

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	315.60
Imports	10.00	12.00
Total Supply	478.82	406.42
Exports	75.00	40.00
Consumption	325.00	330.00
Total use	400.00	370.00
Ending Stock	78.82	36.42
Stock-to-Use ratio	19.71%	9.84%

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 9.84% 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 trade sources, Indian cotton production for the 2022-23 season is expected to increase to 375 lakh bales as compared to 312 lakh bales in the 2021-22 season. Prices are further expected to come down in the 2022-23 season. The increase in acreages, good crop and with a demand slowdown in the cotton value chain may cause supply pressure thereby triggering a downward price trend in the 2022 year. AgriWatch expects cotton production to reach 348.16 lakh bales in the 2022-23 season.

Indian Cotton Association Limited (ICAL), expects cotton production in northern India to increase by 23.40% in the coming 2022-23 season. Despite of lower acreages and limited damage in the few areas of Punjab overall the production in north is expected to increase amid good crop progress. As per AgriWatch, currently, the crop is in good condition and arrivals have also begun in the market, arrivals are further expected to increase from October month.

Area and Production Estimate of Northern and NW India States by ICAL:

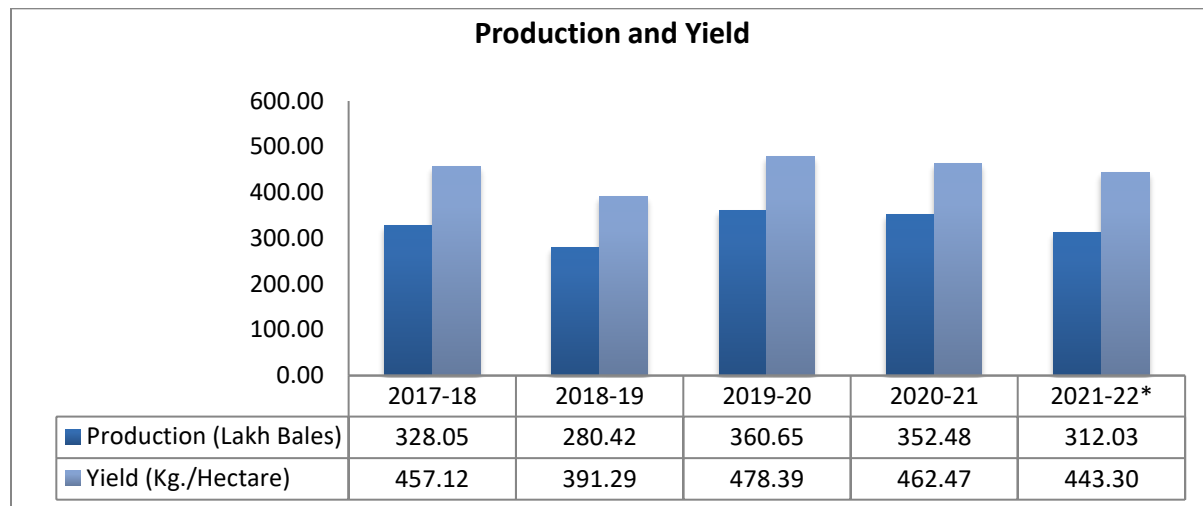
North Indian Area & Production						
States	Area (lakh hectares)		Production (lakh bales)		Agriwatch (Production Estimate: lakh bales)	
	2021-22	2022-23*	2021-22	2022-23*	2021-22	2022-23*
Punjab	2.54	2.48	7.21	6.89	7.82	6.30
Haryana	6.88	6.50	15.11	19.49	17.48	19.63
Rajasthan	6.28	6.52	26.12	33.08	25.84	29.27

Source: ICAL; Agriwatch

According to Cotton Association of India, despite the increased acreage of cotton across the country, prices are unlikely to go below Rs 70,000 per candy even after the new cotton season arrives in October as cotton crop output in the US and China is likely to remain low. Apart from this, the Cotton Corporation of India (CCI) has not been able to purchase much cotton in the previous season as farmers are preferring to sell their produce in the open market as they fetch higher than MSP prices. Hence, there would be extremely low carry forward stock for the upcoming 2022-23 cotton season.

MCX under the circular no. MCX/TRD/499/2022 has notified that the exchange is in process of modifying the Cotton contract specification. Accordingly, with effect from August 29, 2022, no fresh positions will be permitted in Cotton January 2023 expiry contract which has currently nil open interest. Cotton February 2023 expiry and subsequent expiry contracts will temporarily not be launched for trading till such time the revised contract specification is finalized. Also, there were no changes for other running Cotton contracts with Open Interest.

Domestic Production & Yield



Source: dacnet.nic.in *04th Advance estimate as on 17.08.2022

- Cotton output in the country during the season 2021-22 is likely to fall by around 11% to 312.03 lakh bales from 352.48 lakh bales produced during 2020-21. Major reason behind the fall in production is decreased area and yield during the 2021-22 season.

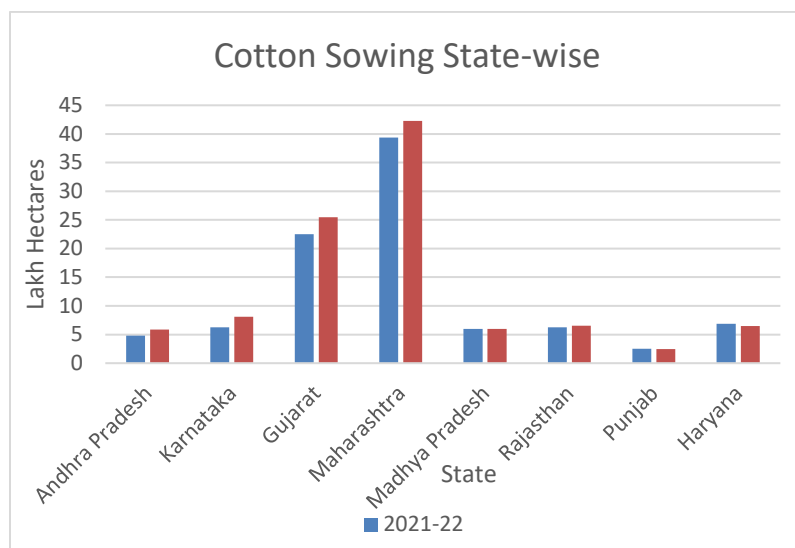
New Cotton Arrivals:

Northern India: Arrivals have started in Punjab and are likely to increase in the coming week. In Muktsar grain market cotton prices fetched Rs. 10,251 per quintal against the minimum support price of Rs.6,225 per quintal. Due to good demand from cotton factories in the 2022-23 season prices are further expected to increase. In Palwal district of Haryana arrivals had begun during the last week prices for the new cotton are currently at Rs. 9,900- Rs. 10,000 per quintal.

Western & Central India: Arrivals have also started in Gujarat and Madhya Pradesh but are in smaller quantities, prices for the new cotton in Gujarat are currently at Rs. 11,600 to 12,000 per quintal whereas in Madhya Pradesh prices are at Rs. 9,511-11,001 per quintal. Arrivals are currently around 2-3 quintal; overall moisture content in the new cotton crop is around 30-35%.

Where else in southern India, cotton arrivals are expected to come from October first week.

Cotton Sowing 2022-23 Season



Agriwatch expects cotton sowing to reach 128 lakh hectares in the 2022-23 season. Earlier, due to excess rainfall in July month cotton sowing was affected in central and southern India.

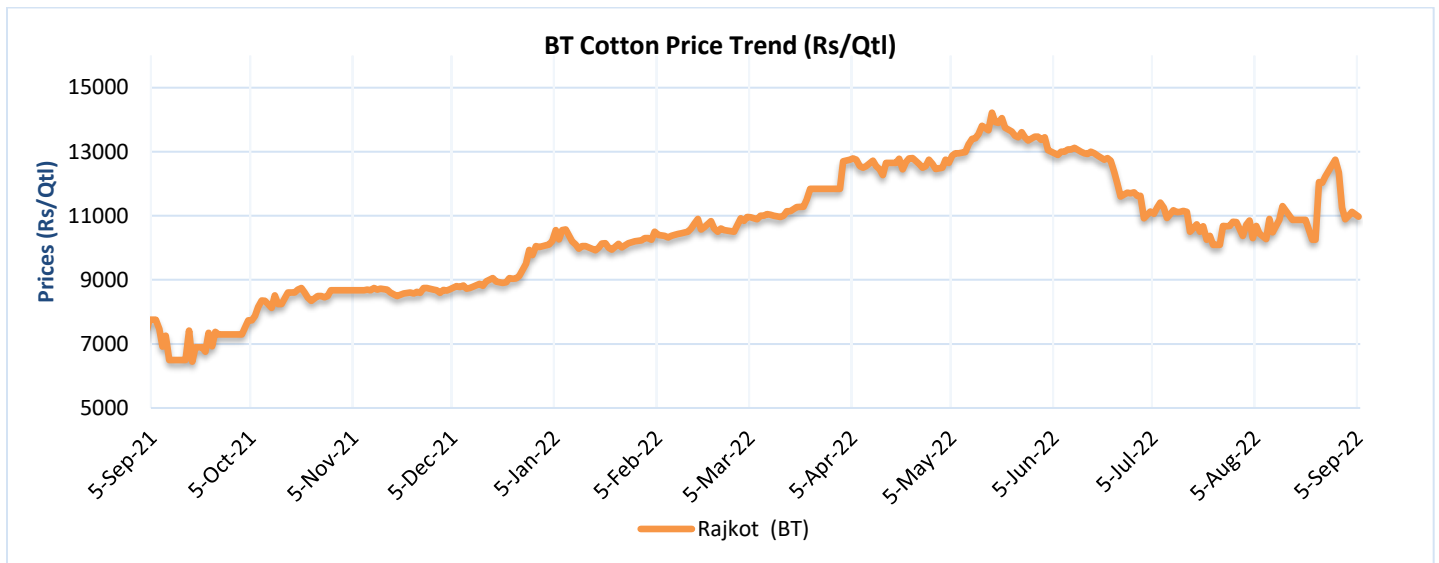
Cotton Sowing (Lakh Hectares) As of 02 nd Sept 2022			
States	2021-22	2022-23	Difference
Andhra Pradesh	4.81	5.88	1.07
Karnataka	6.27	8.12	1.84
Gujarat	22.51	25.45	2.93
Maharashtra	39.36	42.29	2.92
Madhya Pradesh	6.0	5.99	0.01
Rajasthan	6.28	6.52	0.27
Punjab	2.54	2.48	0.06
Haryana	6.88	6.50	0.37
All India	117.67	125.68	8.01

Source: NFSM

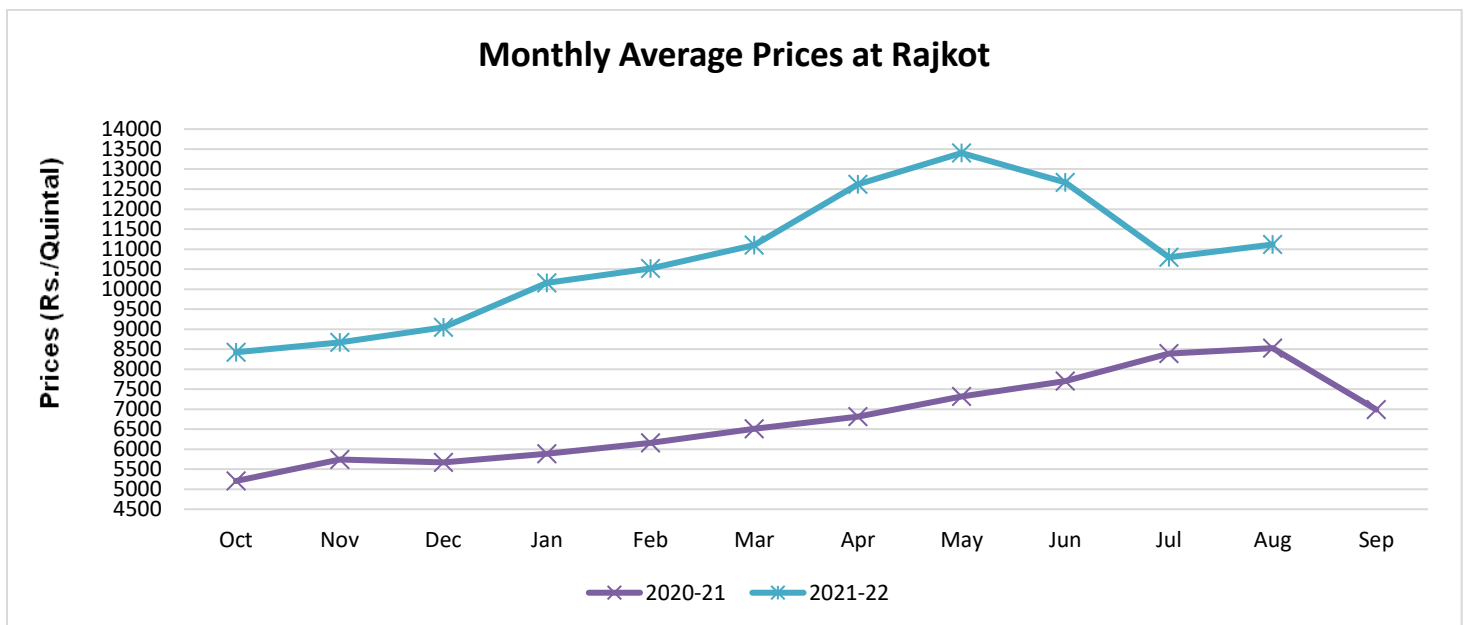
Domestic Cotton Prices Scenario

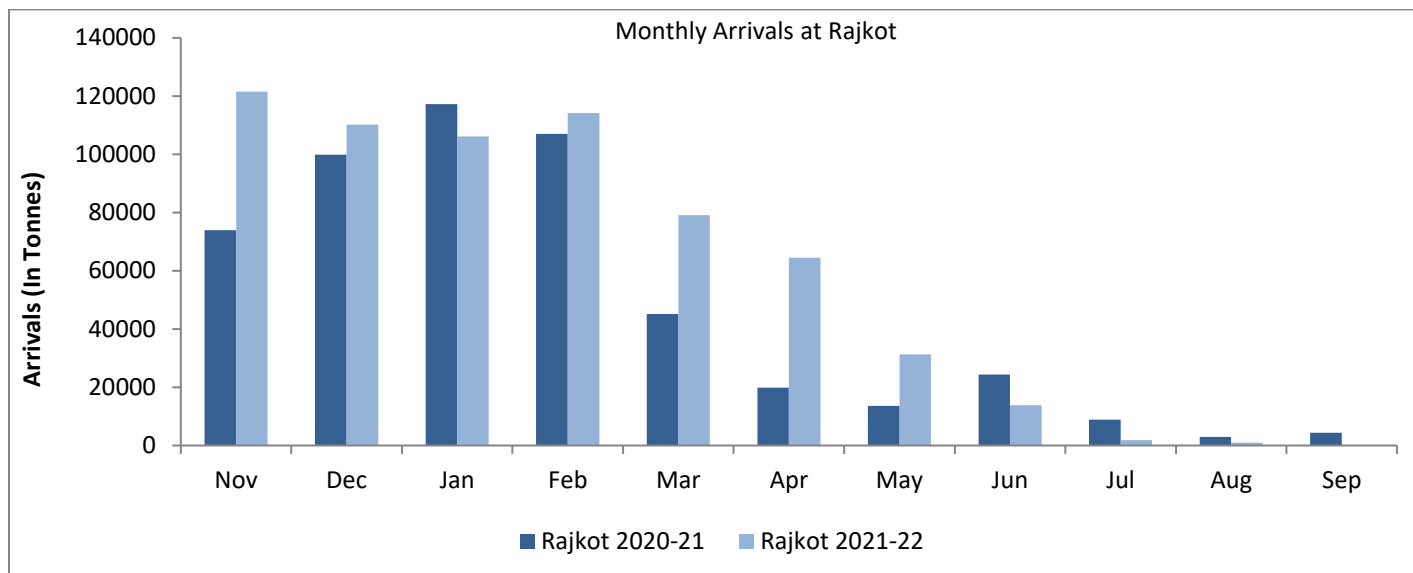
Kapas (Raw Cotton) Monthly Price Scenario

Monthly Price Review: Monthly kapas average price at Rajkot and other markets were significantly higher and stood at Rs.11,036/quintal in Rajkot as compared to previous month price of Rs. 10,851/quintal. As the Indian cotton sowing has increased by around 6.61% for the 2022-23 season, the raw cotton prices have started falling in the local market. However, the cotton crop remains under threat due to adverse weather conditions and pest attacks in the major cotton-growing states.



Kapas Monthly M-o-M Price Scenario

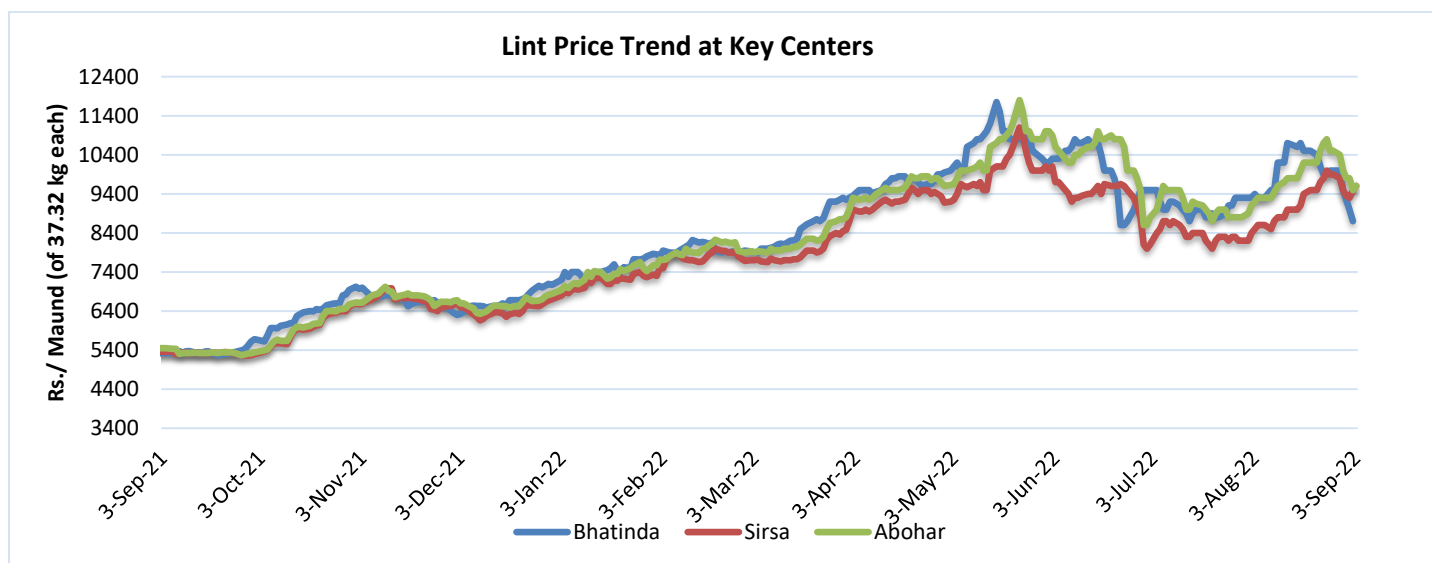




The arrivals in the month of July has declined in the market as the 2021-22 season is coming towards its end, whereas the prices continued to remained stable trend and the monthly average price was at Rs. 10,797/Qtl compared to the prices during the corresponding month of the previous season. (Rs. 8392/Qtl)

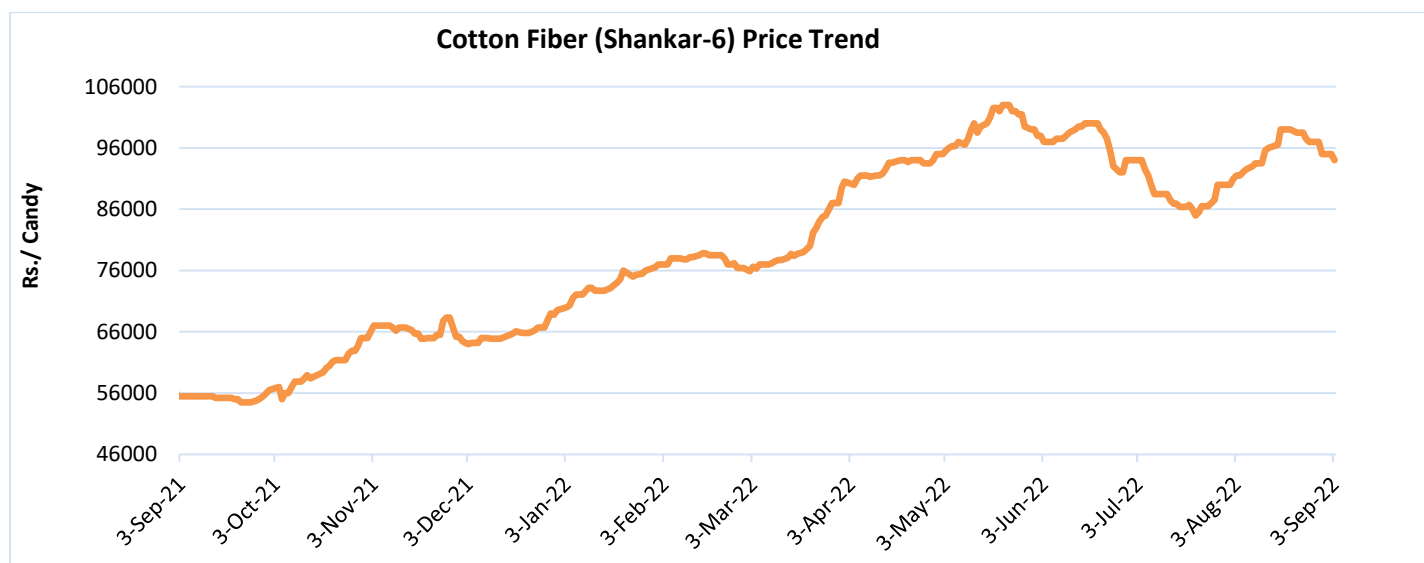
Lint price Outlook

Monthly average price of Lint at Sirsa stood higher compared to previous month at Rs.9335 per maund of 37.32 kg each in Aug, in Bhatinda market the prices have increased and from Rs. 9080 per maund to Rs. 9891 per maund of 37.32 kg each.



Cotton Fiber price Outlook

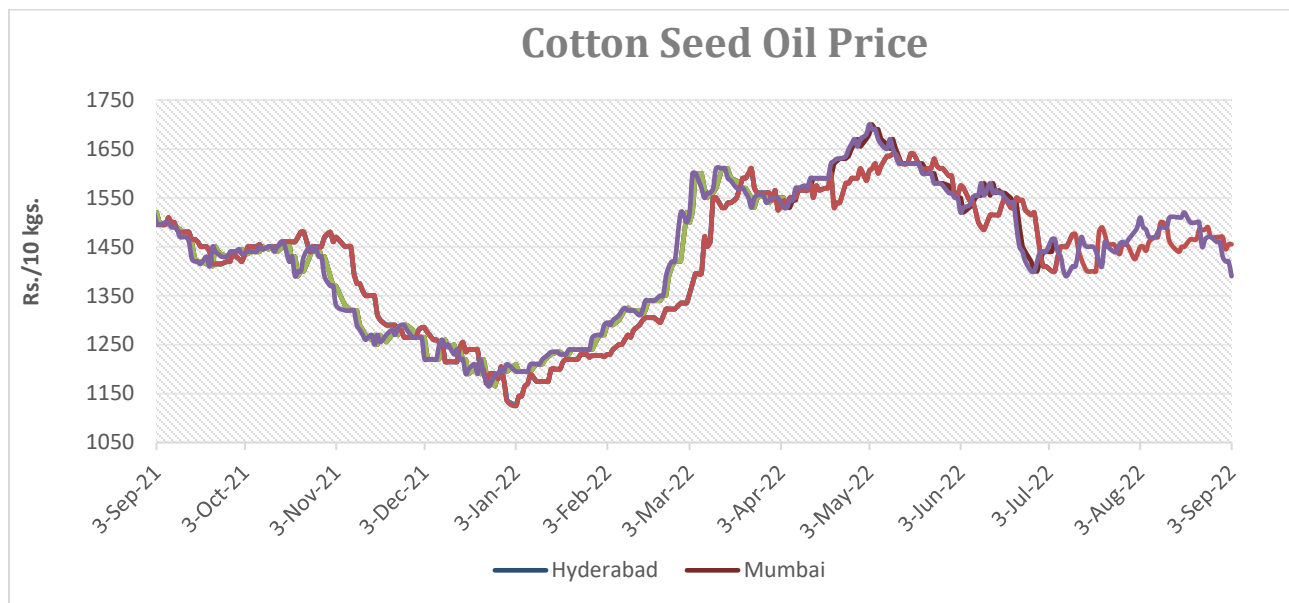
The average spot price quoted for Shankar-6 (29mm) by CAI was Rs.95440 per candy (of 355.6 kg each) during the Aug month, higher than Rs.88492 per candy from previous month. Agriwatch expects cotton fiber to remain around of Rs.92,500-95,800 per candy in the coming month.



Cotton Seed Oil monthly Price Scenario

The monthly average price in Hyderabad stood at Rs.1457 per 10 Kg, Rs. 1483 kg in Rajkot and Rs.1478 per 10 kg in Mumbai.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Aug	July	
Rajkot	1483	1448	2.41
Hyderabad	1457	1447	0.71
Mumbai	1478	1444	2.38

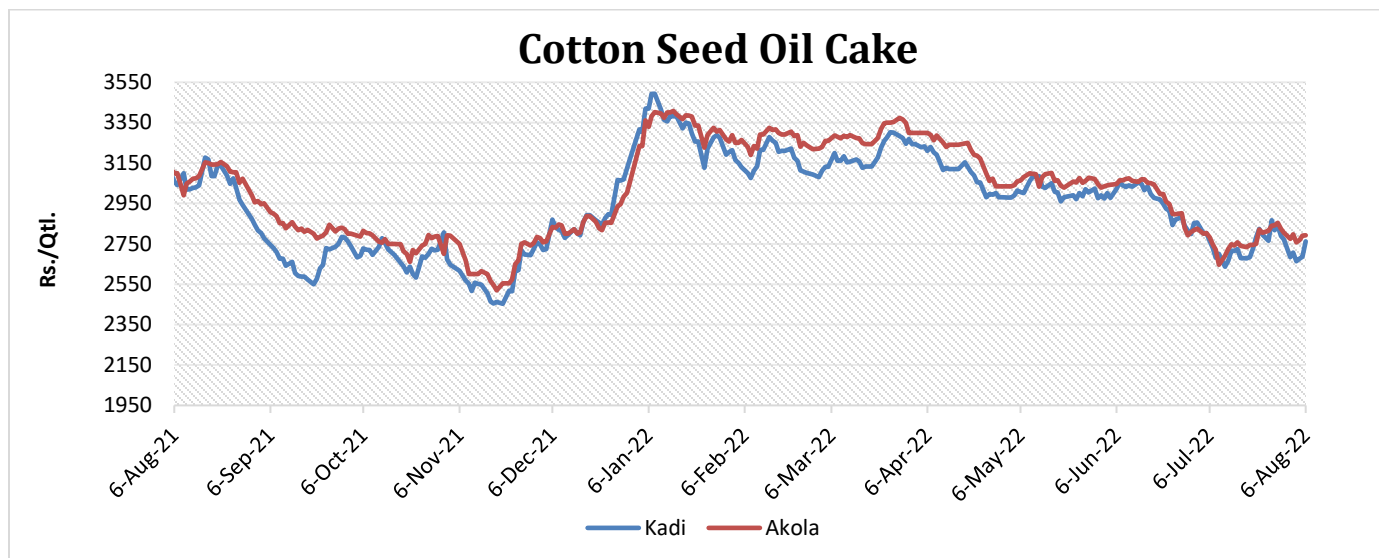


Cotton Seed Oil Cake monthly Price Scenario

The average price of cottonseed oilcake in the Kadi market has decreased and was at Rs. 2744 per quintal from Rs. 2756 per quintal and in Akola was at Rs. 2844 per quintal from Rs. 2774 per quintal the previous month.

Centers	Monthly Average Price as on (Rs/quintal.)		% Change
	Aug	July	
Kadi	2744	2756	-0.45
Akola	2844	2774	2.53

*Source: NCDEX

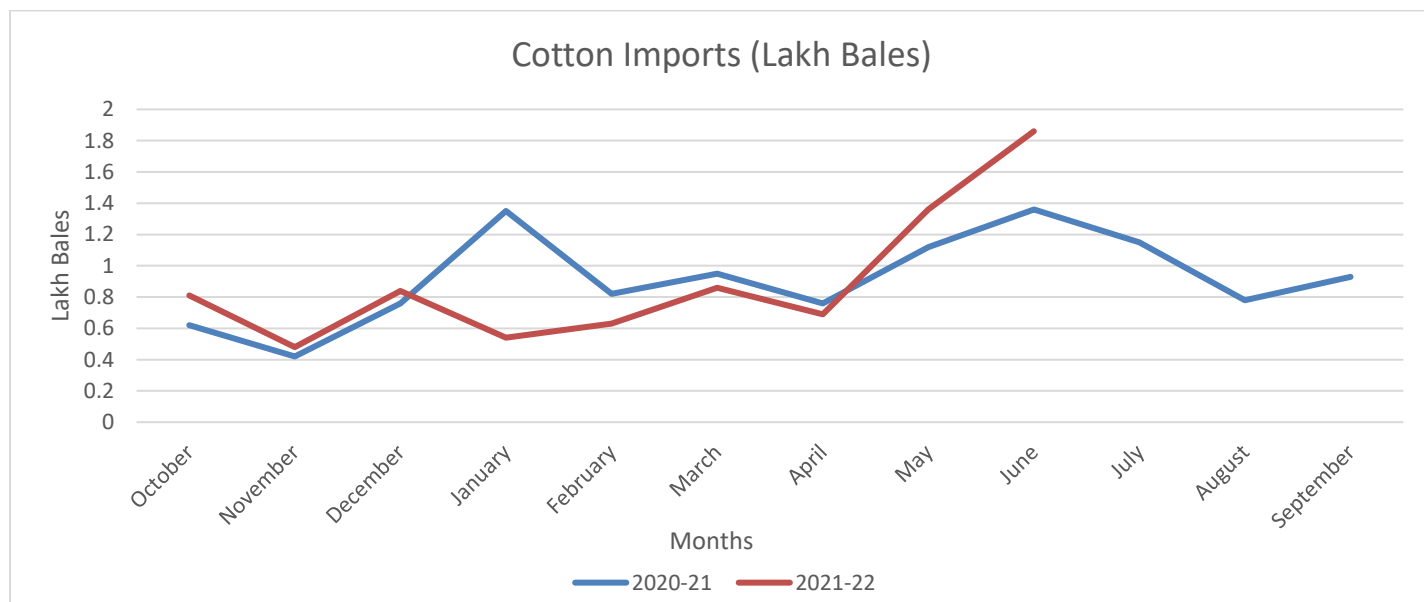
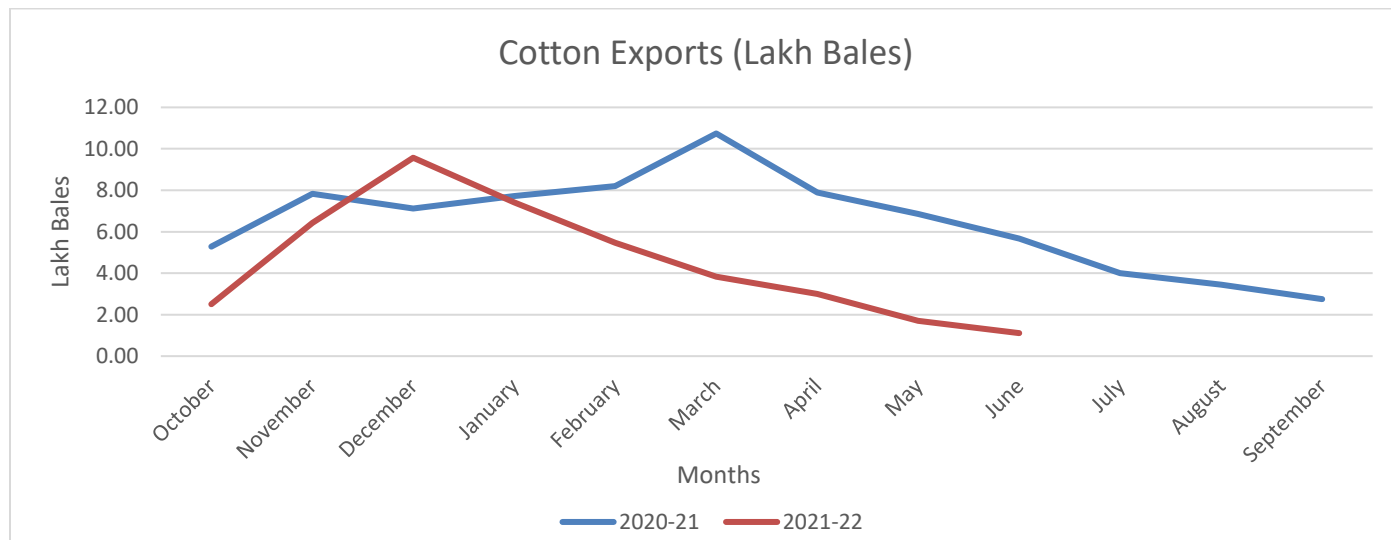


Monthly Price Outlook :

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	31 st Aug-2022
Actual Price at end of the month	8800	8675	10020	10235	10500	11840	12460	13475	11625	10805	11250
Average Price for the month	8422	8667	9047	10157	10518	11097	12620	13407	12669	10797	11117

The Cotton prices in Rajkot market are currently trading at Rs. 10,600 per quintal. Further, prices are expected to remain stable to 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:

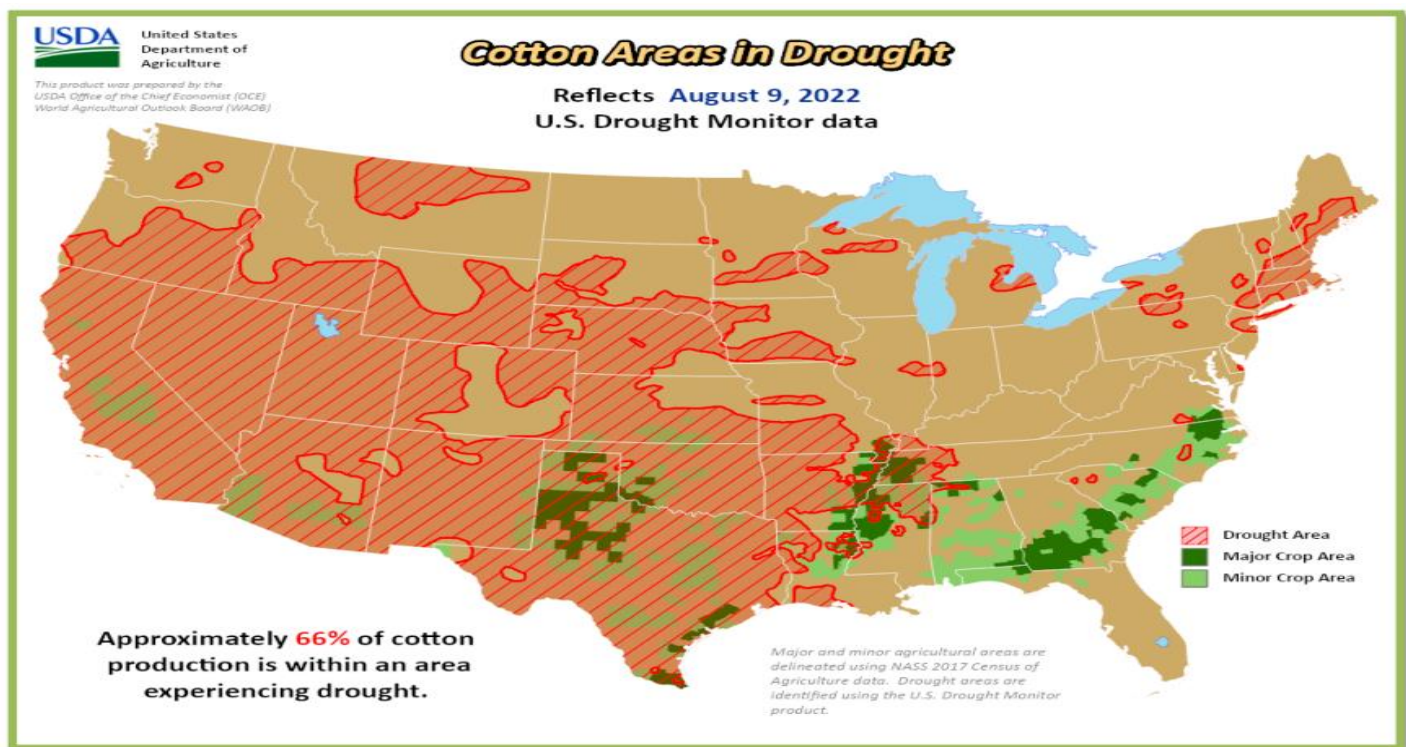
According to the U.S. Crop progress report, as of 06th Sep 2022, U.S cotton Cotton Bolls opening stands at 39 percent which is higher than that of the previous season (28 percent). In the previous week cotton bolls opening was 28 percent. Overall 5 percent of the U.S Cotton Crop is in excellent condition, 34 percent in good to a fair condition which was 30 percent in the previous week.

Heavy rains and floods have severely damaged the cotton crop in Pakistan in the 2022-23 season. The areas of Punjab, Sindh, and Baluchistan has been damaged severely. As per the sources, about 40-45 percent of

the cotton crop is expected to have been affected due to floods which may further result in an increase in the imports during the 2022-23 season. In the previous season, Pakistan imports has increased to 8.19 lakh bales in 2021 from 7.50 lakh bales in 2020. For current 2022-23 season, Pakistan has already imported 2.16 lakh bales of cotton during January to April 2022.

Overall, the cotton crop is likely to get affected in the 2022-23 season due to adverse weather in the major cotton-producing countries. As the U.S. cotton crop is being affected due to drought. The U.S. Department of Agriculture has forecasted for the domestic cotton crop to 12.6 million bales, which would be down by around 28% from last year. Severe drought and some of the hottest weather have scorched fields and driven a historically high level of abandonment in the Southwest.

China is also likely to have a lower production in the 2022-23 season as the crop is getting affected due to severe heat waves. Also, one of the largest cotton exporters Brazil is battling with extreme heat and drought that have already reduced the yields by nearly 30 percent in the 2022-23 season.



USDA Balance Sheet

World Cotton Balance Sheet					
	2018-19	2019-20	2020-21	2021-22#	2022-23*
Area Harvested	33,316	34,517	31,420	32,310	32,758
Opening Stock	82,714	81,399	97,646	88,074	84,721
Production	1,18,205	1,19,960	1,11,481	1,15,955	1,17,013
Imports	42,462	40,558	49,078	42,977	44,574
Total Supply	2,43,381	2,41,917	2,58,205	2,47,045	2,46,308
Exports	41,528	41,055	48,514	43,286	44,580
Domestic Consumption	1,20,454	1,03,216	1,21,617	1,19,218	1,19,085
Ending Stock	81,399	97,646	88,074	84,721	82,778
Yield	772	757	772	781	778

Source: USDA *Global projected 2022-23; #estimated 2021-22

*Attribute Unit Description: Area in 1000 Ha; Yield of Cotton in Kg/Ha; Quantity of Cotton in 1000 480-lb Bales

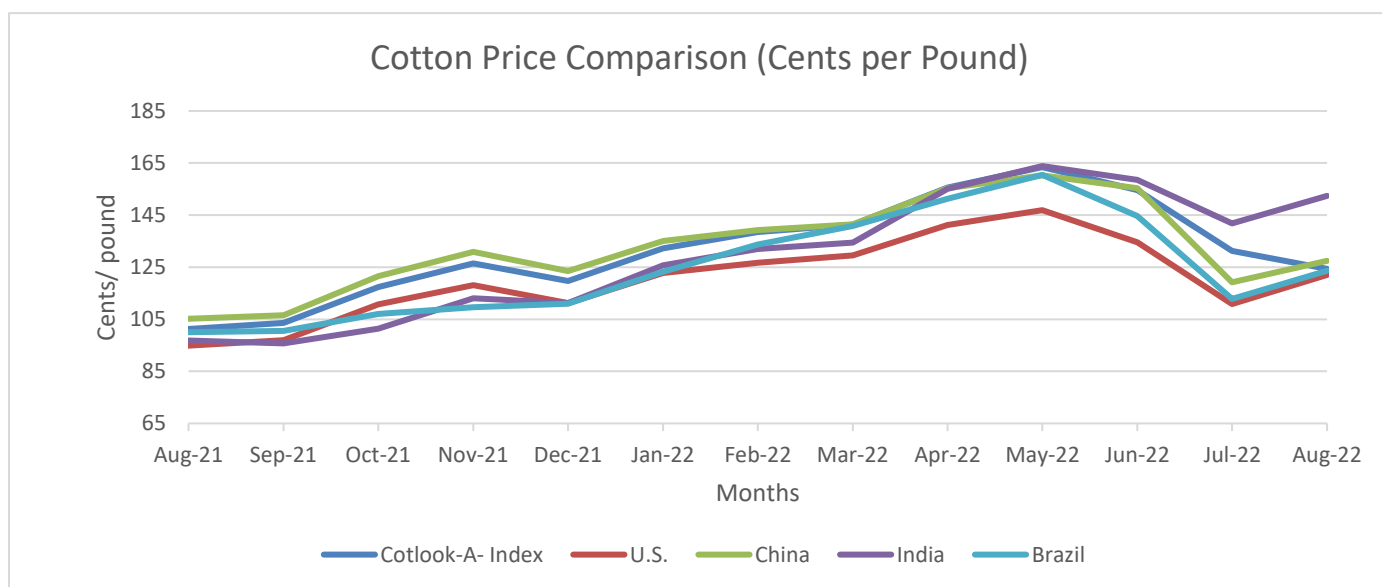
India's Cotton Balance Sheet					
	2018-19	2019-20	2020-21	2021-22#	2022-23*
Area Harvested	12,600	13,400	13,286	12,150	13,200
Opening Stock	8,625	8,604	15,684	11,939	8,539
Production	26,000	28,500	27,600	24,500	27,500
Imports	1,800	2,280	844	1,000	1,500
Total Supply	36,425	39,384	44,128	37,439	37,539
Exports	3,521	3,200	6,189	3,900	3,700

Domestic Consumption	24,300	20,500	26,000	25,000	25,000
Ending Stock	8,604	15,684	11,939	8,539	8,849
Yield	449	463	452	439	454

Source: USDA *India projected 2022-23; #estimated 2021-22

*Attribute Unit Description: Area in 1000 Ha; Yield of Cotton in Kg/Ha; Quantity of Cotton in 1000 480-lb Bales

Domestic vs International Prices



Cotlook A Index	Monthly Average Price as on		% Change
	Aug	July	
Cotlook A Index	124.33	131.30	-5.6
India	152.41	141.85	6.92
Cotton Index FC (M)	127.41	119.22	6.42
Brazil Cotton Index	123.60	112.82	8.72
USA Spot Price	122.03	110.86	9.15
Prices in US cents per Pound			

Further, prices in September are expected to remain in stable to weak bias but are likely to increase after first week of October month as the cotton crop is expected to get affected due to extreme weather in the major cotton-growing countries.



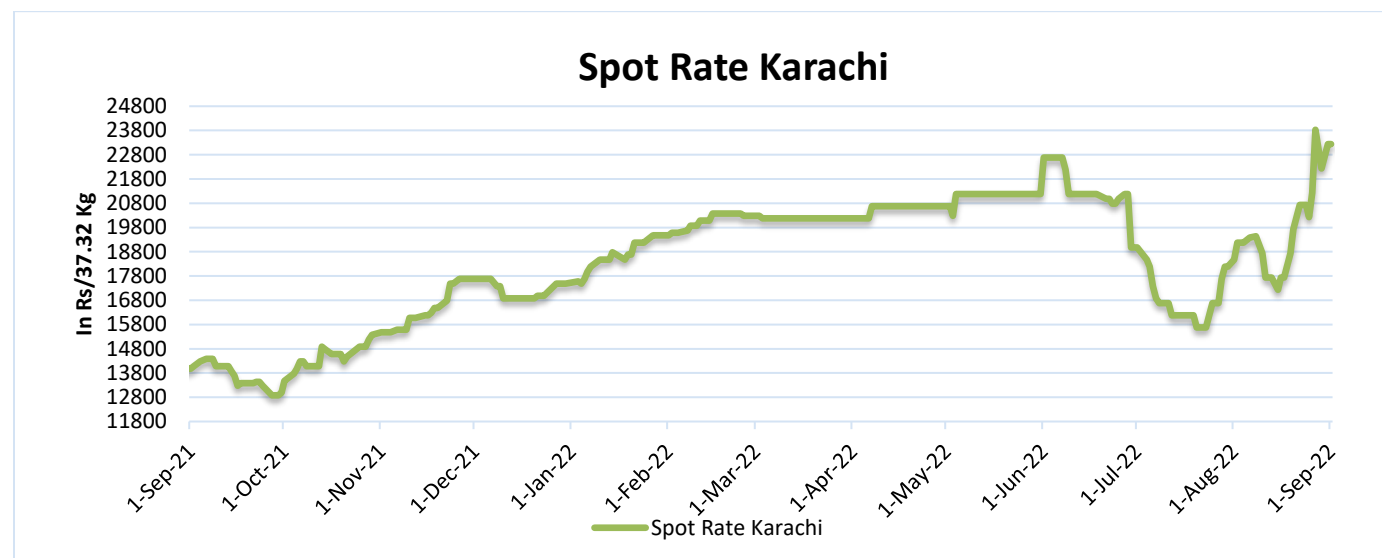
Cotton Index	Monthly Average Price as on		% Change
	Aug	July	
CCIndex(328)	15834.62	16814.71	-5.83
CCIndex(527)	14505.73	15628.21	-7.18
CCIndex(229)	16224.38	17192.88	-5.63
Prices in Yuan per ton			

Source: USDA

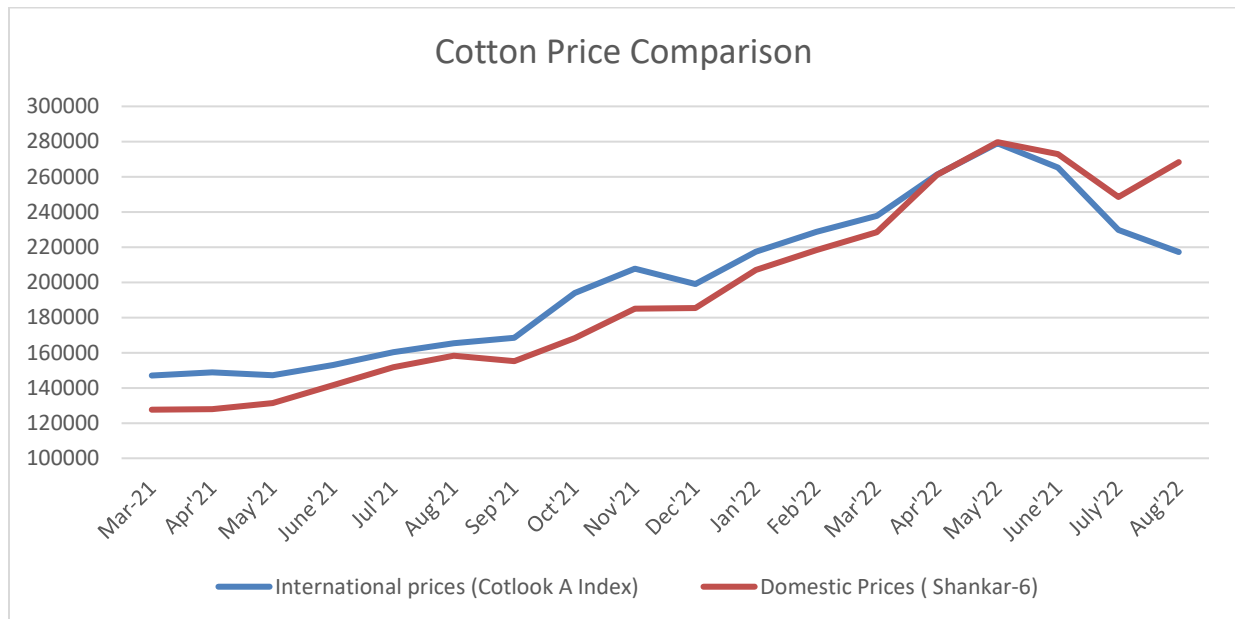
Pakistan Spot Prices

The Karachi spot price stood around Rs.20333/q slightly higher compared to the previous month.

Karachi Spot Prices	Monthly Average Price as on		% Change
	July	July	
Prices	20333	16854	20.64
Prices in Rs per 37.32 Kg			

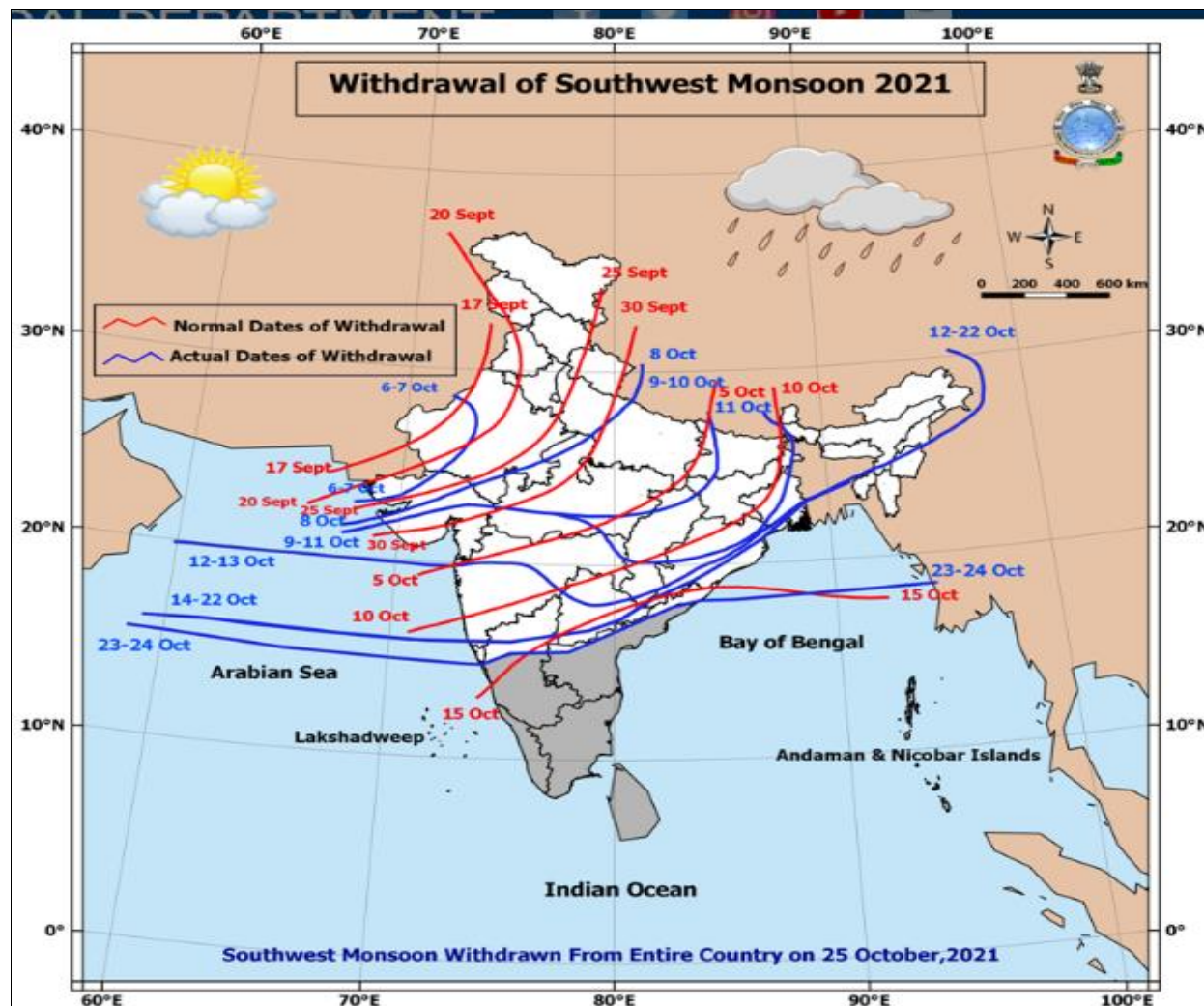


International and Domestic Price Comparison



The Domestic prices have increased by around 7.91% in August month at Rs. 2,68,258 per tonne whereas International prices have come down to Rs. 2,17,226 per tonne in August month from Rs. 2,29,784 per tonnes. Domestic prices have increased in anticipation of production cut by the textile mills along with threat of crop damage. Whereas, international prices have fallen due to fall in demand.

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.

Monthly Technical Outlook:

Commodity: Cotton
Exchange: MCX
Contract: Sep.
Expiry: Sep. 30, 2022

Cotton – Technical Outlook

Technical Chart:



Technical Commentary:

- As depicted in the above chart, the overall trend remains downward. Market has broken more than 61% Fibonacci retracement level.
- Technically market is under long liquidation as the market has witnessed a drop in open interest by -0.28% to settle at 700 while prices are down -340 rupees, now Cotton is getting support at 37550 and below same could see a test of 37410 levels, and resistance is now likely to be seen at 37890, a move above could see prices testing 38090
- Overall, the prices are expected to remain range-bound to slightly weak in the coming weeks.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cotton	MCX	Sep	36220	36300	36620	36850	36970
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Sep	Sell	36630	36510	36410	36702

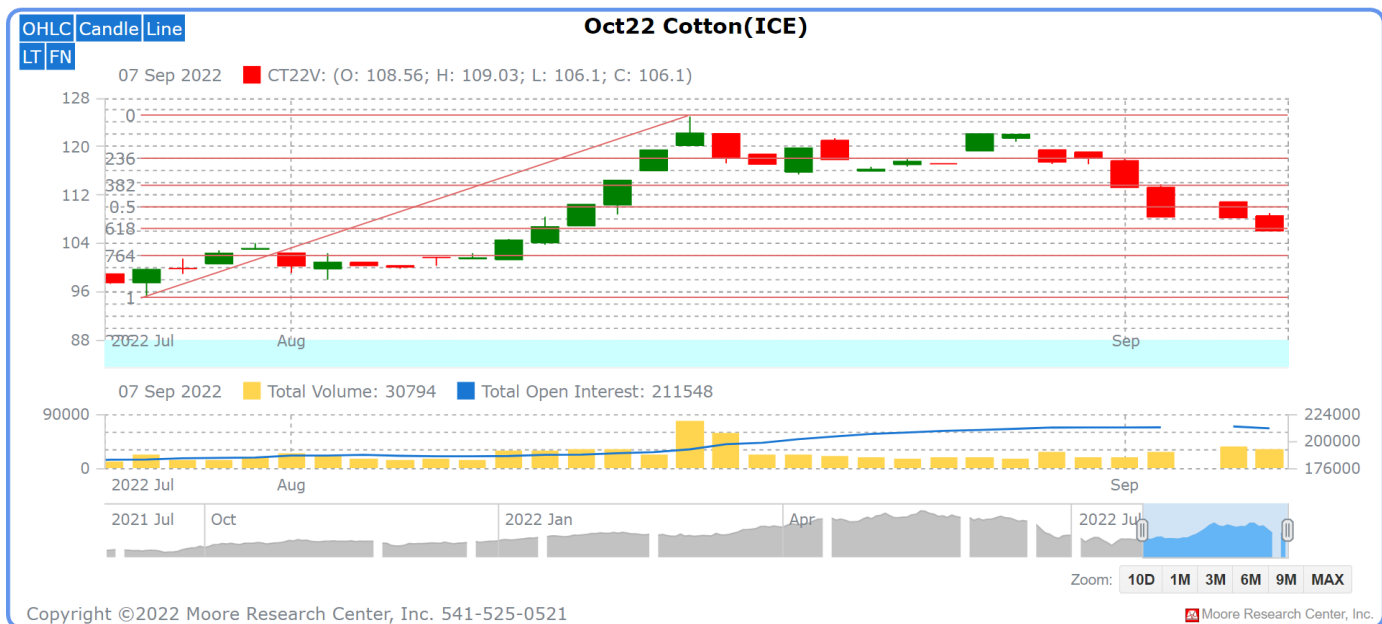
* Do not carry-forward the position next day.

Commodity: Cottonseed oil
Exchange: MCX
Contract: Sep
Expiry: Sep. 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	2308	2358	2424	2584	2599
Intraday Trade Call			Call	Entry	T1	T2	SL
Cottonseed oilcake	NCDEX	Aug	Sell	2414	2399	2374	2455



- The Oct'22' contract remained weak 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

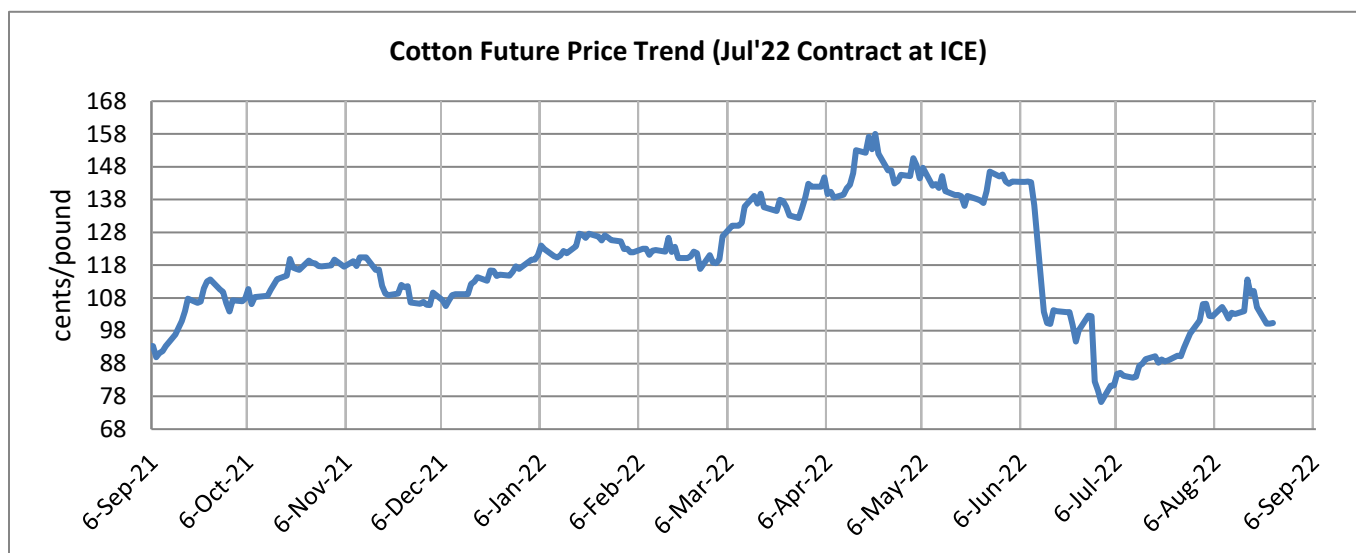
Expected Trend	Expected Trading Band
Range bound to Bullish momentum	102-130

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
105	94	112	120

Figures in US cents/pound

Future Price Trend (Active Contract):



ICE front month futures was up by 5% in Sep'22 month compared in Aug'22. The average of ICE Jul contract stood higher around 95.01 cents/lbs in Sept'22, up by 5.34 points compared to the average price that stood in Aug'22 around 90.19 cents/lbs.

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	06-Sep-22	07-Aug-22 (1 month ago)	08-Jun-22 (3 months ago)	10-Mar-21 (6 months ago)	06-Sep-21 (a year ago)	% Change over a month	% Change over previous year
Jul-22	95.01	90.19	140.62	113.03	89.75	5.34	5.86
Oct-22	108.29	85.02	130.23	104.79	94.15	27.37	15.02
Dec-22	103.55	96.13	122.54	101.44	92.30	7.72	12.19
Mar-22	100.38	93.8	117.74	97.75	91.66	7.01	9.51
May-23	98.21	92.35	114.38	116.86	91.19	6.35	7.70

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Aug'22	July'22	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	11874	10823	1051
	Rajkot	B.T. Cotton	11117	8648	2469
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	9490	10218	-728
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	9807	-
	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	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	10543	10664	-121
	Jamner	Medium Staple	NA	9642	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	11516	10249	1267
Karnataka	Bijapur	Bunny	11090	9861	1229
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	11228	10339	889
Commodity	Lint		Montly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Aug'22	July'22	
Punjab	Bhatinda	J-34	9917	9081	837
	Abohar	J-34	9938	9079	859
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	9335	8365	970
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Aug'22	July'22	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	1008	2131	-1123
	Rajkot	B.T. Cotton	956	1845	-889
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	3	6	-3
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	2083	-
	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	60500	10500	-4000
	Jamner	Medium Staple	NA	850	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Adoni	Un-Ginned	24039	1135	22904
Karnataka	Bijapur	Bunny	3612	1805	1807
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	117	44	73
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Aug'22	July'22	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
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
				Aug'22	July'22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	64050	61254	2796
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	64750	61954	2796
J-34(202)	26mm	3.5 - 4.9	23	89195	79676	9519
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	92683	85008	7675
Shankar-6(105)	29mm	3.5 – 4.9	28	95500	88492	7008
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	100458	92885	7573
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	97520	100769	-3249

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