

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:

According to the data released by Agriculture Ministry, as of 05th Aug 2022, Cotton sowing has been reported at 121.12 lakh hectares which was 113.50 lakh hectares in the previous 2021-22 season. As per AgriWatch Cotton sowing is progressing slowly and has been affected due to excessive rains in parts of central and southern parts of India.

As per AgriWatch sources, the Cotton crop has been affected in the northern states of Punjab, Haryana and Rajasthan due to excessive rains in July month. The cotton crop has been affected in terms of yield and pest incidence as a result of that the cotton crop arrivals are expected to come late in the 2022-23 season (it is expected to come from 1st week of September 2022).

Overall, the cotton acreage in the north is expected to be around 1.5 million hectares and for southern states is likely to remain at around 3.5-4.0 million hectares. Agriwatch expects overall the area under cotton

cultivation to be 137 lakh hectares in the 2022-23 season. Meanwhile, In Punjab, the area under cotton cultivation is lowest since 2010, also the Cotton crop is on the radar for a second straight year as attacks of whitefly and pink bollworm has been witnessed in Punjab.

As per the Punjab Agriculture Department, white fly attack was observed in 751 fields across the state. In around 370 fields, the white fly presence had crossed the economic threshold level (ETL). In the previous season, Pink bollworm infestation has damaged around 4 lakh acres out of 6.22 lakh acres of total cotton area. The major cotton growing belts in Punjab includes Bathinda, Fazilka, Mansa, Mukatsar, Moga, Barnala, Sangrur and Faridkot. As per the sources, there is a heavy white fly attack in Bathinda and Mansa and around 50% of the crop is under threat.

Along with northern states, Cotton Crop has been damaged due to excessive rains in Gujarat, Maharashtra, and Telangana. Cotton sowing in Maharashtra is expected to cross 4.2 million hectares. In Gujarat, it would be around 2.7 million hectares. Heavy rains in Central and South Gujarat have resulted in damage to the Kharif crop on over 50,000 hectares. As per the market sources, water logging in the fields has resulted in complete damage to the cotton crop in some areas.

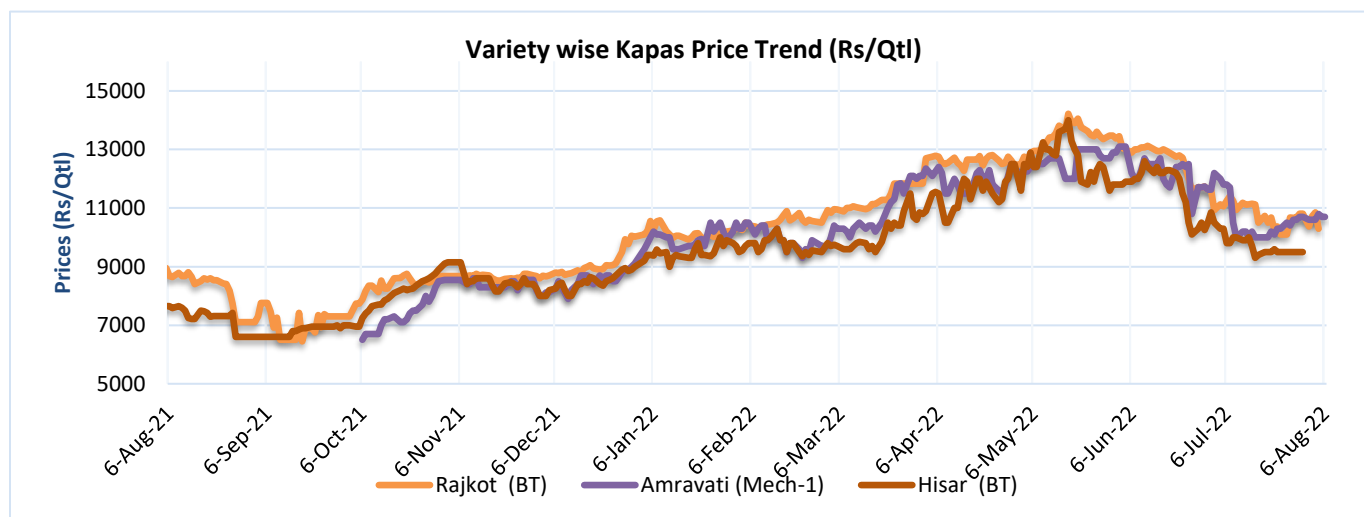
As per Agriwatch, for the coming month heavy rains may be witnessed across the key cotton-growing regions such as Maharashtra, Marathwada, Vidarbha, Telangana, Gujarat, Saurashtra, and Madhya Pradesh. Also, Due to these heavy rains cotton crop is likely to get affected in these region.

The areas of Adilabad, Karimnagar, Nizamabad, Warangal, Khammam, Medak, and other some districts in Telangana have witnessed heavy rains last month. These rains and floods have damaged around 20 lakh acres of cotton fields, in the previous season around 25 lakh acres of cotton crop was destroyed due to heavy rains. In the Vanakalam (Kharif) season this year, farmers had sown cotton in around 43 lakh acres, but incessant rains have damaged around 20 percent of the crop. The cotton farmers are worried over the sowing in the rainy season as delay in sowing would adversely affect the yield.

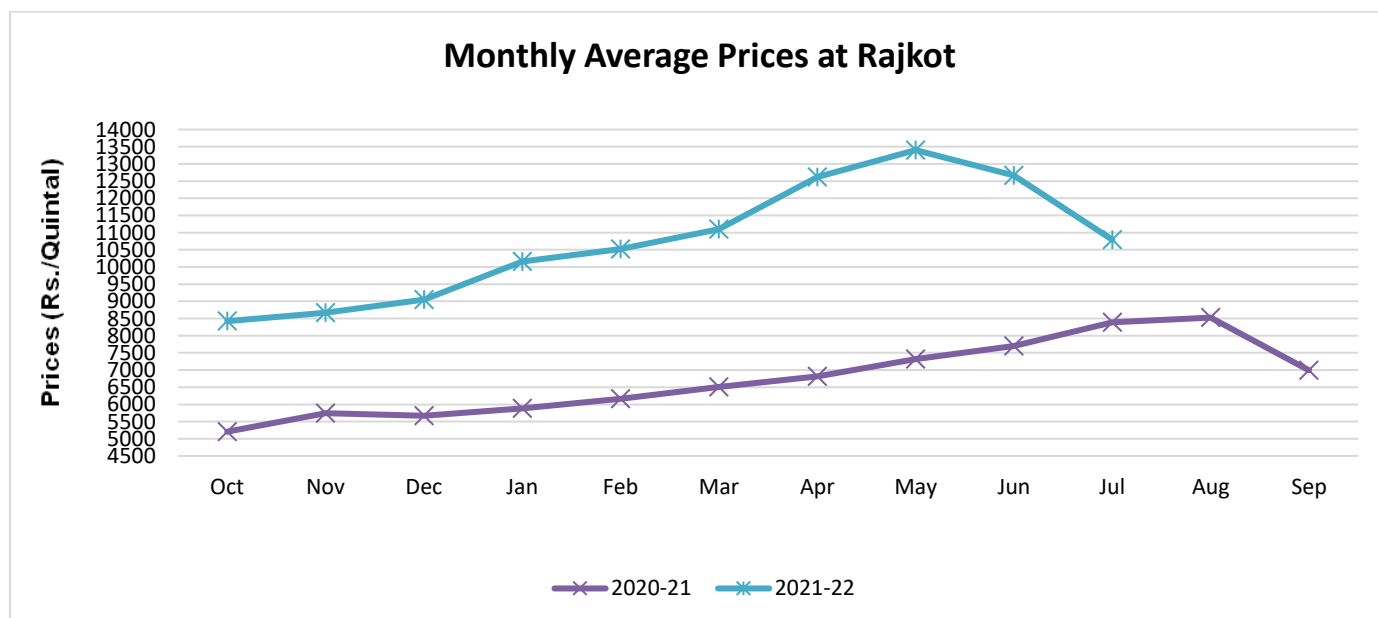
Domestic Cotton Prices Scenario

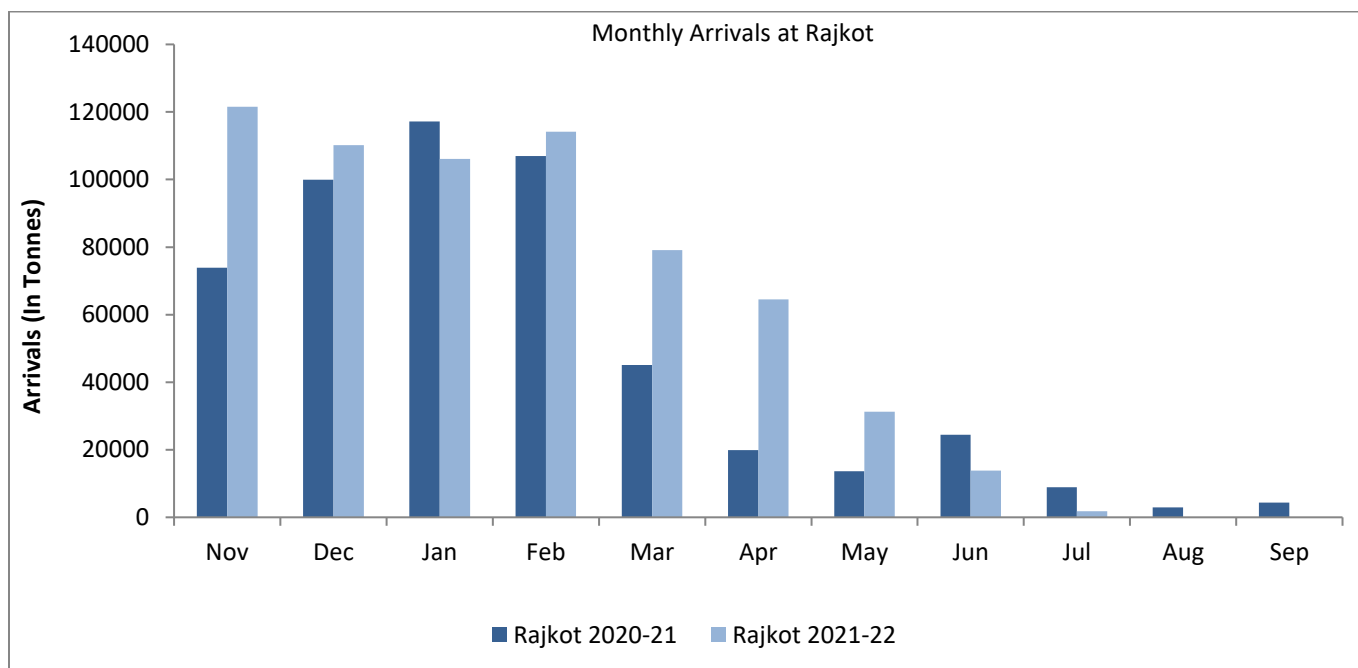
Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot and other markets were significantly lower and stood at Rs.10,851/quintal in Rajkot as compared to previous month price of Rs. 12,684/quintal and prices have fallen in Amravati in the July month and were at Rs. 10,639/quintal.



Kapas Monthly M-o-M Price Scenario

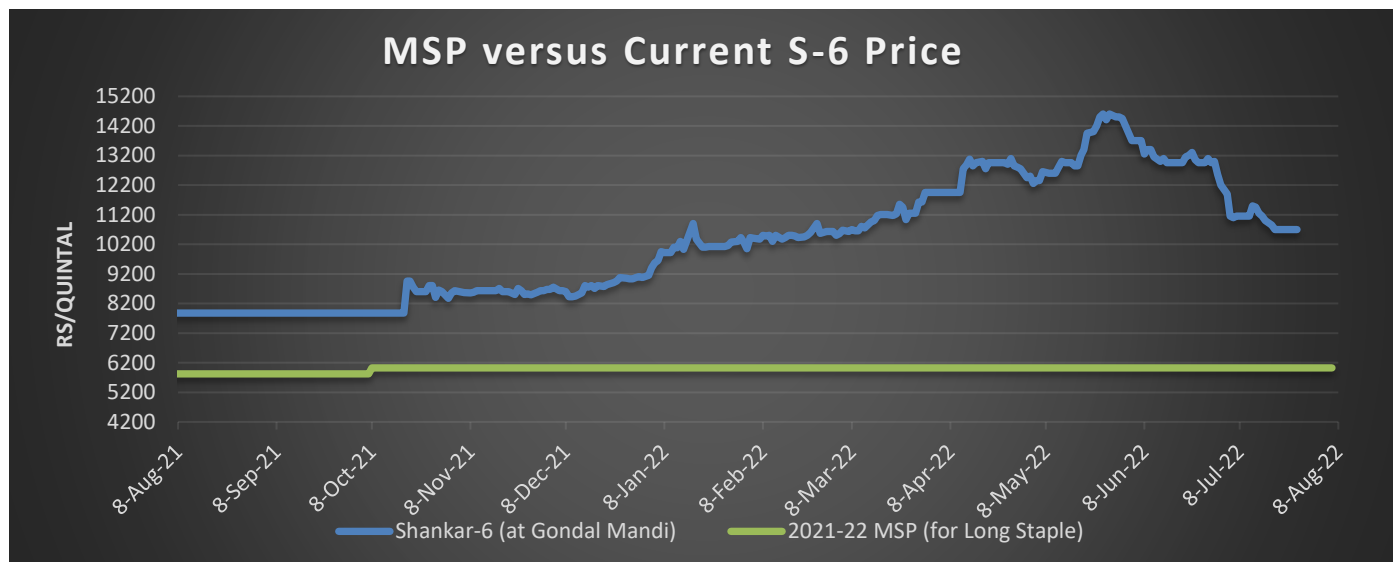




The arrivals in the month of July has declined in the market as the 2021-22 season is coming towards its end, whereas the prices continued to remained stable trend and the monthly average price was at Rs. 10,797/Qtl compared to the prices during the corresponding month of the previous season. (Rs. 8392/Qtl)

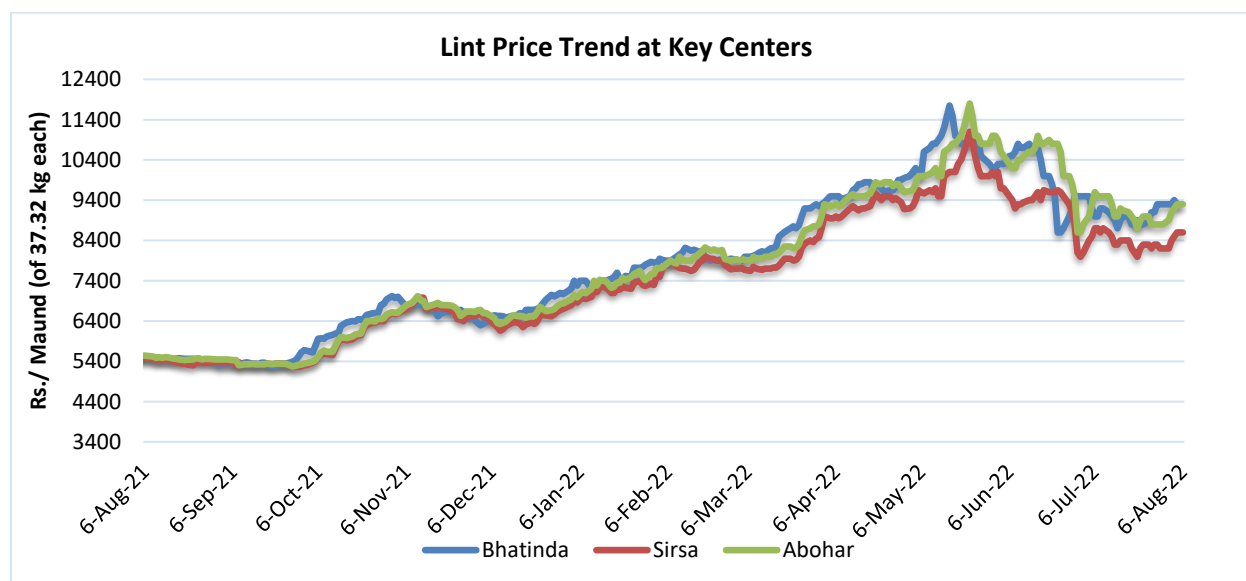
Spot Price versus MSP

Average kapas price at Gondal market stood slightly lower at Rs. 10,948/qt in July 2022 as compared to Rs. 12,683/qt in June 2022.



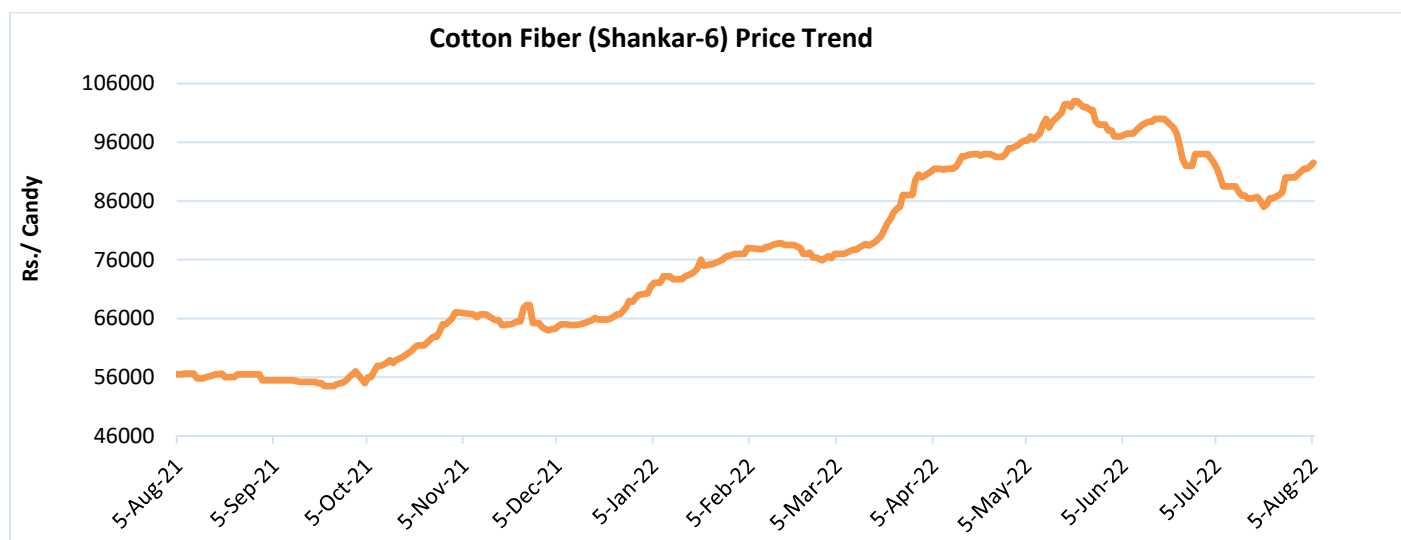
Lint price Outlook

Monthly average price of Lint at Sirsa stood lower compared to previous month at Rs.8365 per maund of 37.32 kg each in July whereas in Bhatinda market the prices have decreased and were at Rs. 9080 per maund of 37.32 kg each.



Cotton Fiber price Outlook

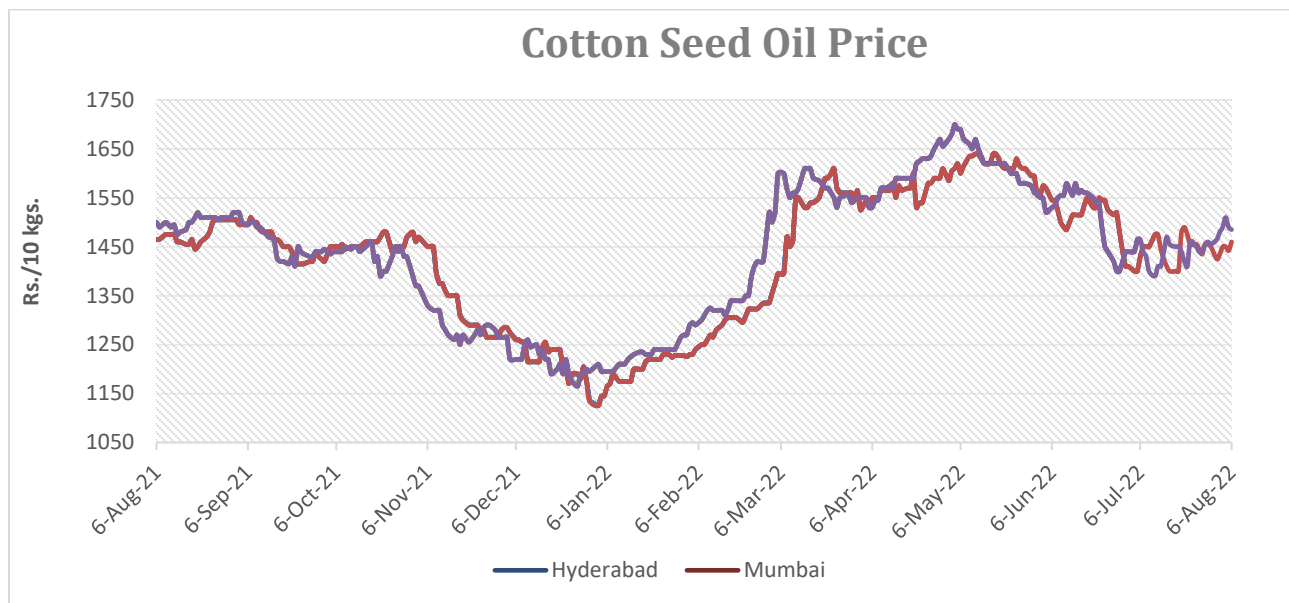
The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.88492 per candy (of 355.6 kg each) during the July month, lower than Rs.97134 per candy from previous month. Agriwatch expects cotton fiber to remain around of Rs.92,500-95,800 per candy in the coming month.



Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1447 per 10 Kg, Rs. 1448 kg in Rajkot and Rs.1444 per 10 kg in Mumbai.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	July	June	
New Delhi	1428	1477	-3.71
Rajkot	1448	1508	-3.99
Hyderabad	1447	1488	-2.74
Mumbai	1444	1507	-4.19

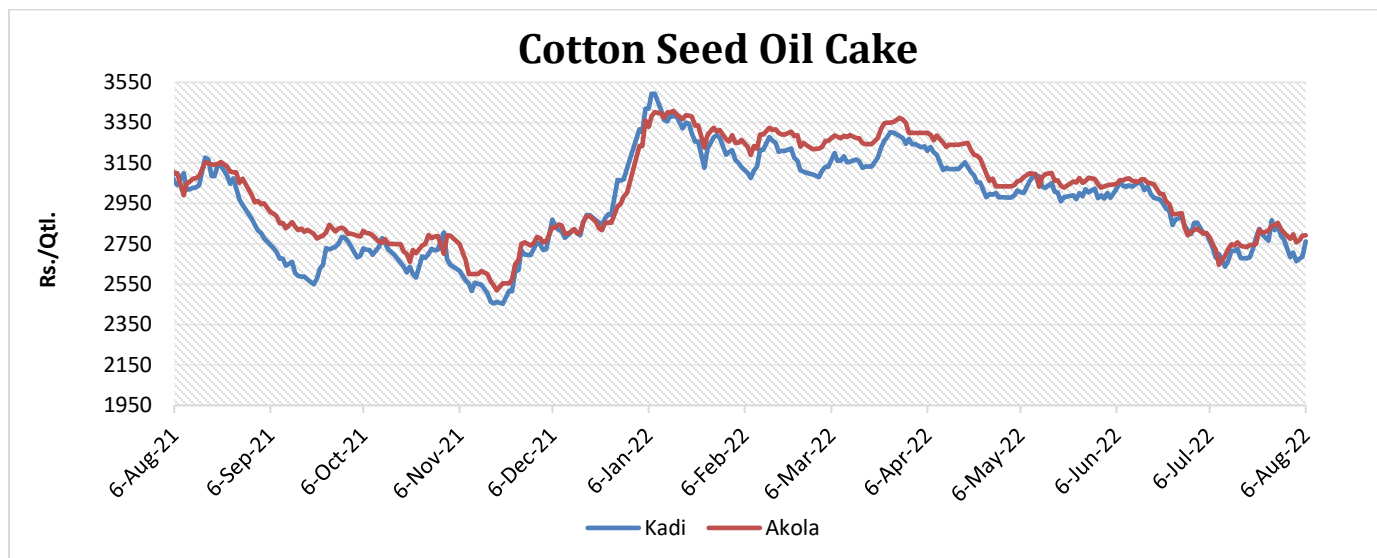


Cotton Seed Oil Cake monthly Price Scenario

The average price of cottonseed oilcake in the Kadi market has decreased and was at Rs. 2756 per quintal from Rs. 2965 per quintal and in Akola was at Rs. 2774 per quintal from Rs. 2996 per quintal the previous month. The demand in the local market has fallen in July as compared to previous months.

Centers	Monthly Average Price as on (Rs/quintal.)		% Change
	July	June	
Kadi	2756	2955	-7.03
Akola	2774	2996	-7.42

*Source: NCDEX

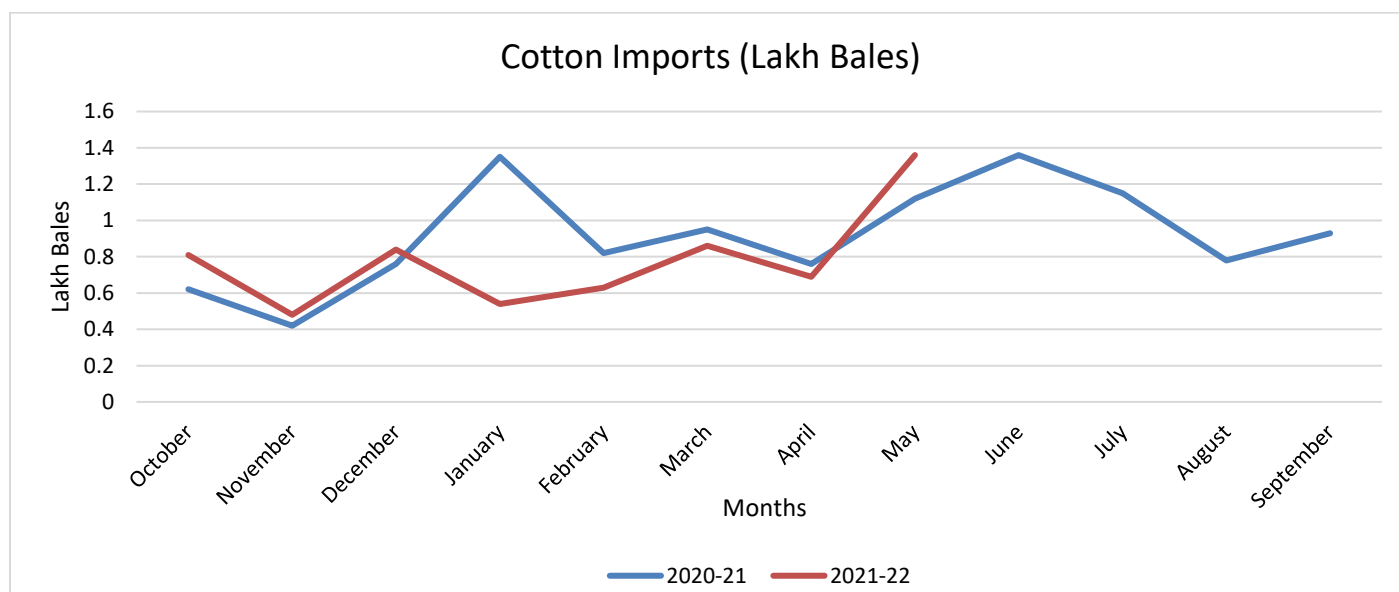
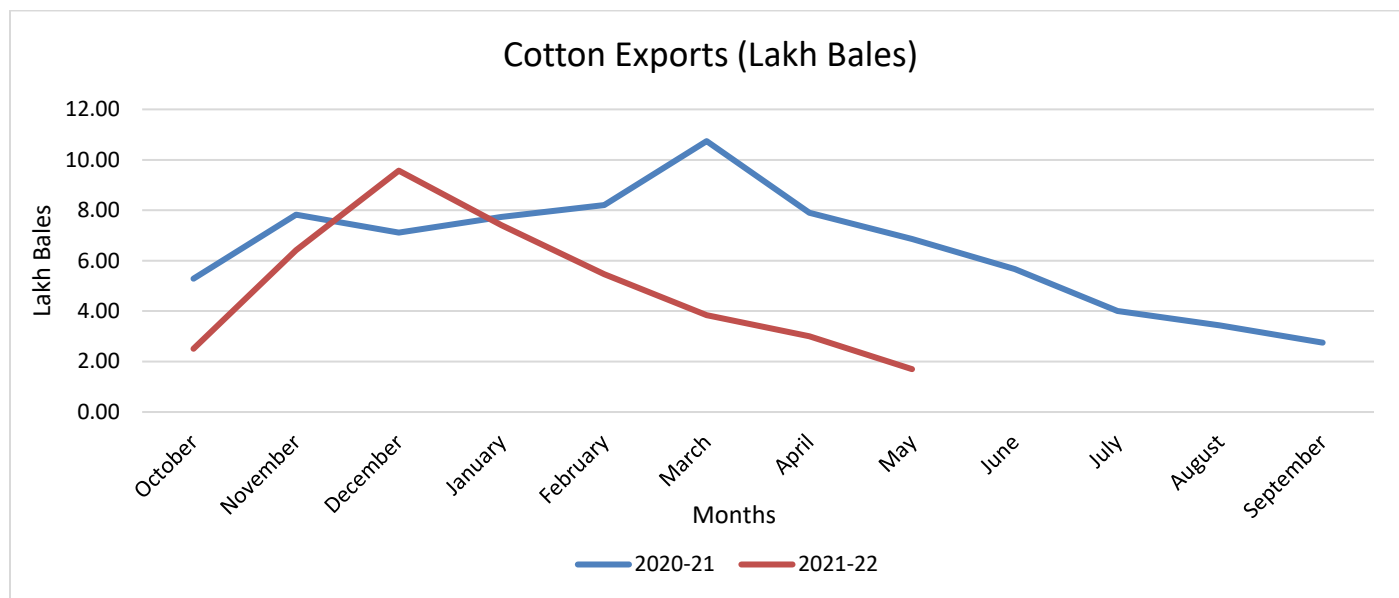


Monthly Price Outlook :

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	30 th June-2022	30 th July-2022
Actual Price at end of the month	8800	8675	10020	10235	10500	11840	12460	13475	11625	10805
Average Price for the month	8422	8667	9047	10157	10518	11097	12620	13407	12669	10797

The Cotton prices in Rajkot market are currently trading at Rs. 10,275 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)			
	2020-21	2021-22	2022-23
Beginning Stock	22.12	20.61	20.37
Production	24.37	25.44	25.81
Supply	46.49	46.05	46.18
Consumption	25.66	26.15	26.11
Exports	10.62	9.63	10.04
Ending Stocks	20.61	20.37	20.07

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 24.37 million tonnes to 25.44 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 26.15 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 Cotton estimate for the 2021-22 season, Global cotton production is lowered by 725,000 bales due primarily to a decline in Brazil. Global use is estimated lower by 1.9 million bales, and ending stocks are up over 1.0 million bales. Further, Global trade is down with a 1.3-million-bale drop in imports and a 1.2-million-bale drop in exports. Notable decreases in imports were seen from Bangladesh, China, India, and Vietnam. Also, exports are down from Australia, India, Mali, and the United States.

Global Cotton Balance Sheet Million Bales (480 lb)			
	2020-21	2021-22#	2022-23*
Opening Stock	97.65	88.07	84.04
Production	111.48	116.22	120.07
Imports	49.08	43.32	46.37
Total Supply	258.21	247.61	250.48
Domestic Use	121.69	119.79	119.92
Exports	48.50	43.93	46.38
Total Demand	170.14	163.57	166.20
Ending Stock	88.07	84.04	84.26
Stock/Use Ratio	51.76%	51.38%	50.70%

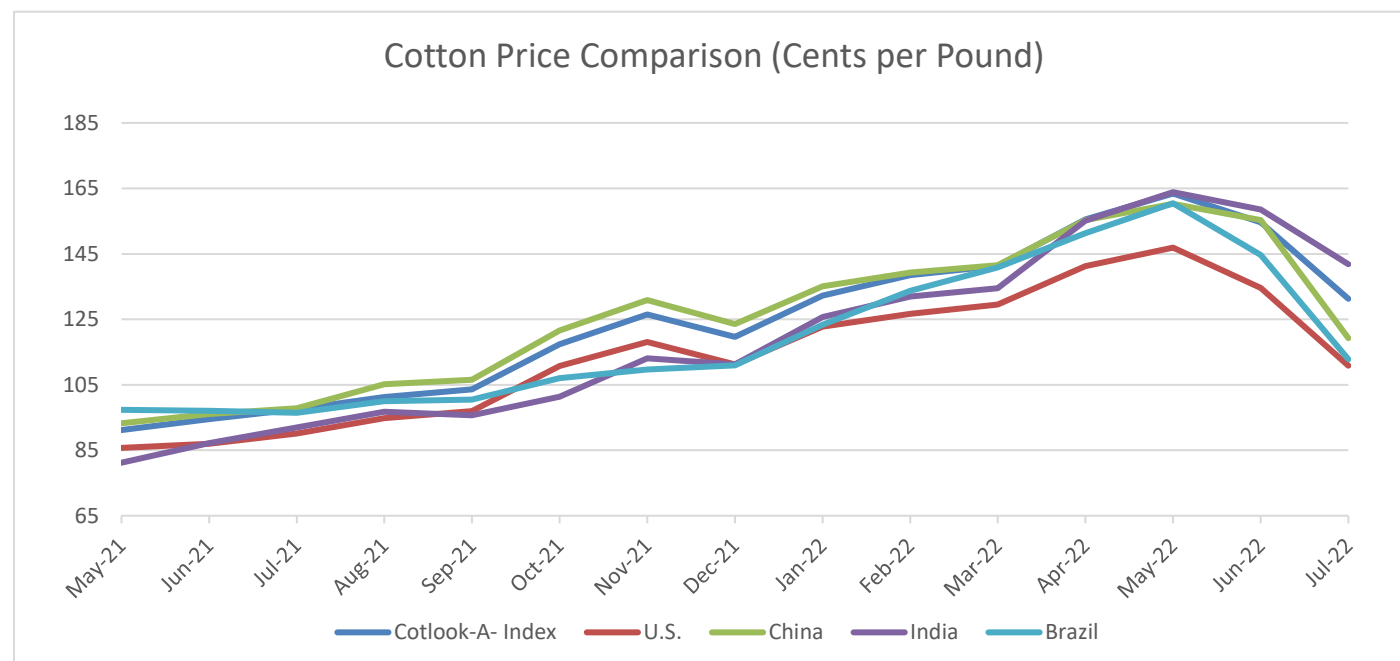
Source: USDA *Global projected 2022-23, #estimated

Overall Global Cotton production is estimated at 116.22 million bales in the 2021-22 season, Imports are estimated at 43.32 million, bales and domestic use at 119.79 million bales. Further global exports for the 2021-22 season are estimated at 43.93 million bales resulting in an ending stock of 84.04 million bales. Stock to use ration for the 2021-22 season is estimated at 51.38 percent.

According to the USDA WASDE Report, Cotton estimate for the 2022-23 season, Global production is lowered by 1.2 million bales to just over 120 million bales with a marked decline in the U.S. crop and a slight decline for Brazil. Global use is down 1.6 million bales due primarily to declines in Bangladesh, China, India, and Vietnam, and ending stocks are increased by 1.5 million bales. Global trade is down, with imports and exports decreasing by 1.1 million bales each.

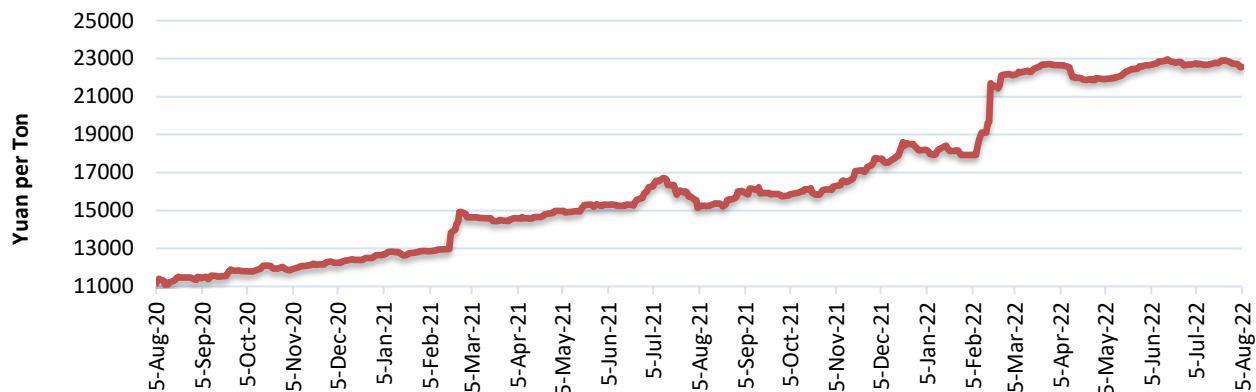
According to the U.S. Crop progress report, as on 07th Aug 2022, U.S cotton Squaring stands at 95 percent, a bit ahead of the 93 percent 5 years average. Bolls setting were at 69 percent, ahead of the 64 percent 5 years average. Cotton Crop condition took a noteable drop, mostly in Texas, Oklahoma and Tennessee.

Domestic vs International Prices



Cotlook A Index	Monthly Average Price as on		% Change
	July	June	
Cotlook A Index	131.30	154.65	-5.37
India	141.85	158.51	-3.25
Cotton Index FC (M)	119.22	155.30	-3.10
Brazil Cotton Index	112.82	144.71	-9.81
USA Spot Price	110.86	134.55	-8.41
Prices in US cents per Pound			

China Cotton Index(328)



Cotton Index	Monthly Average Price as on		% Change
	July	June	
CCIndex(328)	16814.71	20439.68	-17.73
CCIndex(527)	15628.21	19164.88	-18.45
CCIndex(229)	17192.88	20937.16	-17.88
Prices in Yuan per ton			

Source: USDA

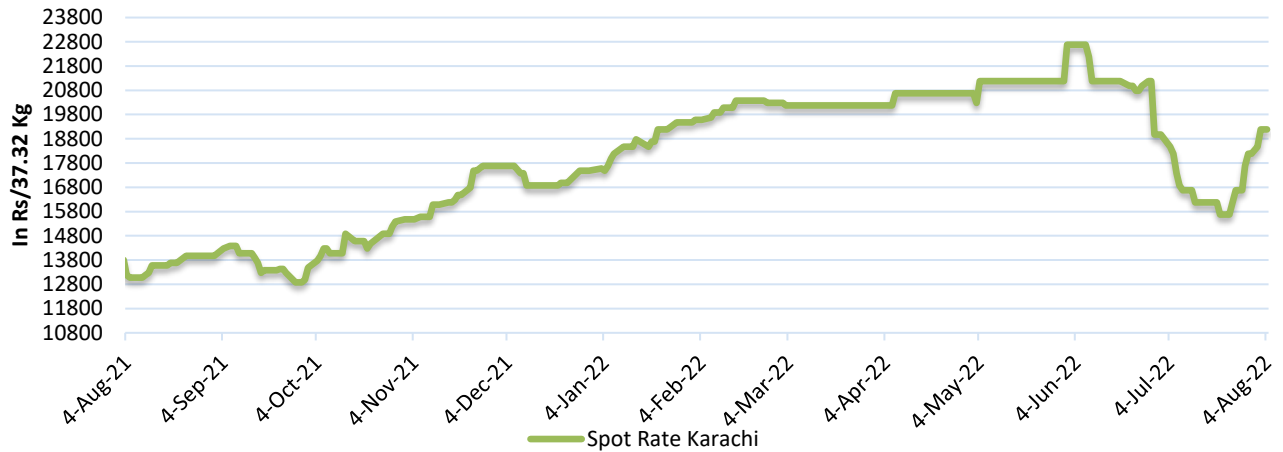
Pakistan Spot Prices

The Karachi spot price stood around Rs.16854/q slightly lower compared to the previous month.

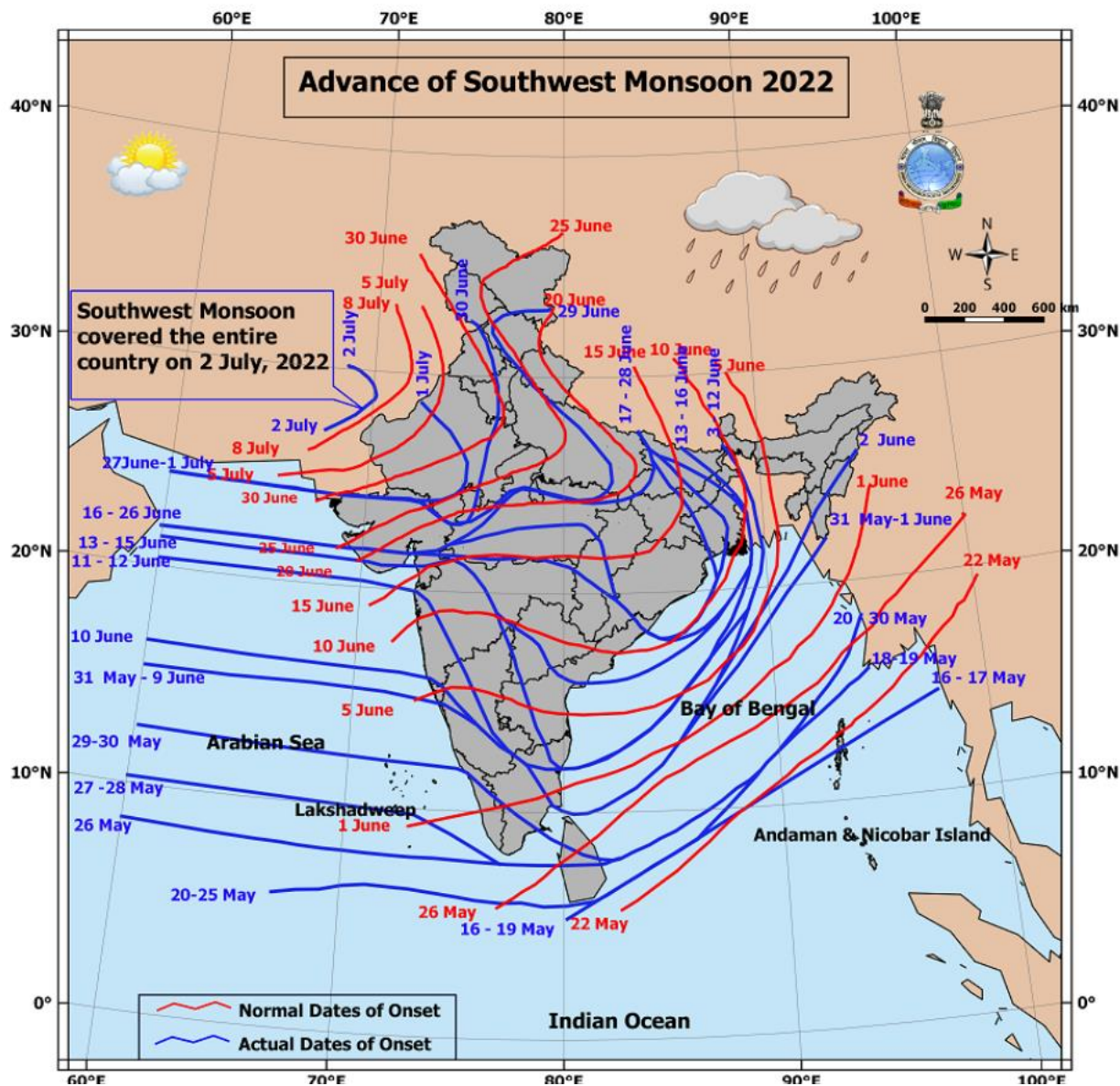
Karachi Spot Prices	Monthly Average Price as on		% Change
	July	June	
Prices	16854	20555	-18.01
Prices in Rs per 37.32 Kg			



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 121.12 lakh tonnes as on 05th Aug 2022 higher by around 7.64 percent as compared to previous season 113.50 lakh tonnes. Major increase in acreages was from Andhra Pradesh, Gujarat and Maharashtra.

Cotton Sowing (Lakh Hectares) As of 02nd July 2022			
States	2021-22	2022-23	Difference
Andhra Pradesh	3.56	4.67	1.11
Karnataka	5.06	7.39	2.32
Gujarat	22.22	25.04	2.82
Maharashtra	38.74	41.71	2.97
Madhya Pradesh	6.00	5.99	0.01
Rajasthan	5.99	6.47	0.47
Punjab	2.54	2.48	0.06
Haryana	6.88	6.50	2.37
All India	113.50	121.12	7.62

Monthly Technical Outlook:

Commodity: Cotton
Exchange: MCX
Contract: Aug.
Expiry: Aug. 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	Aug	47600	47680	48020	48230	48350
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Aug	Buy	48010	48110	48200	47940

* Do not carry-forward the position next day.

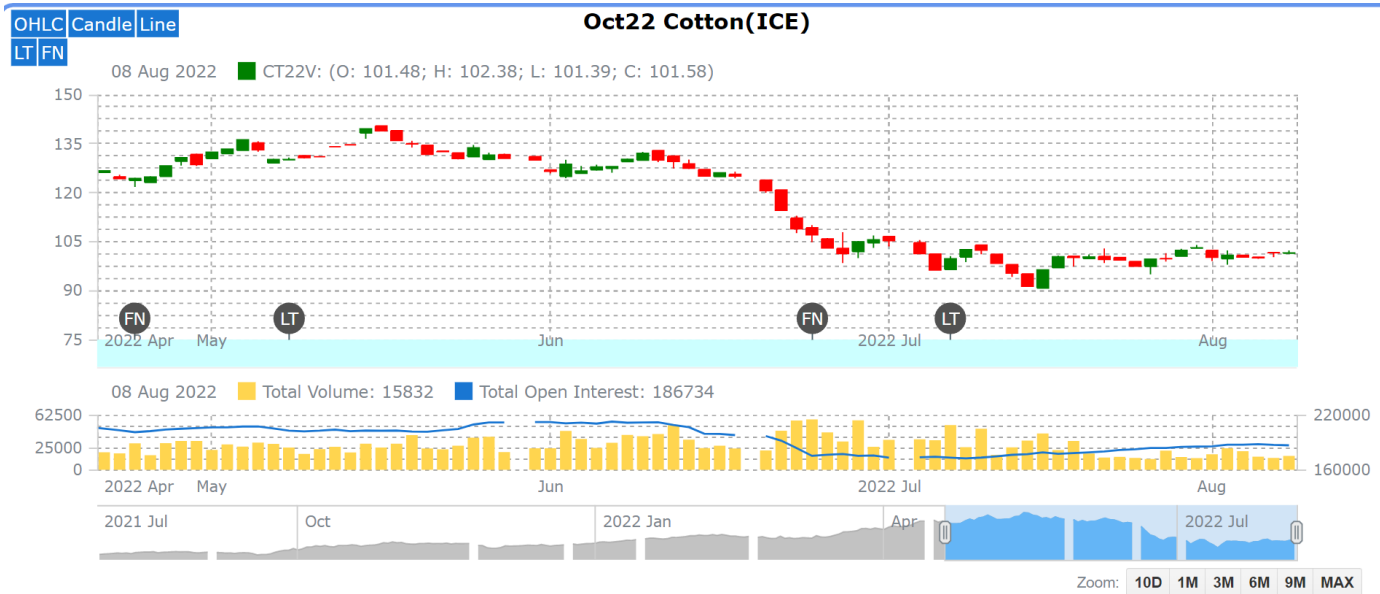
Commodity: Cottonseed oil
Exchange: MCX
Contract: Aug
Expiry: Aug. 30, 2021
Cottonseed Oilcake
Technical Chart:

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	Aug	2488	2558	2678	2818	2878
Intraday Trade Call			Call	Entry	T1	T2	SL
Cottonseed oilcake	NCDEX	Aug	Buy	2668	2768	2788	2598

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



- The Oct'22' contract remained stable 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

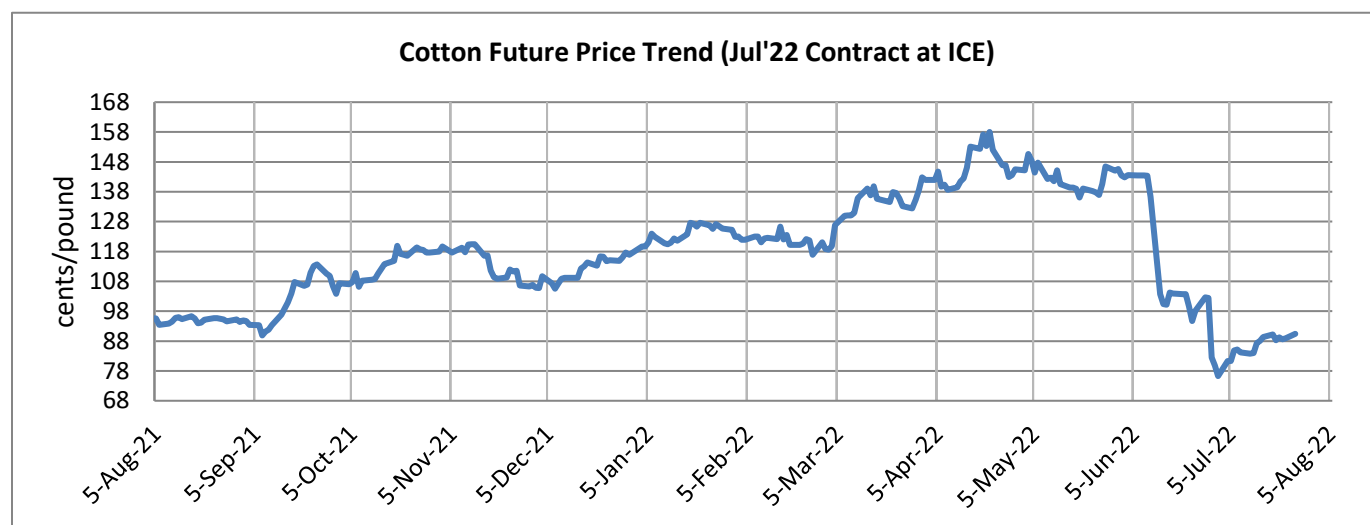
Expected Trend	Expected Trading Band
Range bound to Bullish momentum	102-135

Expected Support and Resistance

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

Figures in US cents/pound

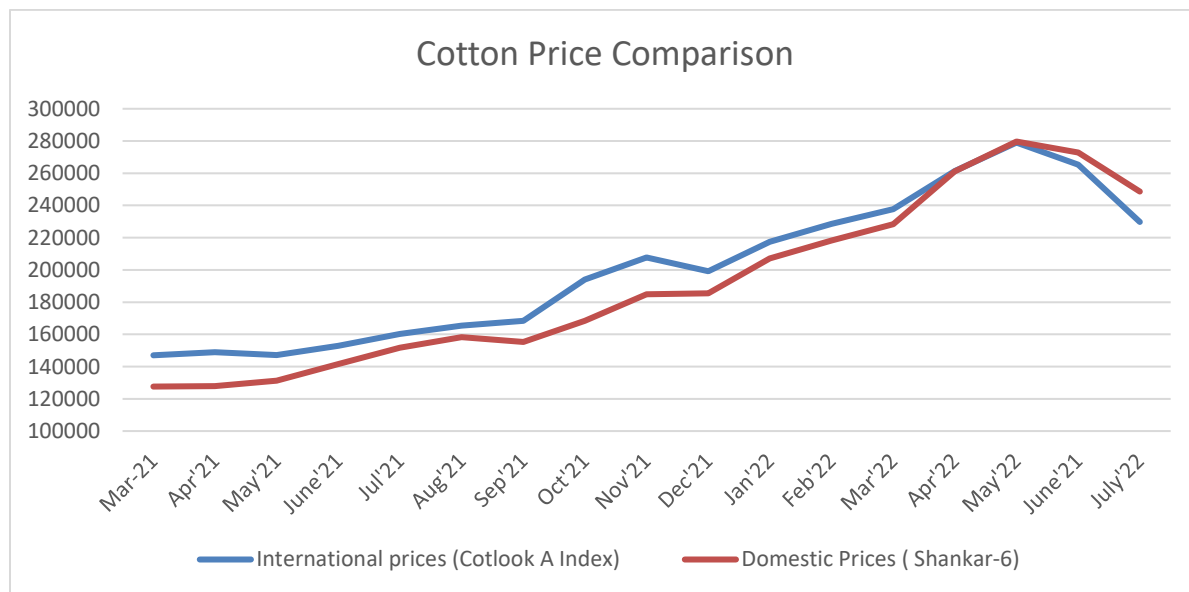
Future Price Trend (Active Contract):



ICE front month futures was down by 12% in Aug'22 month compared in July'22. The average of ICE Jul contract stood low around 90.43 cents/lbs in Aug'22, down by 12.78 points compared to the average price that stood in July'22 around 103.68 cents/lbs.

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	05-Aug-22	06-Jul-22 (1 month ago)	07-May-22 (3 months ago)	06-Feb-21 (6 months ago)	05-Aug-21 (a year ago)	% Change over a month	% Change over previous year
Jul-22	90.43	103.68	148.76	120.96	87.87	-12.78	2.91
Oct-22	85.02	103.57	133.19	108.46	90.30	-17.91	-5.85
Dec-22	96.13	94.90	126.44	103.81	89.87	1.30	6.97
Mar-22	93.80	90.85	120.66	126.74	89.58	3.25	4.71
May-23	92.35	88.61	152.02	123.99	89.02	4.22	3.74

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
			July'22	June'22	
Gujarat	Ahmedabad	Shankar-6	NA	12341	-
	Gondal	Shankar-6	10823	12671	-1848
	Rajkot	B.T. Cotton	8648	12669	-4021
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	10218	11777	-1559
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	9807	11644	-1837
	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	10664	12472	-1808
	Jamner	Medium Staple	9642	11804	-2162
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	10249	11939	-1689
Karnataka	Bijapur	Bunny	9861	11662	-1801
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10339	12543	-2205
Commodity	Lint		Montly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	July'22	June'22	
Punjab	Bhatinda	J-34	9081	10050	-969
	Abohar	J-34	9079	10124	-1045
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	8365	9156	-790
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	July'22	June'22	
Gujarat	Ahmedabad	Shankar-6	NA	126650	-
	Gondal	Shankar-6	2131	11068	-8937
	Rajkot	B.T. Cotton	1845	13825	-11980
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6	113	-107
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2083	11322	-9240
	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	100500	186000	-85500
	Jamner	Medium Staple	850	595	255
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	1135	3204	-2069
Karnataka	Bijapur	Bunny	1805	4252	-2447
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	44	99	-55
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	July'22	June'22	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	535.5	-
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
				July'22	June'22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	61254	69277	-8023
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	61954	69977	-8023
J-34(202)	26mm	3.5 - 4.9	23	7977	88319	-80342
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	85008	94638	-9631
Shankar-6(105)	29mm	3.5 - 4.9	28	88492	97135	-8642
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	92885	105692	-12808
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	100769	110769	-10000

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