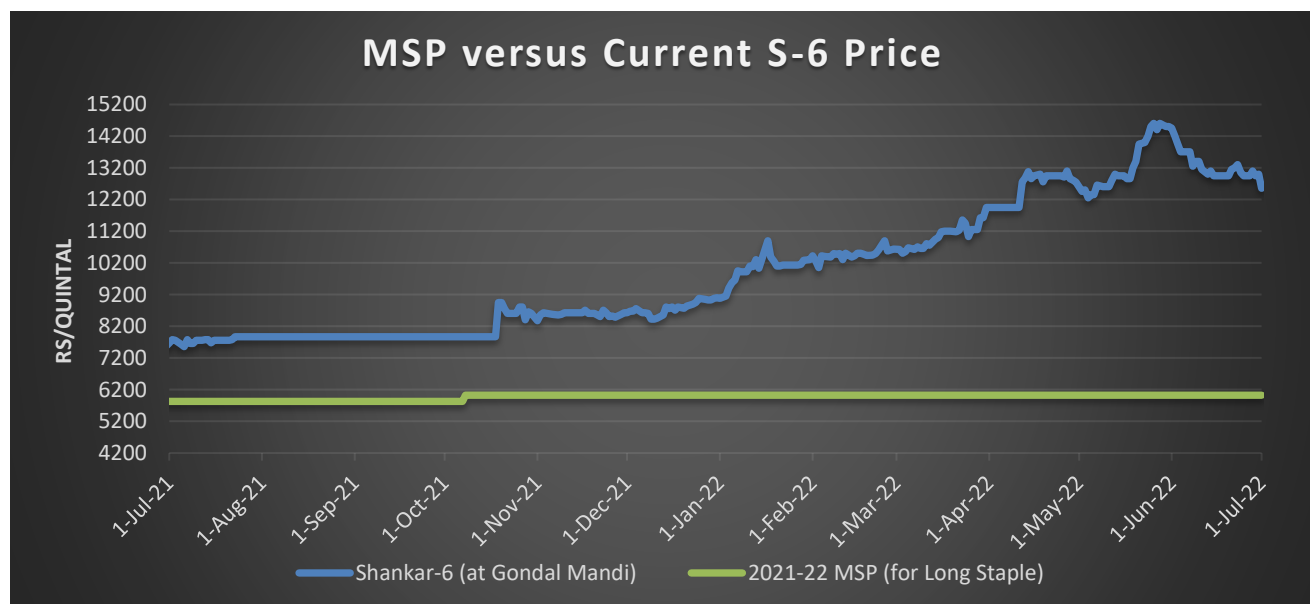


Kapas Monthly M-o-M Price Scenario


The arrivals in the month of June 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. 12,669/Qtl compared to the prices during the corresponding month of the previous season. (Rs. 7701/Qtl)

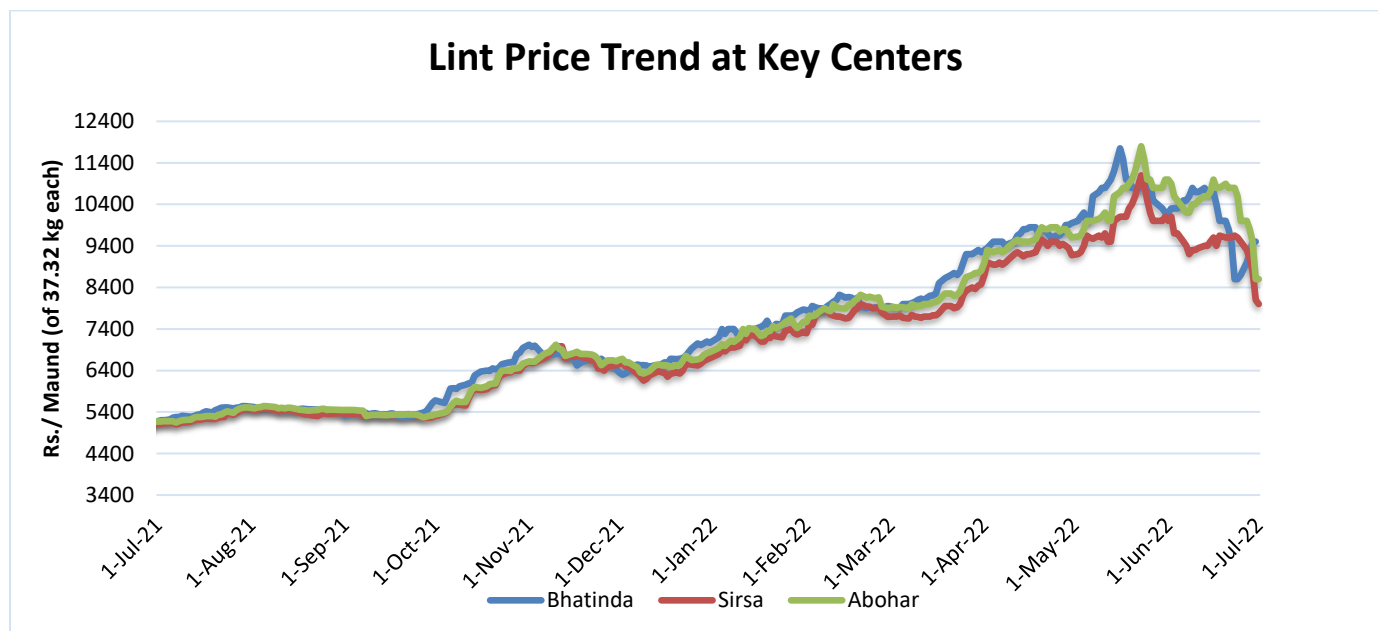
Spot Price versus MSP

Average kapas price at Gondal market stood slightly lower at Rs. 12,683/qt in June 2022 as compared to Rs. 13,674/qt in April 2022.



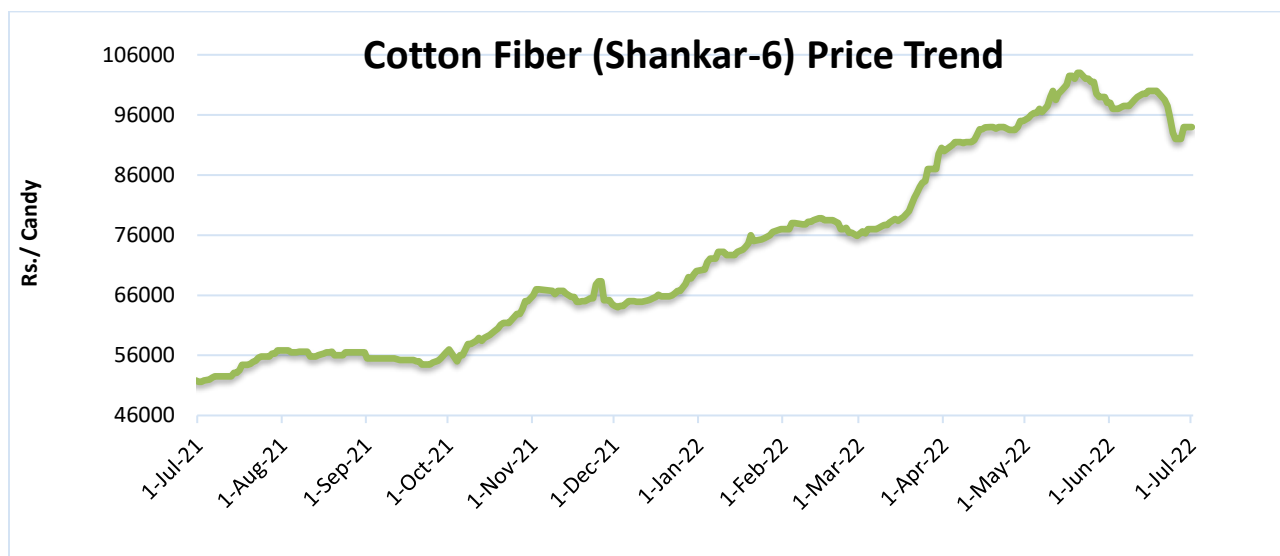
Lint price Outlook

Monthly average price of Lint at Sirsa stood lower compared to previous month at Rs.9155 per maund of 37.32 kg each in June whereas in Bhatinda market the prices have decreased and were at Rs. 10050 per maund of 37.32 kg each.



Cotton Fiber price Outlook

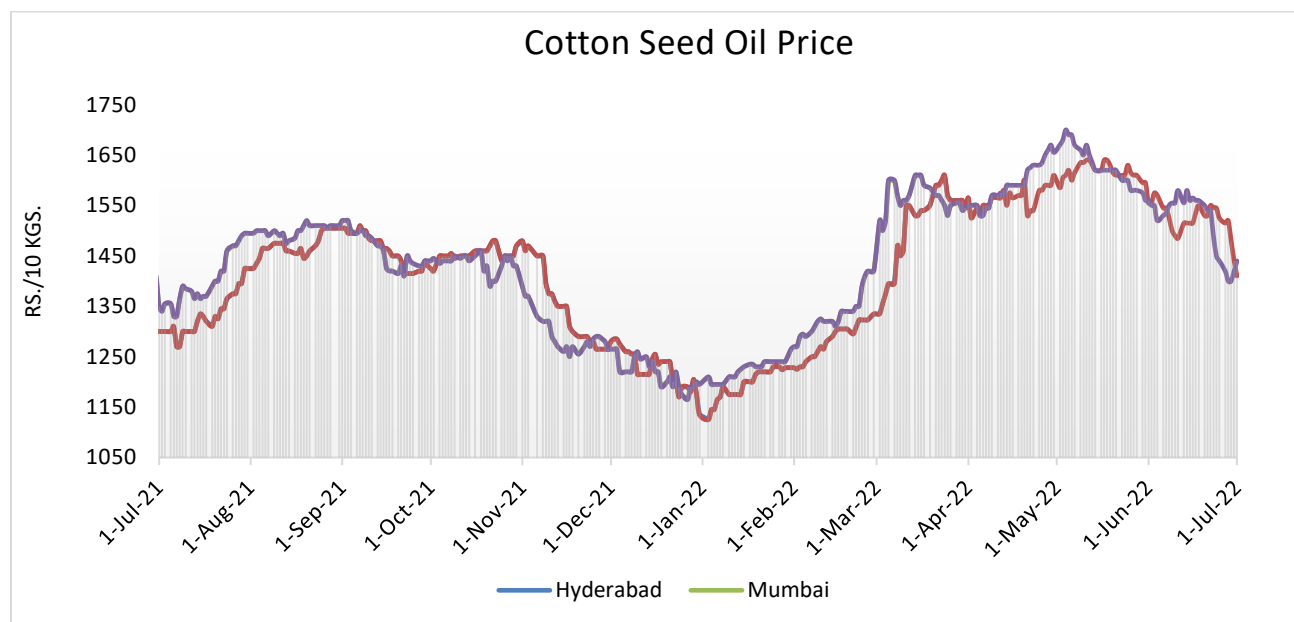
The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.97134 per candy (of 355.6 kg each) during the June month, higher than Rs.99561 per candy from previous month. While the prices during the same month last year were low around Rs. 46762 per candy. Agriwatch expects cotton fiber to remain around of Rs.92,500-95,800 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
	June	May	
New Delhi	1477	1534	-3.71
Rajkot	1508	1608	-6.19
Hyderabad	1488	1597	-6.80
Mumbai	1507	1615	-6.70



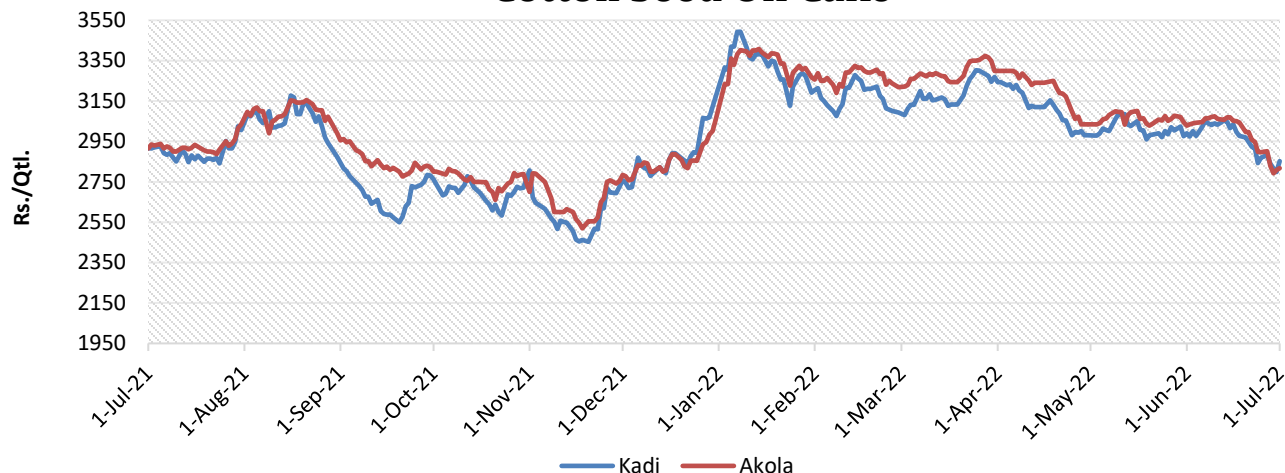
Cotton Seed Oil Cake monthly Price Scenario

The average price of cottonseed oilcake in the Kadi market has decreased and was at Rs. 2965 per quintal from Rs. 3012 per quintal and in Akola was at Rs. 2996 per quintal from Rs. 3063 per quintal the previous month. The demand in the local market has fallen in the June as compared to previous months.

Centers	Monthly Average Price as on (Rs/quintal.)		% Change
	June	May	
Kadi	2955	3012	-1.55
Akola	2996	3063	-2.19

*Source: NCDEX

Cotton Seed Oil Cake

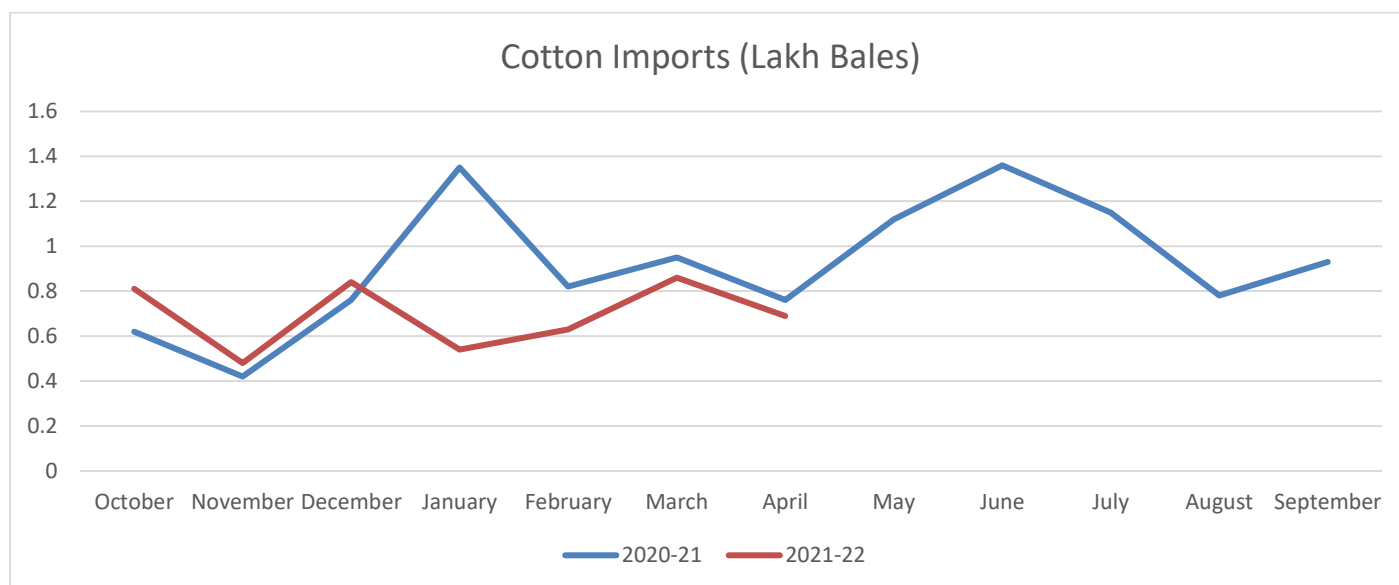
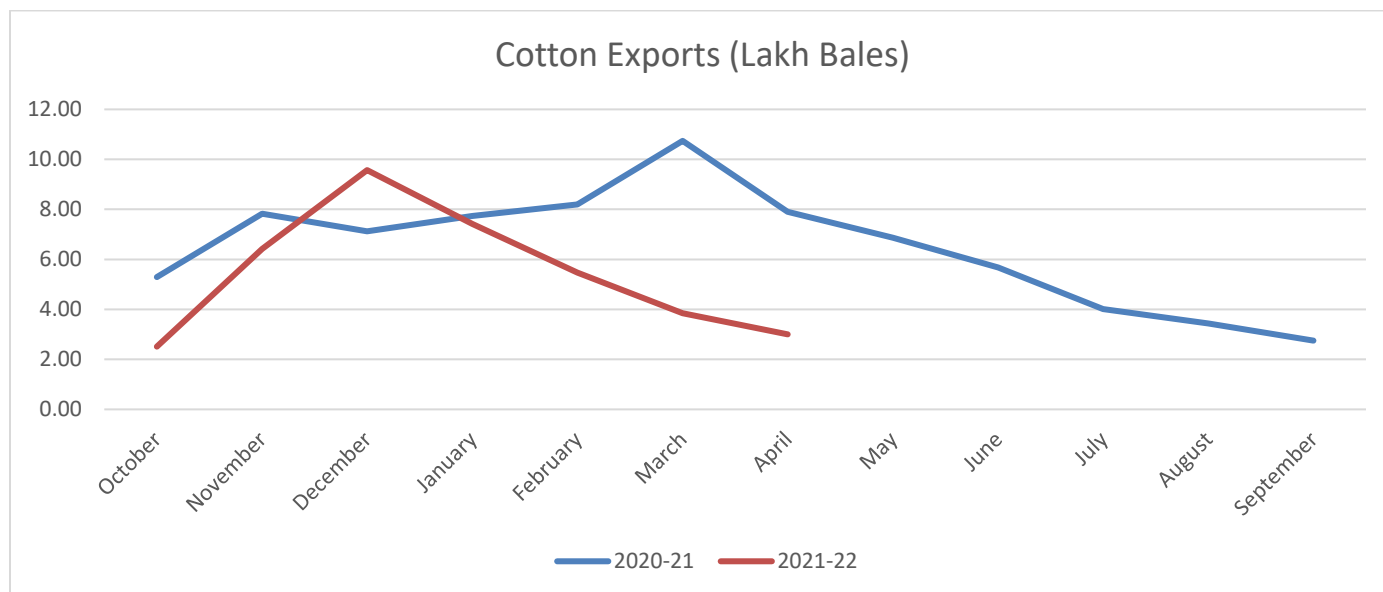


Monthly Price Outlook :

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	30 th June-2022
Actual Price at end of the month	8800	8675	10020	10235	10500	11840	12460	13475	11625
Average Price for the month	8422	8667	9047	10157	10518	11097	12620	13407	12669

The Cotton prices in Rajkot market are currently trading at Rs. 11,130 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:

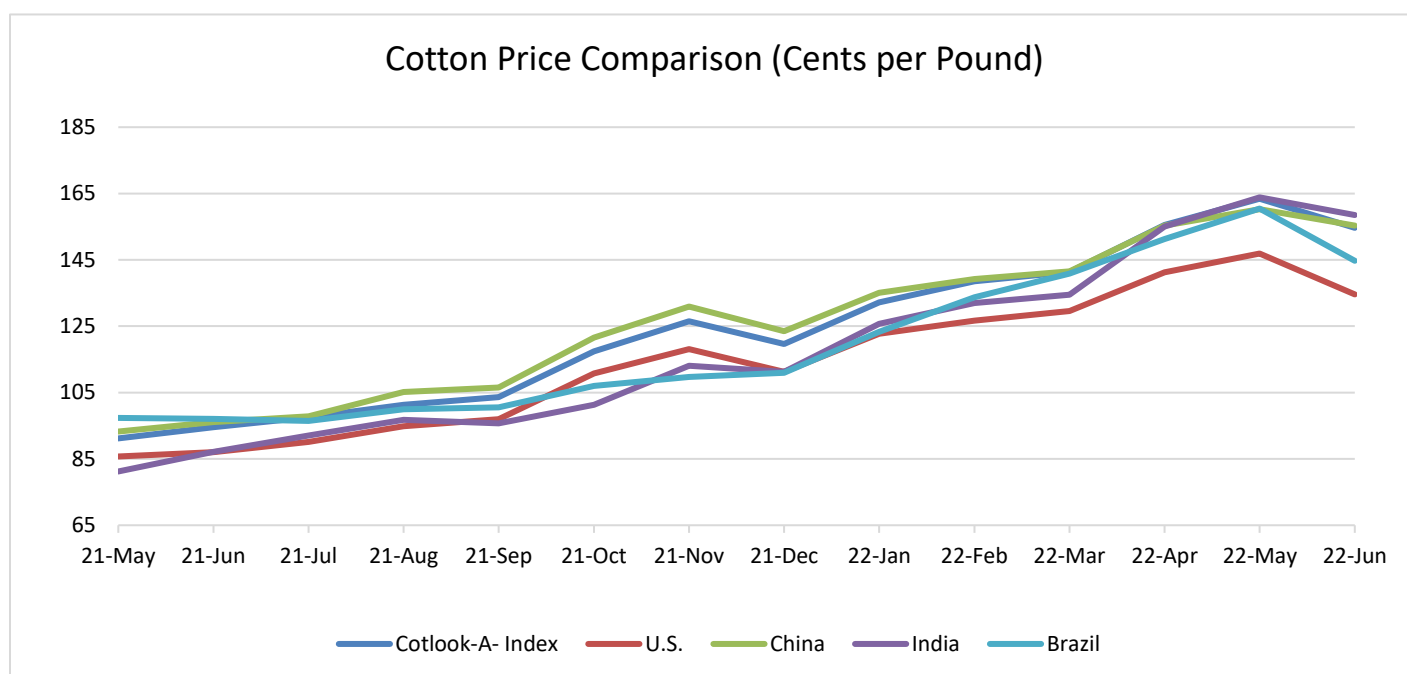
According to the USDA, WASDE Report, cotton production in the US may reduce in the coming 2022-23 season (August-July) to 35.92 lakh MT from 38.15 lakh MT of 2021-22. The production was 31.81 lakh MT in 2020-21. Cotton production is expected to increase in India, China, Brazil and Pakistan in 2022-23 season. Global production is projected to increase to 264.03 lakh MT in next season from 254.61 lakh MT of 2021-22.

The area under cotton cultivation in Brazil is estimated to be 15 percent higher at 1.58 million hectares in the 2022 season. With the increase area, production is estimated to reach 2.82 million tonnes. Yield is expected to grow by 3.8 percent at 1,785 kg/ha in the 2022 season.

According to the U.S. Crop progress report, as on 27th June 2022, U.S cotton Squaring stands at 33 percent which is higher as that of the previous season (30 percent).

Bearish trend continued in local Pakistan cotton market. The prices of cotton dropped significantly by Rs. 7,000 per maund, the prices of Phutti dropped by Rs. 3500 per 40kg and the spot rate decreased by Rs. 5300 per maund. As per, Pakistan Textile Mills Association, exports are likely to be affected due to suspension of gas supply to the industry. The area under cotton cultivation in Brazil is estimated to be 15 percent higher at 1.58 million hectares in the 2022 season. With the increase area, production is estimated to reach 2.82 million tonnes. Yield is expected to grow by 3.8 percent at 1,785 kg/ha in the 2022 season

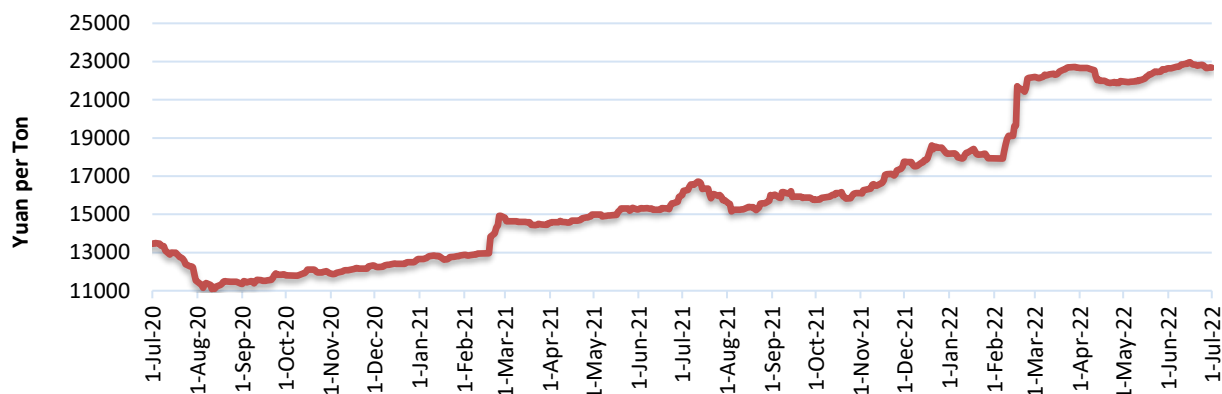
Domestic vs International Prices



Cotlook A Index	Monthly Average Price as on		% Change
	June	May	
Cotlook A Index	154.65	163.43	-5.37
India	158.51	163.85	-3.25
Cotton Index FC (M)	155.30	160.27	-3.10
Brazil Cotton Index	144.71	160.46	-9.81
USA Spot Price	134.55	146.91	-8.41

Prices in US cents per Pound

China Cotton Index(328)



Cotton Index	Monthly Average Price as on		% Change
	June	May	
CCIndex(328)	20439.68	22302.68	-8.35
CCIndex(527)	19164.88	20466.05	-6.36
CCIndex(229)	20937.16	22296.55	-6.10
Prices in Yuan per ton			

Source: USDA

Pakistan Spot Prices

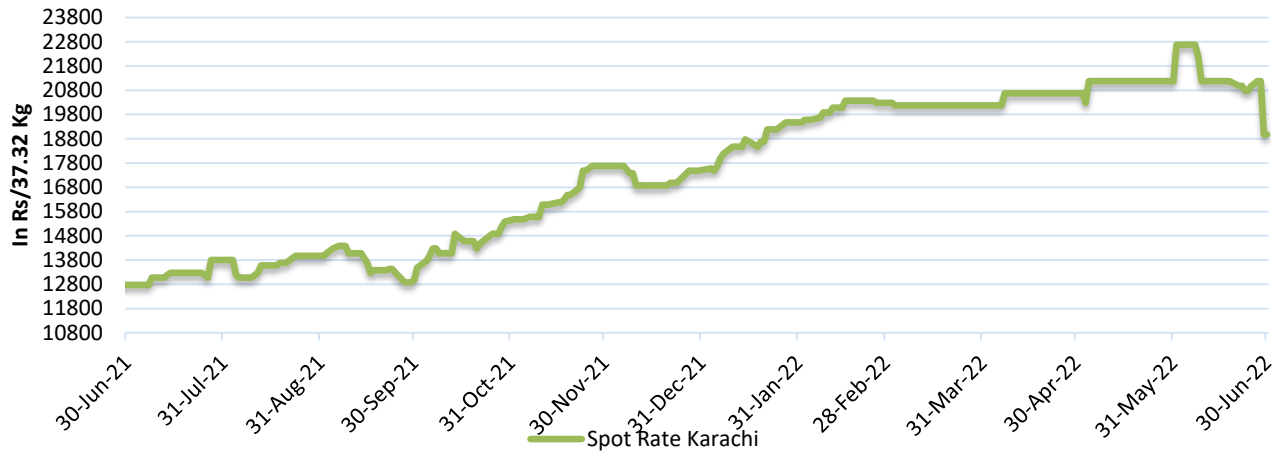
The Karachi spot price stood around Rs.20555/q slightly lower compared to the previous month.

Karachi Spot Prices	Monthly Average Price as on		% Change
	June	May	
Prices	20555	21420	-4.04
Prices in Rs per 37.32 Kg			

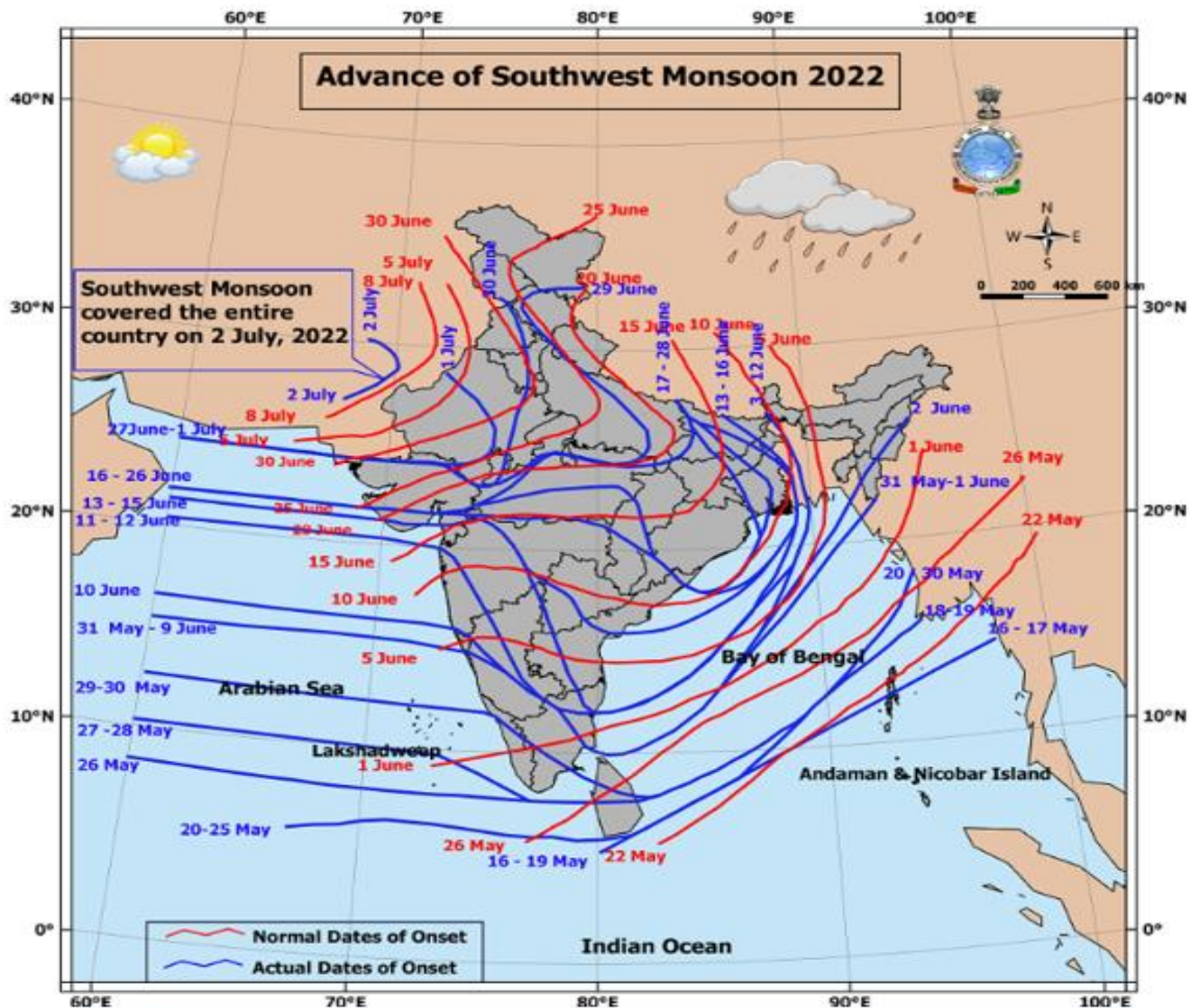
Source: Fibre2fashion.com



Spot Rate Karachi



Weather Forecast



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. There is 70 percent chance of normal rainfall in the coming July month, 20 percent chance of above normal rainfall and 10 percent chance of below normal rainfall. Also, India is likely to receive more rainfall in this season.

Cotton Sowing 2022-23 season:

The National Food Security Mission has released its latest sowing report, as per that cotton sowing has reached 64.07 lakh tonnes as on 01st July 2022 higher by around 2.34 percent as compared to previous season 61.73 lakh tonnes. Major increase in acreages was from Andhra Pradesh, Gujarat and Maharashtra.

Cotton Sowing (Lakh Hectares) As of 02 nd July 2022			
States	2021-22	2022-23	Difference
Andhra Pradesh	0.390	0.600	0.21
Karnataka	1.64	2.88	1.24
Gujarat	11.46	10.85	-0.60
Maharashtra	19.58	23.64	4.06
Madhya Pradesh	3.34	1.80	1.54
Rajasthan	5.36	5.56	0.20
Punjab	2.54	2.48	0.06
Haryana	6.74	6.50	0.24
All India	64.07	61.73	2.34

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

Technical Commentary:

- As depicted in the above chart, market has slightly corrected in the last week. Prices have broken up to 9 DMA.
- Market has broken below 23.6 percent Fibonacci retracement.
- Oscillator RSI indicating further decline in prices.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cotton	MCX	Jul	40930	41010	41330	41560	41680
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Jul	Sell	41340	41220	41120	41412

* Do not carry-forward the position next day.

Commodity: Cottonseed oil

Exchange: MCX

Contract: Jul

Expiry: Jul. 30, 2021

Cottonseed Oilcake

Technical Chart:

COTTON SEED OIL 1st(NCCOUC1)2022/07 - Monthly B:2627.00 A:2630.00
O 2644.00 H 2680.00 L 2603.00 C 2630.00 ↓ V 57,150 I 53,760 -18 -0.68%
SMA(9) 2896.9 (18) 2755.9 (50) 2322.4 (100) 2062.2

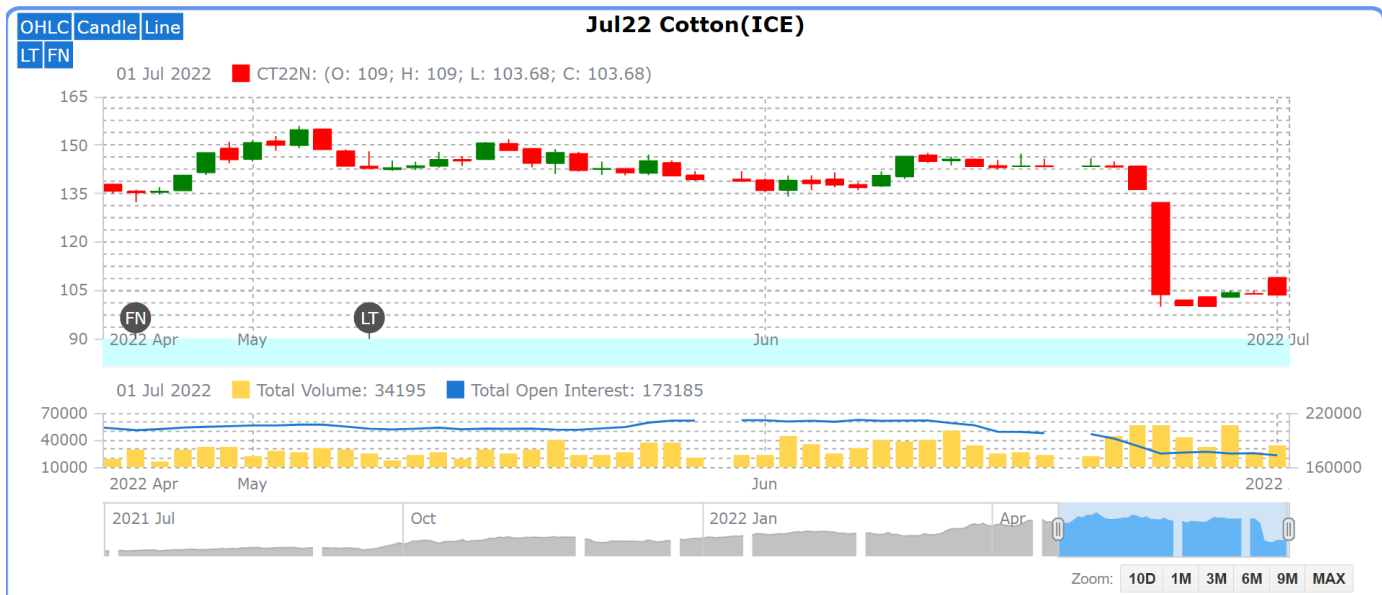


Technical Commentary:

- As evident from the above chart overall downward trend was followed in the last month.
- Currently market is trading below 9 & 18 DMA, Market has broken below 38.2 percent Fibonacci retracement level.
- RSI indicating weak buying strength.
- Market is expected to remain elevated in the coming week.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cottonseed oilcake	NCDEX	Jul	2514	2564	2630	3102	2805
Intraday Trade Call			Call	Entry	T1	T2	SL
Cottonseed oilcake	NCDEX	Jul	Sell	2640	2605	2580	2661

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.
- We expect cotton prices to remain firm in the coming month.

Expected Price Range During Coming month

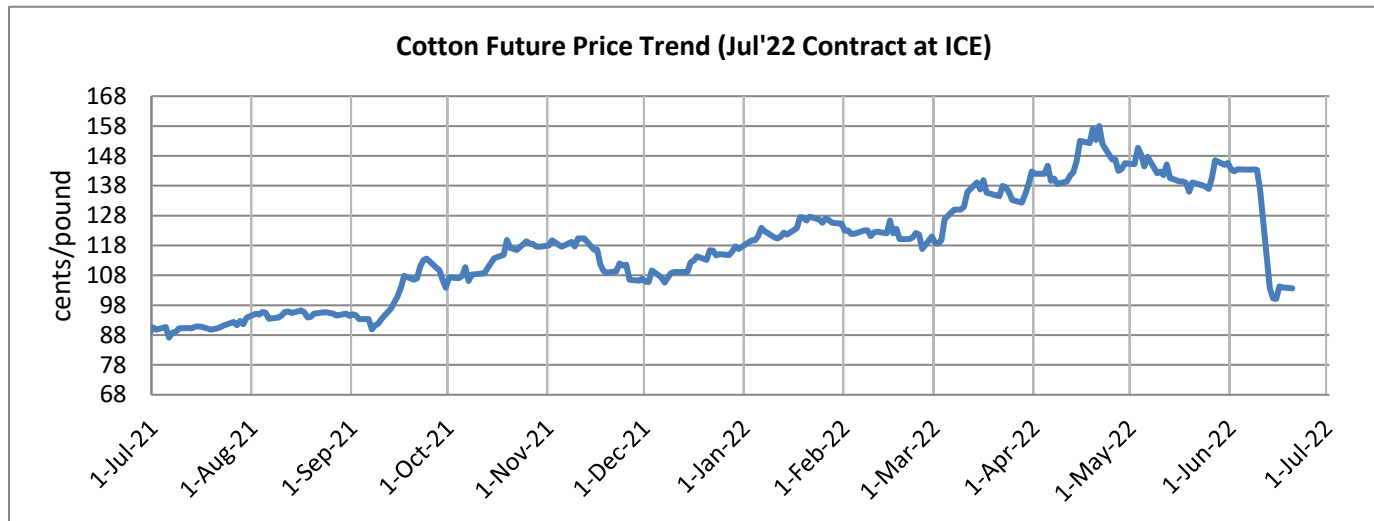
Expected Trend	Expected Trading Band
Range bound to Bullish momentum	102-135

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
102	96	114	120

Figures in US cents/pound

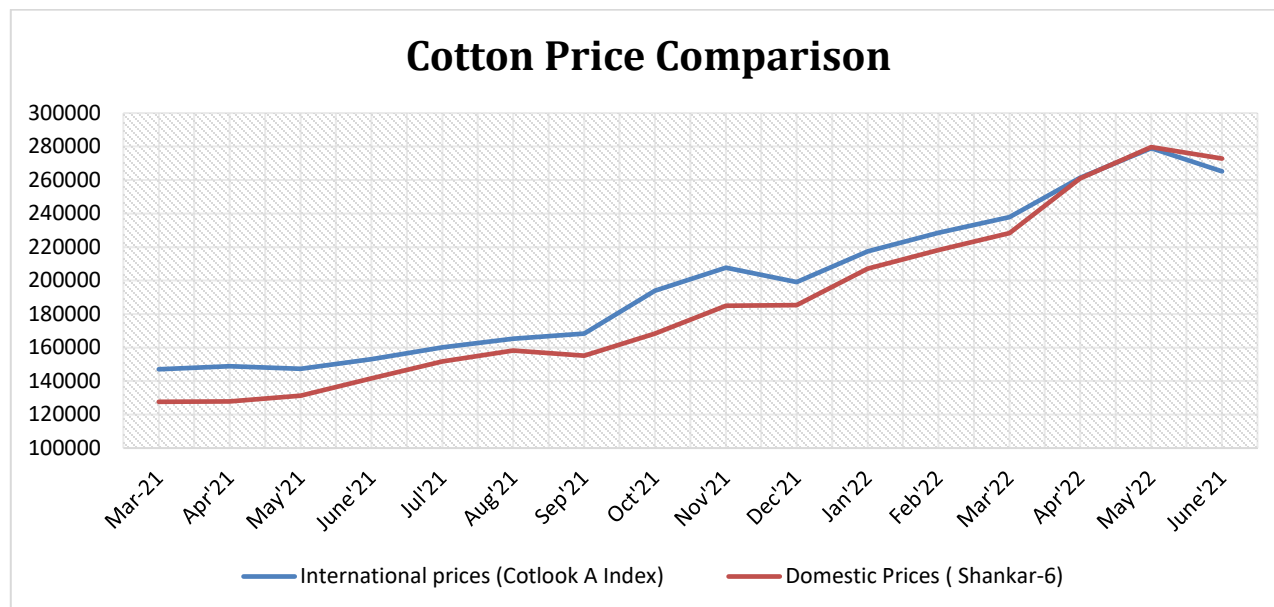
Future Price Trend (Active Contract):



ICE front month futures was higher by down 23% in Jul'22 month compared in Jun'22. The average of ICE Jul contract stood low around 103.68 cents/lbs in Jul'22, down by 23.80 points compared to the average price that stood in Jun'22 around 136.06 cents/lbs.

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	01-Jul-22	01-Jun-22 (1 month ago)	02-Apr-22 (3 months ago)	02-Jan-21 (6 months ago)	01-Jul-21 (a year ago)	% Change over a month	% Change over previous year
Jul-22	103.68	136.06	134.55	113.23	85.01	-23.80	21.96
Oct-22	105.38	126.60	130.93	110.91	86.49	-16.76	21.84
Dec-22	97.37	118.43	116.72	108.50	85.90	-17.69	13.48
Mar-22	93.37	114.30	110.68	97.90	85.79	-18.31	8.84
May-23	90.90	111.39	106.21	92.95	85.56	-18.39	6.24

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	June'22	May'22	
Gujarat	Ahmedabad	Shankar-6	12341	13280	-939
	Gondal	Shankar-6	12671	13709	-1038
	Rajkot	B.T. Cotton	12669	13407	-738
	Patan	B.T. Cotton	NA	11941	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	11777	11805	-28
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	11644	12612	-968
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	13500	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-



Maharashtra	Amravati	Mech-1	12472	12572	-100
	Jamner	Medium Staple	11804	12144	-340
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	11939	13172	-1233
Karnataka	Bijapur	Bunny	11662	13323	-1661
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	12543	12880	-337
Commodity	Lint		Montly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	June'22	May'22	
Punjab	Bhatinda	J-34	10050	10673	-623
	Abohar	J-34	10124	10694	-570
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	9156	10028	-872
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	June'22	May'22	
Gujarat	Ahmedabad	Shankar-6	126650	325550	-198900
	Gondal	Shankar-6	11068	34383	-23315
	Rajkot	B.T. Cotton	13825	33210	-19385
	Patan	B.T. Cotton	NA	6288	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	113	334	-221
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	11322	43554	-32232
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	12	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-

	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	186000	284300	-98300
	Jamner	Medium Staple	595	358	237
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	3204	7172	-3968
Karnataka	Bijapur	Bunny	4252	7380	-3128
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	99	160	-61
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	June'22	May'22	
Punjab	Bhatinda	J-34	NA	111	-
	Abohar	J-34	NA	400	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	535.5	6460	-5925
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				June'22	May'22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	69277	70227	-950
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	69977	70927	-950
J-34(202)	26mm	3.5 - 4.9	23	88319	95354	-7035
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	94638	98496	-3858
Shankar-6(105)	29mm	3.5 - 4.9	28	97135	99562	-2427
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	105692	106192	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	110769	114942	-4173

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