

# COTTON WEEKLY RESEARCH REPORT 04<sup>th</sup> Apr 2022

## **Domestic market summary**

**Domestic Market Scenario:** Indian cotton market remained firm during the week. All India daily arrivals decreasing rapidly and tight supply gave strong stand to the Indian market. Indian mills are struggling to get quality cotton. Also, disparity in yarn forced them to cut down production of yarn. Indian cotton Shanker-6 prices remained stable near Rs90,200 to 90,500 per candy.

#### Weekly Price Outlook:

The average price of Kapas in Andhra Pradesh are likely to hover around Rs.11,400-11,800/Qtl.

## Major Market Highlights:

- The Cotlook Index stood higher (152.75 cents/lbs) compared to the ICE Cotton Futures that stood at 139.07 cents/lbs.
- Indian rupee got a bit stronger near Rs.75.75 a dollar.

## **Market Highlights:**

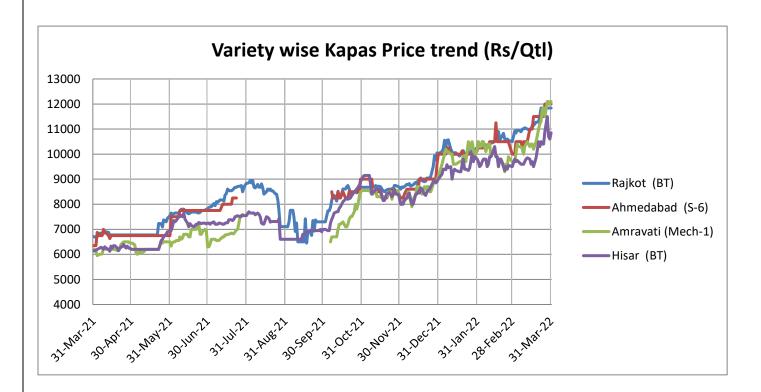
- Cotton prices in Yavatmal has reached a historic high in 2021-22 season. The current market price of cotton per quintal has touched Rs 11,800 per-. It is for the first time that cotton has been sold at such a high price in the local market. The price of cotton in December last year was Rs 6,000 per quintal. However, due to the global demand the price started moving upward. Major cotton-producing countries like China and USA has experienced less production after which the textile industries started buying cotton from India. The price of cotton has increased by Rs1,500 per quintal to Rs.11,850 in the last fortnight.
- With cotton Marketing Season heading towards the end, only 44% cotton crop has been arrived\_so far in Punjab as compared to the corresponding period last year. The pink bollworm attack on the cotton crop earlier in the State is the main reason behind the procurement of even less than half quantity than the previous year.
- The high demand for cotton pushed its price to Rs 12,000 per quintal at the Adoni market on 31st March 2022 from previous week price of Rs. 11,219 per quintal. It is for the first time that the Kurnool cotton is in such high demand. Even in November, the fiber crop was being traded at an inflated price of Rs 7,500 per quintal.
- According to All Gujarat Spinners Association, Yarn manufacturers have curtailed the cotton procurement due to rising prices of their basic raw material. Cotton prices have hit a record high of Rs 90,000 a candy, higher by 12.5% in last 40 days. Spinning units have cut procurement by at least 15%.
- The Committee on Cotton Production and Consumption has estimated the India's -cotton season (October 2021 to September 2022) to close with a stock of 45.46 lakh bales. The Committee has estimated that the total consumption by the textile mills to be 329 lakh bales, including 305 lakh bales by non-SSI mills, and exports to be 40 lakh bales. The production is expected to be around 340 lakh bales. As against a total supply of 430.46 lakh bales (including opening stock and imports), and the demand is likely to be 385 lakh bales.



## **Domestic Cotton Prices Scenario**

## Kapas (Raw Cotton) Weekly Price Scenario

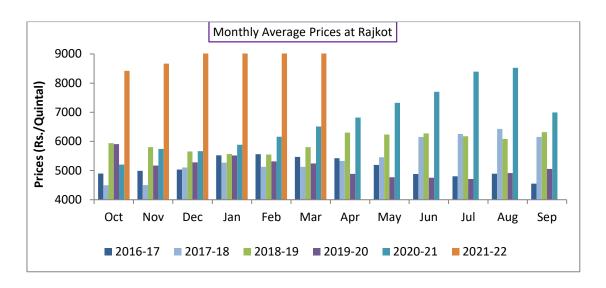
**Weekly Price Review:** Weekly Kapas average prices at Rajkot stood slightly higher at Rs. 11840/Qtl compared to previous week's Rs. 11407/Qtl, whereas at Hisar prices stood higher at Rs. 10750/Qtl compared to previous week price of Rs. 10130/Qtl. For Amravati and Ahmedabad prices were at Rs. 11891/Qtl and Rs. 11833/Qtl respectively.



## **Kapas Monthly M-o-M Price Scenario**

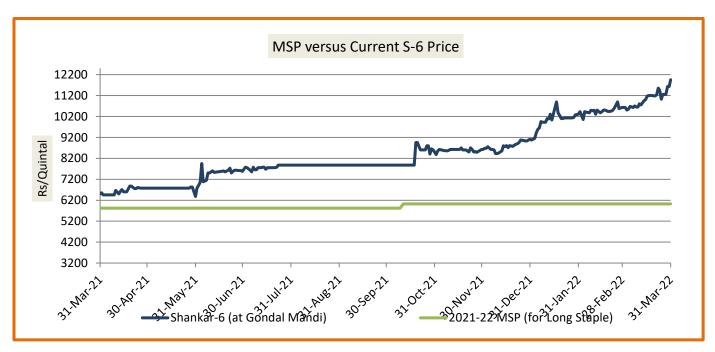
The arrivals in the month of March has declined in the market as the season is coming towards its end, whereas the prices continued a steady trend and the monthly average price was at Rs. 11,097.34/Qtl compared to the prices during the corresponding month of the previous season. (Rs. 6511.38/Qtl)





## **Spot Price versus MSP**

Average Kapas prices at Gondal market stood slightly higher at Rs. 11955/Qtl from the previous week of Rs. 11542/q.

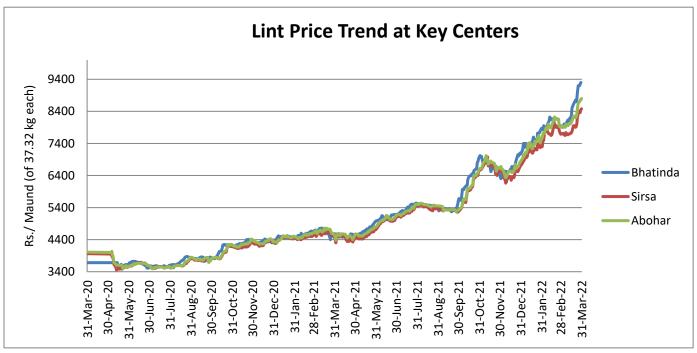


#### Source: Agriwatch

## **Lint price Outlook**

The average price stood slightly higher at Rs. 9061/maund this week compared to Rs.8580/maund previous week in Abohar, in Bhatinda prices were at Rs.9020/maund, and slightly higher in Sirsa at Rs.8755/maund from Rs.8260/maund previous week.

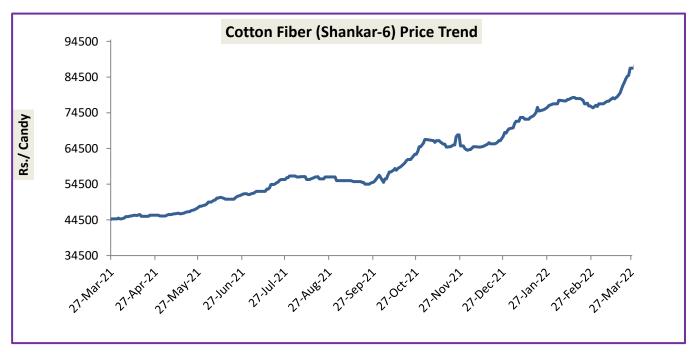




Source: Agriwatch

## **Cotton Fiber price Outlook**

The average cotton fibers (Shankar-6) of premium quality prices were slightly higher at Rs.86700/candy as compared to previous week price of Rs.81640/candy and is likely to remain on a stronger note.



Source: Cotton Association of India (CAI)



## **Cotton Seed Oil and Cotton Seed Oil Cake**

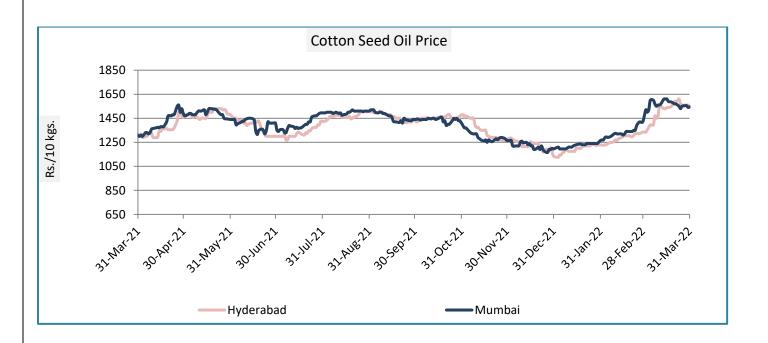
## **Cotton Seed Oil weekly**

## **Price Scenario**

Cottonseed oil prices have slightly decreased across the major centers during the week ending on 30th Mar'22 due to weak demand in the market.

	Weekly Average Pri	ce as on (Rs/10 kg.)	0/ 01
	30-Mar-22 23-Mar-22		% Change
New Delhi	-	-	-
Rajkot	1532 1544		-0.78
Hyderabad	1540	1558	-1.16
Mumbai	1549	1552	-0.19

Source: Agriwatch

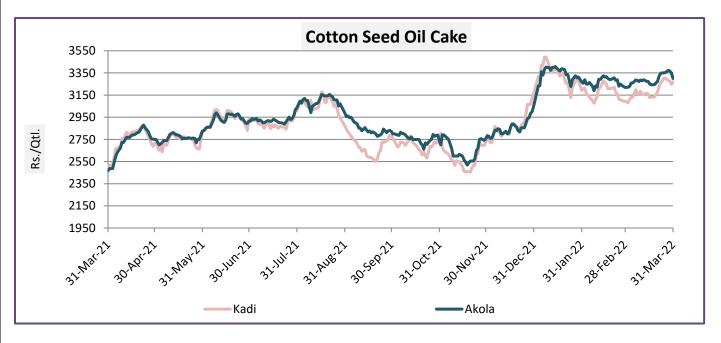




## Cotton Seed Oil Cake weekly price Scenario

The average price of cottonseed oilcake in the Kadi market has increased slightly as compared to previous week. Prices in Kadi were at Rs. 3288 per quintal from Rs. 3186 per quintal and in Akola prices have increased and were at Rs. 3359 per quintal from Rs. 3285 per quintal the previous week.

	Weekly Average Pric		
	30-Mar-22	% Change	
	3288	3186	3.19
Kadi			
	3359	3285	2.24
Akola			



Source: NCDEX

## **International Market Scenario**

- The rate of local cotton in Pakistan remained stable while unprecedented increase was witnessed in the rate of cotton in international cotton markets. The rate of Future Trading of New York Cotton reached at 136 American cents per pound which is at highest level in the past 11 years. Cotton growers demanded that the government should fix the intervention price of cotton at Rs 7500 per maund. Karachi Cotton Association has shown reservation on delay in issuance of permit to the importers of raw cotton by the plant protection department.
- Cotton prices rose to their highest level, due to prolonged drought in parts of the Central United States. The plant fibre reached \$1.3171 per pound (about 453 grams) on the US futures contract. Rainfall has been



exceptionally lower since early January in the Northwest part of Texas which produces about 40 percent of all US cotton production.

- The US Department of Agriculture (USDA) has pegged India's cotton production at 5,770 MT lower from its previous month estimate of 5,879 MT. The USDA has stated though the area under cotton had dropped to a five-year low of 124 lakh hectares, a higher yield of 465 kg/ha had helped bridge the gap a bit. Last month, the Cotton Association of India (CAI), has also reduced its crop estimates to 343.13 lakh bales from its earlier projection of 348.13 lakh bales.
- The ongoing Russia-Ukraine war has made the textile shipments in Bangladesh uncertain as many of the international containers lines have suspended shipping to Russia. Besides, others are also showing reluctance in taking of Russia-bound containers bookings.
- Trading volume in local cotton market in Pakistan remained low. A bearish trend was witnessed after fluctuation in international cotton market. Negative effect of war between Russia and Ukraine are seen over market sentiments. The rate of cotton in Sindh is ranging between Rs. 18000 to Rs. 20,000 per maund.

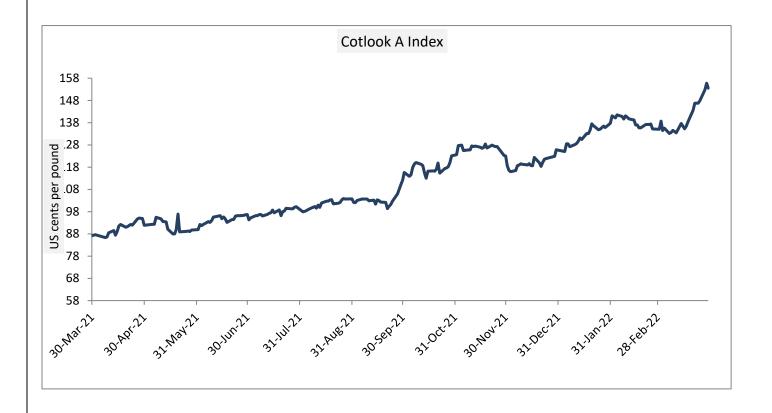
## Cotlook A Index

Cotlook A Index was high this week. The Cotlook A Index was at 151.31 cents/lb higher as compared to the previous week (142.39 cents/lb), possibly led by the lowering of production in the US and World by USDA. All other markets also seem to have taken a cue from the same.

Cotlook A Index	WeeklyAverage P	% Change				
	30-Mar-22					
Prices	151.31 142.39		6.26			
Prices in US cents per Pound						

Source: Cotlook



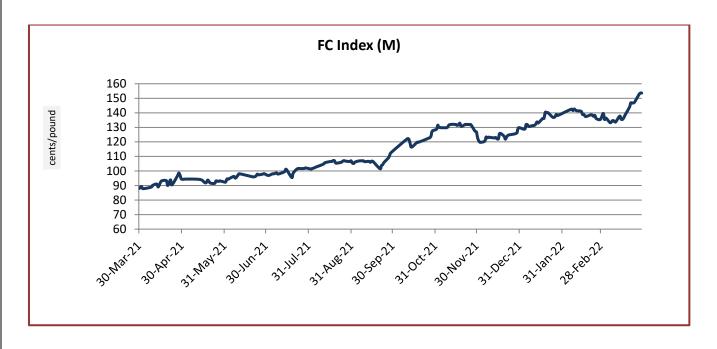


## **China Cotton Index and Foreign Cotton Index**

Cotton Index	Weekly Avera	% Change				
30-Mar-22		23-Mar-22				
FC (S)	152.43	144.10	5.78			
FC (M)	150.85	142.53	5.84			
FC (L)	149.30	140.97	5.91			
	Prices in US cents per Pound					

Source: China Cotton Association

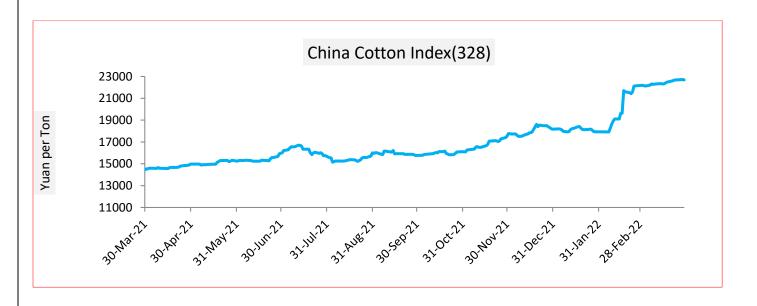




Cotton Index	Weekly Average	% Change	
	23-Mar-22		
CCIndex(328)	22827.80	0.49	
CCIndex(527)	20976.40	20942.20	0.16
CCIndex(229)	23236.60 23202.80		0.15
	Prices in Yuan per ton		

Source: China Cotton Association



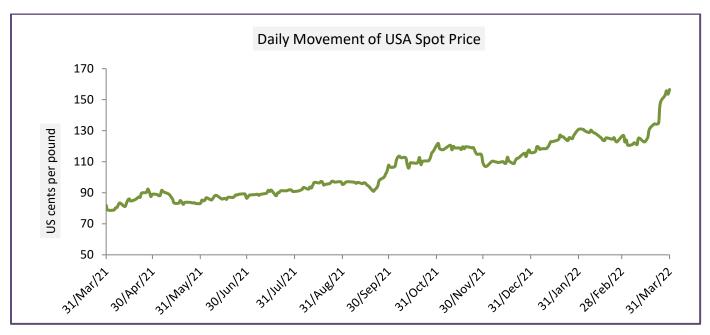


## **USA Spot Prices**

U.S.A spot prices was at 148 cents per pound last week.

USA Spot Prices	Monthly Avera	% Change			
	30-Mar-22				
Prices	148.99 132.01		12.86		
Prices in US cents per Pound					

Source: USDA



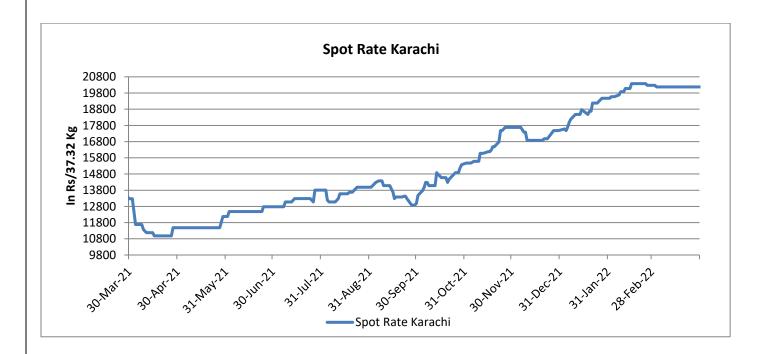


## **Pakistan Spot Prices**

The Karachi spot price was stable at Rs.20180/q same as the previous week.

Karachi Spot Prices	Weekly Avera	% Change		
	31-Mar-22	23-Mar-22		
Prices	20180	-		
Prices in Rs per 37.32 Kg				

Source: Fibre2fashion.com





Commodity: Cotton Exchange: MCX

Contract: Apr Expiry: Apr. 30, 2021



## **Technical Commentary**:

- MACD, indicating bullish momentum.
- Currently trading at 41260
- RSI is indicating strong buying strength, currently in oversold zone.

Intraday Supports & Resistances		<b>S</b> 1	S2	PCP	R1	R2	
Cotton MCX Apr		40830	40910	41250	41460	41580	
Intraday Trade Call		Call	Entry	T1	T2	SL	
Cotton	MCX	Apr	Buy	41240	41340	41430	41170

<sup>\*</sup> Do not carryforward the position the next day.

**Exchange: MCX** 



## **Commodity: Cotton seed oilcake**

Contract: Apr Expiry: Apr. 30, 2021

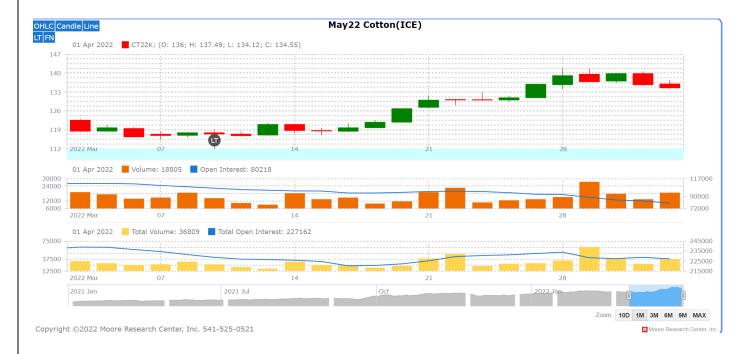


## **Technical Commentary**:

- Currently trading above 50 DMA.
- RSI indicating good buying strength.
- MACD crossover indicating firm tone.

Intraday Supports & Resistances			<b>S1</b>	S2	PCP	R1	R2
Cottonseed oilcake	NCDEX	Apr	3006	3076	3196	3336	3396
Intraday Trade Call		Call	Entry	T1	T2	SL	
Cottonseed oilcake	NCDEX	Apr	Buy	3186	3286	33306	3116





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

- ➤ The May'22' contract closed high by the end of the week.
- > Total volume increased &Open Interest decreased compared to last week.
- > We expect cotton prices to remain firm in the coming week.

## **Expected Price Range During Coming month**

Expected Trend	Expected Trading Band
Firm	135-162

## **Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
120	115	140	152

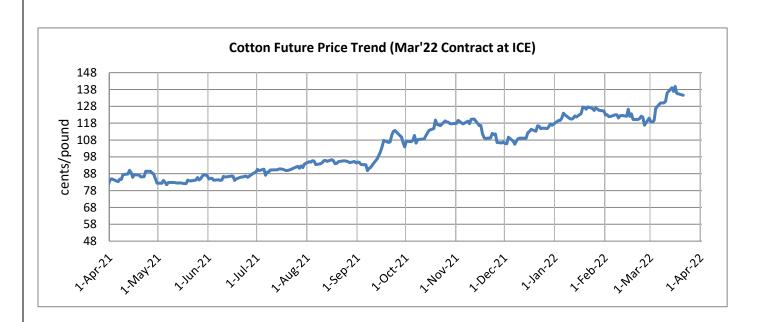
Figures in US cents/pound



## **Cotton Future Prices at ICE**

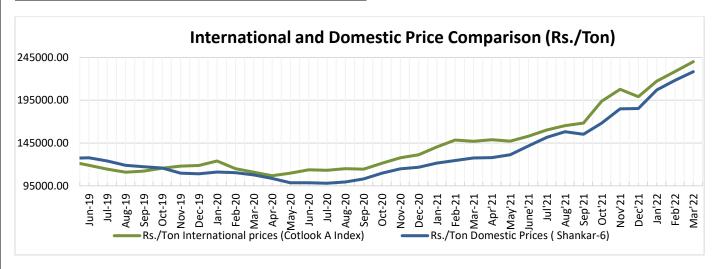
	Cotton Prices in Future Contract on ICE					Prices in	cents/Lb
	01-Apr-	02-Mar-22	01-Jan-21	03-Oct-21	01-Apr-21	% Change over a	% Change over
Contracts	22	(1 month ago)	(3 months ago)	(6 months ago)	(a year ago)	month	previous year
May-22	134.55	123.55	113.23	106.93	77.95	8.90	72.61
Jul-22	130.93	119.80	110.91	104.93	79.27	9.29	65.17
Oct-22	116.72	115.86	108.5	102.59	78.22	0.74	49.22
Dec-22	110.68	104.56	97.90	106.59	77.91	5.85	42.06
Mar-23	106.21	100.81	92.95	105.52	77.61	5.36	36.85

# **Future Price Trend (Active Contract):**





# **International and Domestic Price Comparision**



## **Cotton Prices at Key Spot Markets:**

Commodity	К	apas		Weekly Average Prices (Rs./Quintal)		
State	Centre	Variety	24th Mar'22 to 30th Mar'22	17th Mar'22 to 23rd Mar'22	Change	
	Ahmedabad	Shankar-6	11667	11500	167	
	Gondal	Shankar-6	NA	11743	-	
	Rajkot	B.T. Cotton	NA	11474	-	
Gujarat	Patan	B.T. Cotton	11365	10647	718	
	Kadi	B.T. Cotton	12083	10700	1383	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	NA	10465	-	
	Bhiwani	B.T. Cotton	NA	NA	-	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	10750	10130	620	
Haryana	Fatehabad	B.T. Cotton	10967	10580	387	
	Jind	B.T. Cotton	10833	10000	833	
	Uchana	B.T. Cotton	10470	10040	430	
	Dabwali	B.T. Cotton	11179	10445	734	
Deiesthen	Hanumangarh	B.T. Cotton	11283	11200	83	
Rajasthan	Rawatsar	B.T. Cotton	11167	10567	600	
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-	



	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	11892	10840	1052
Manarashtra	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
Ottar Pradesh	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	10288	9933	354
	Bijapur	Bunny	12340	10918	1421
Karnataka	Hubli	D.C.H.	NA	NA	-
Namataka	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	10767	10520	247
Commodity	L	I Int		Prices (Rs./Maund of 37.32kg each)	
State	Centre	Variety	24th Mar'22 to 30th Mar'22	17th Mar'22 to 23rd Mar'22	Change
	Bhatinda	J-34	9021	8564	457
Punjab	Abohar	J-34	9062	8580	482
	Mansa	J-34	9032	8561	471
Haryana	Sirsa	J-34	8755	8260	495
Rajasthan	Sri-Ganganagar	J-34	8386	7925	461

## **Cotton Arrivals in Key Centers:**

Commodity	Кар	as	Weekly Sum Arrivals (Quintal)			
State	Centre	Variety	24th Mar'22 to 30th Mar'22	17th Mar'22 to 23rd Mar'22	Change	
	Ahmedabad	Shankar-6	76500	180200	-103700	
	Gondal	Shankar-6	NA	11983	-	
	Rajkot	B.T. Cotton	NA	18000	-	
Gujarat	Patan	B.T. Cotton	13736	13490	246	
	Kadi	B.T. Cotton	47000	67500	-20500	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	NA	NA 98	-	
	Bhiwani	B.T. Cotton	NA	NA	-	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	16660	9180	7480	
Haryana	Fatehabad	B.T. Cotton	2700	2700	Unch	
	Jind	B.T. Cotton	5636	5024	612	
	Uchana	B.T. Cotton	9050	6600	2450	



	Dabwali	B.T. Cotton	1750	2900	-1150
Daicathan	Hanumangarh	B.T. Cotton	5300	2200	3100
Rajasthan	Rawatsar	B.T. Cotton	4900	3500	1400
Madhua Buadaah	Khandwa	Mech-1	NA	NA	-
Madhya Pradesh	Khargaon	Mech-1	NA	NA	-
Makanashtus	Amravati	Mech-1	83000	51000	32000
Maharashtra	Jamner	Medium Staple	NA	NA	-
Hitter Dradesh	Hathras	B.T. Cotton	NA	NA	-
Uttar Pradesh	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	6541	17836	-11294
	Bijapur	Bunny	2793	1855	938
Marrataka	Hubli	D.C.H.	NA	NA	-
Karnataka	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	30	23	7
Commodity	Li	nt		m Arrivals ntal)	
State	Centre	Variety	24th Mar'22 to 30th Mar'22	17th Mar'22 to 23rd Mar'22	Change
	Bhatinda	J-34	22950	20400	2550
Punjab	Abohar	J-34	2210	2635	-425
	Mansa	J-34	2380	2125	255
Haryana	Sirsa	J-34	5950	6460	-510
Rajasthan	Sri-Ganganagar	J-34	1900	2700	-800

Week on Week Price: Scenario of Cotton:								
Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago		
State	Centre	Variety	1-Apr-22	25-Mar-22	2-Mar-22	1-Apr-21		
	Ahmedabad	Shankar-6	Closed	11500	10000	Closed		
	Gondal	Shankar-6	12580	Closed	10655	5500		
	Rajkot	B.T. Cotton	Closed	Closed	10925	5530		
Gujarat	Patan	B.T. Cotton	Closed	11500	10035	5515		
	Kadi	B.T. Cotton	12500	11000	9700	5550		
	Deesa	B.T. Cotton	NA	0	0	NA		
	Dhrol	B.T. Cotton	Closed	NA	9855	NR		



	Bhiwani	B.T. Cotton	NA	0	8400	5600
	Bhiwani	Desi	NA	0	0	NA
	Adampur	B.T. Cotton	10800	10400	9800	5350
Haryana	Fatehabad	B.T. Cotton	11100	10800	9500	5350
	Jind	B.T. Cotton	11700	10300	9400	5700
	Uchana	B.T. Cotton	10380	9950	9500	5385
	Dabwali	B.T. Cotton	11635	10800	10100	NR
Doinathan	Hanumangarh	B.T. Cotton	Closed	10900	10200	Closed
Rajasthan	Rawatsar	B.T. Cotton	11000	10800	0	Closed
Madhya Pradesh	Khandwa	Mech-1	NA	0	Closed	5491
Waunya Frauesn	Khargaon	Mech-1	NA	0	Closed	5427
Maharashtra	Amravati	Mech-1	Closed	11850	Closed	5300
Wanarashira	Jamner	Medium Staple	NA	0	9510	NA
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	0	NA
	Hathras	Desi	NA	0	0	NA
Telangana	Adilabad	Un-Ginned	NA	10100	0	5400
	Bijapur	Bunny	NR	12101	10259	5929
Karnataka	Hubli	D.C.H.	NA	0	0	NA
Namataka	Hubli	B.T. Cotton	NA	0	0	NA
	Raichur	H-44 Cotton	NR	11500	0	5470
Commodity	Liı	nt	Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	1-Apr-22	25-Mar-22	2-Mar-22	1-Apr-21
	Bhatinda	J-34	9250	8775	7950	4590
Punjab	Abohar	J-34	9250	8800	8000	4590
	Mansa	J-34	9250	8790	7980	4580
Haryana	Sirsa	J-34	8950	8480	7740	4520
Rajasthan	Sri-Ganganagar	J-34	8601	8225	7379	4277

Cotton Arrivals in Key Centers:								
Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)		
State	Centre	Variety	1-Apr-22	25-Mar-22	2-Mar-22	1-Apr-21		
	Ahmedabad	Shankar-6	Closed	25500	51000	Closed		
Gujarat	Gondal	Shankar-6	870	Closed	1657	#N/A		
	Rajkot	B.T. Cotton	Closed	Closed	5200	#N/A		



	Patan	B.T. Cotton	Closed	4780	1840	3450
	Kadi	B.T. Cotton	7000	10000	5000	#N/A
	Deesa	B.T. Cotton	NA	0	0	#N/A
	Dhrol	B.T. Cotton	Closed	NA	592	#N/A
	Bhiwani	B.T. Cotton	NA	0	400	1200
	Bhiwani	Desi	NA	0	0	#N/A
	Adampur	B.T. Cotton	1700	1700	1700	#N/A
Haryana	Fatehabad	B.T. Cotton	300	500	100	#N/A
	Jind	B.T. Cotton	1020	578	595	#N/A
	Uchana	B.T. Cotton	700	1550	2000	#N/A
	Dabwali	B.T. Cotton	500	300	500	#N/A
Deigothon	Hanumangarh	B.T. Cotton	Closed	1000	1500	#N/A
Rajasthan	Rawatsar	B.T. Cotton	200	1000	0	200
Madhya Dradaah	Khandwa	Mech-1	NA	0	Closed	#N/A
Madhya Pradesh	Khargaon	Mech-1	NA	0	Closed	#N/A
Maharashtra	Amravati	Mech-1	Closed	16000	Closed	#N/A
Manarashtra	Jamner	Medium Staple	NA	0	20	#N/A
Uttar Pradesh	Hathras	B.T. Cotton	NA	0	0	#N/A
Ottal Frauesii	Hathras	Desi	NA	0	0	#N/A
Telangana	Adilabad	Un-Ginned	NA	1275.2	0	0
	Bijapur	Bunny	NR	516	186	929
Manustalia	Hubli	D.C.H.	NA	0	0	0
Karnataka	Hubli	B.T. Cotton	NA	0	0	0
	Raichur	H-44 Cotton	NR	6	0	15
Commodity	Liı	nt	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	1-Apr-22	25-Mar-22	2-Mar-22	1-Apr-21
	Bhatinda	J-34	2550	5100	5100	1360
	Abohar	J-34	255	340	510	170
Punjab	Mansa	J-34	340	425	170	340
	Sirsa	J-34	680	850	510	510
	Sri-Ganganagar	J-34	300	300	1500	500



**Cotton Association of India Spot Rates:** 

	Staple Micronaire	Strength/ GPT	Weekly Ave	, I		
Trade Name			24th Mar'22 to 30th Mar'22	17th Mar'22 to 23rd Mar'22	+/- Change	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	55500	53680	1820
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	56000	54180	1820
J-34(202)	26mm	3.5 - 4.9	23	81817	77600	4217
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	85900	80720	5180
Shankar-6(105)	29mm	3.5 – 4.9	28	81312	81640	-328
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	94200	86000	8200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	108667	102400	6267

## Disclaimer

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