

**COTTON WEEKLY RESEARCH REPORT**16<sup>th</sup> May 2022**Domestic market summary**

**Domestic Market Scenario:** Cotton sowing for the 2022-23 season is progressing well in Punjab, Haryana and some parts of Rajasthan. As per our sources, almost 70 percent of the cotton sowing has been done in Rajasthan for the 2022-23 season. Whereas, in Punjab and Haryana almost 40-50 percent of the sowing is done. Further, the acreage is expected to decrease to some extent in Punjab as in 2021-22 season farmers incurred losses due to Pink Bollworm infestation. It is expected that farmers may shift towards maize in the 2022-23 season in Punjab. Cotton Fiber (Shanker-6) prices have slightly increased in the past week and were at Rs. 99000 per candy.

**Weekly Price Outlook:**

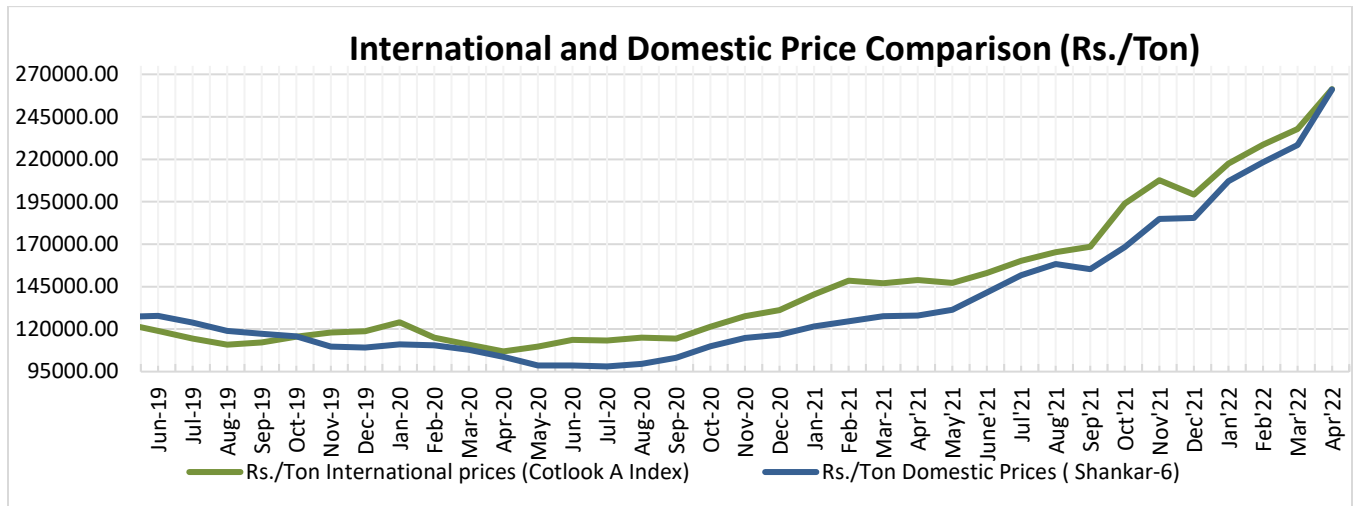
The average price of Kapas in Andhra Pradesh is likely to hover around Rs.11,800-12,500/Qtl.

**Major Market Highlights:**

- The Cotlook Index stood higher (162.45 cents/lbs) compared to the ICE Cotton Futures that stood at 142.93 cents/lbs.
- Indian rupee consolidated from Rs. 77.46 per USD.

**Market Highlights:**

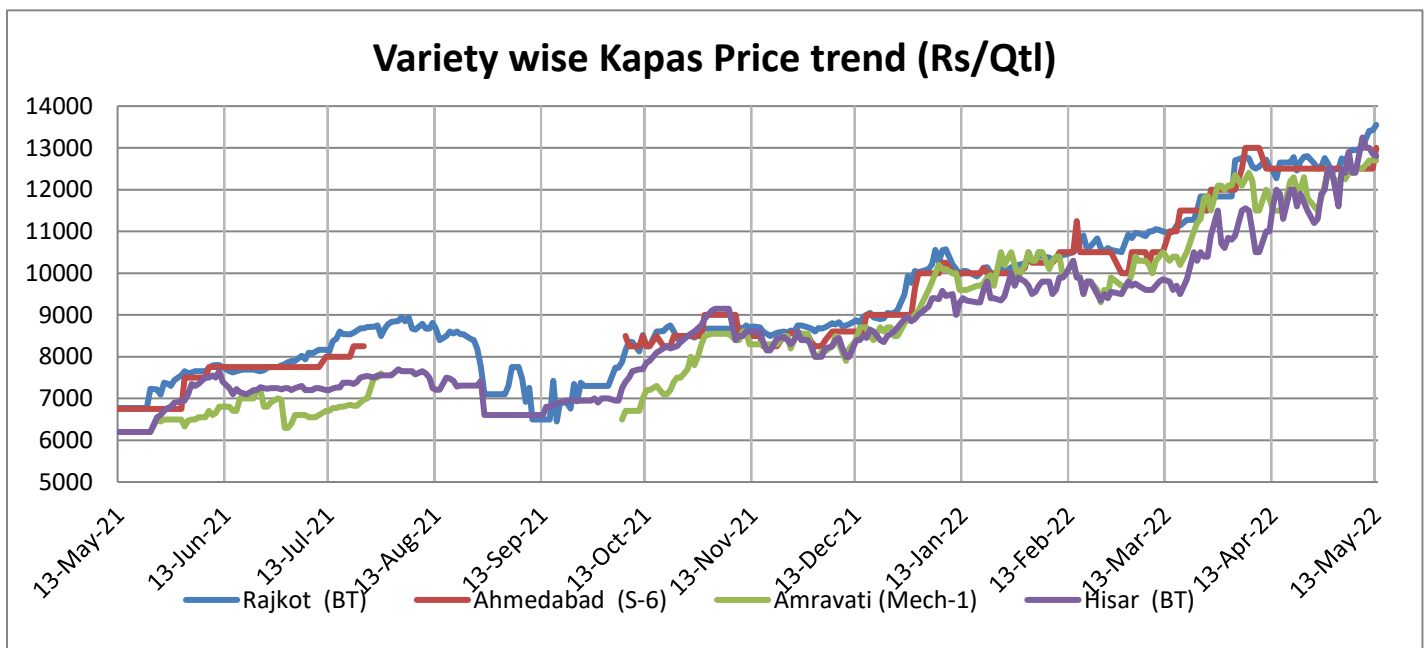
- Cotton Association of India has reduced its April estimate of the cotton crop for the 2021-22 season by 11.50 lakh bales to 323.63 lakh bales from its previous estimate of 335.13 lakh bales. The Association has attributed the reduction in crop estimate due to the drop in production in states including Gujarat, Maharashtra, Madhya Pradesh, Telangana, Tamil Nadu, Karnataka.
- The total cotton supply between October 2021 to April 2022 remained at 358.49 lakh bales, which consists of the arrivals of 277.49 lakh bales, imports of 6 lakh bales during the month of April 2022 and Opening Stock of 75 lakh bales equivalent to 79.69 lakh running bales at the beginning of the season on 1<sup>st</sup> October 2021. Further, the CAI has estimated cotton consumption for the months of October to April 2022 at 200 lakh bales while export shipment of cotton during the months of October to April 2022 is estimated at 36 lakh bales. Stock at the end of March 2022 is estimated at 122.49 lakh bales.
- The Domestic Cotton prices were at Rs. 2,61,067 per tonne in April'2022 which is slightly lower as compared to the international prices of Rs. 2,61,297 per tonne in April'2022. Agriwatch expects domestic prices to rise in the coming months until government impose any limit on exports. We further expect that the current trend in domestic prices will surpass the trend of international prices. Domestic prices are expected to come down once the new crop arrivals comes in the market in the coming 2022-23 Kharif season.



## Domestic Cotton Prices Scenario

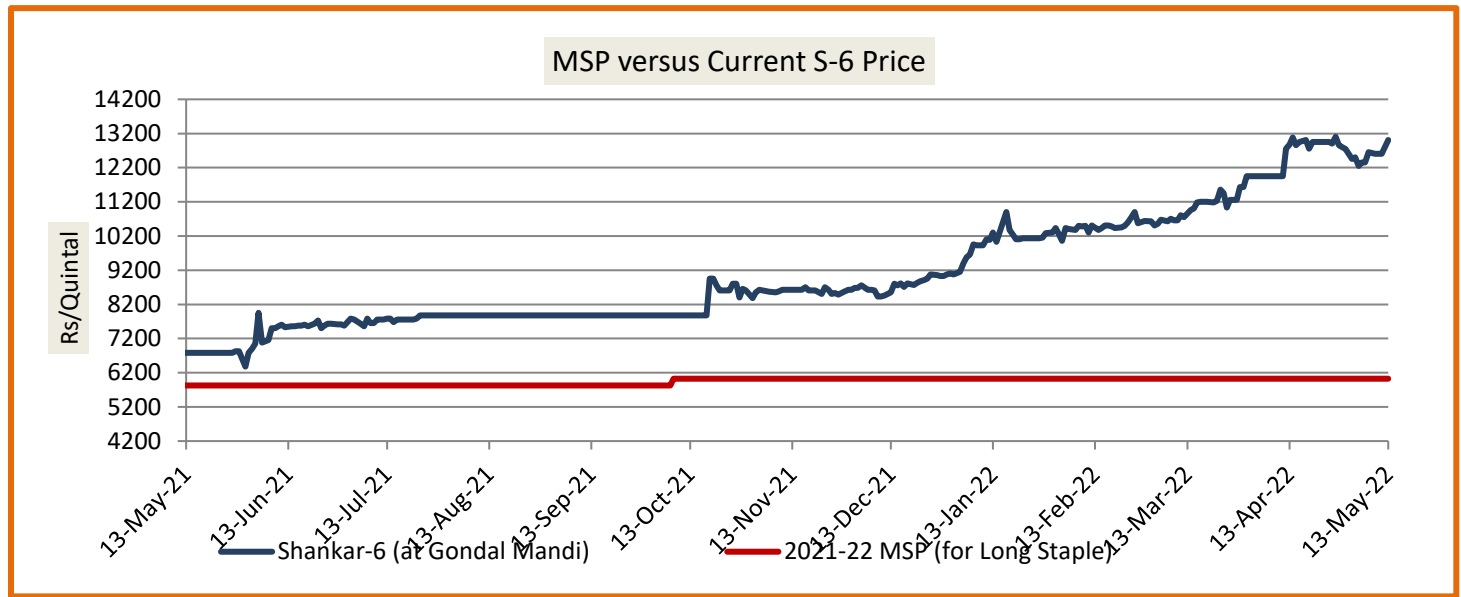
### Kapas (Raw Cotton) Weekly Price Scenario

**Weekly Price Review:** Weekly Kapas average prices at Rajkot stood slightly higher at Rs. 13069/Qtl compared to previous week's Rs. 12624/Qtl, whereas at Hisar prices stood slightly higher at Rs. 12825/Qtl compared to previous week's price of Rs. 12250/Qtl. For Amravati and Ahmedabad prices were at Rs. 12533/Qtl and Rs. 12500/Qtl respectively.



### Spot Price versus MSP

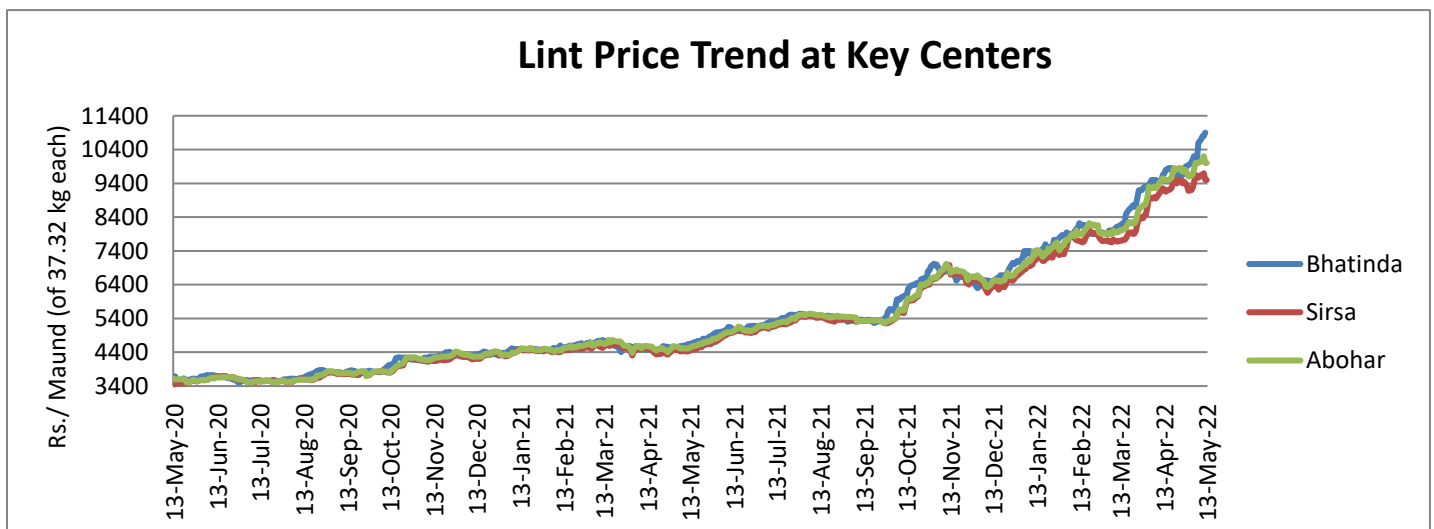
Average Kapas prices at Gondal market have slightly improved at Rs. 12755/Qtl from the previous week of Rs. 12605/q.



Source: Agriwatch

### Lint price Outlook

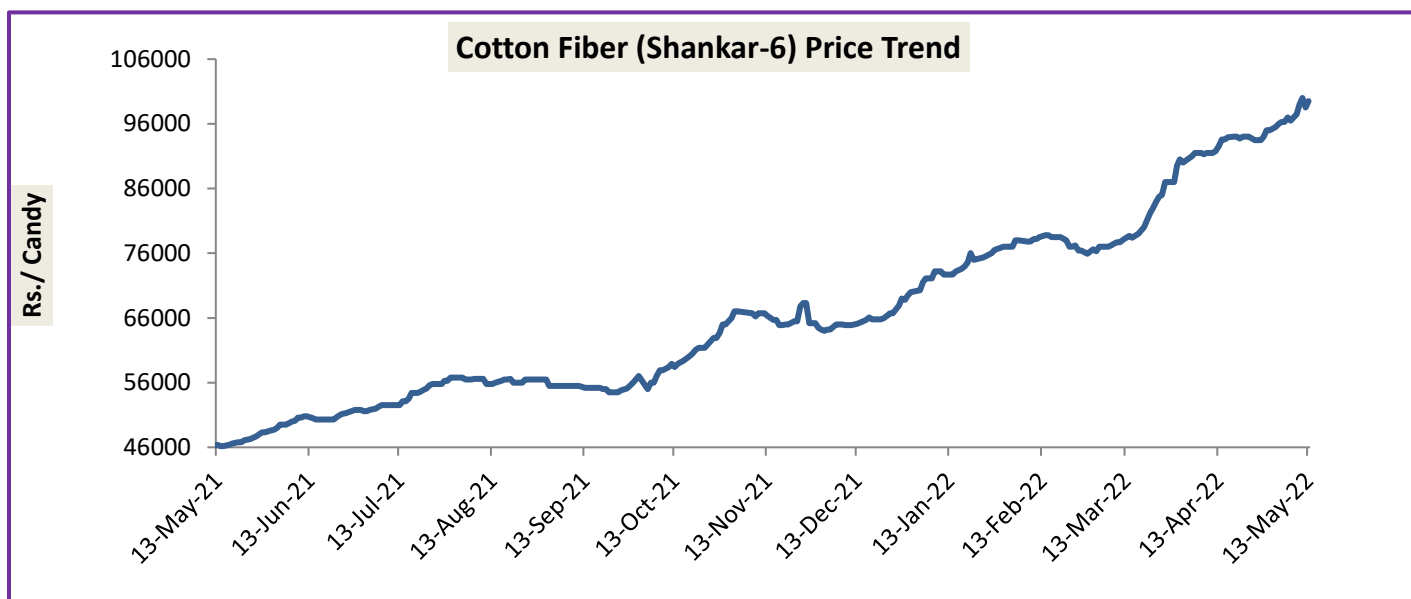
The average price stood slightly higher at Rs. 10383/maund this week compared to Rs.9991/maund previous week in Abohar, in Bhatinda prices were at Rs.10383/maund, and slightly higher in Sirsa at Rs.9816/maund from Rs.9578/maund previous week.



Source: Agriwatch

### Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) prices of premium quality have increased at Rs.97716/candy and is likely to remain on a stronger note on the back of firm global outlook amid tight supply.



Source: Cotton Association of India (CAI)

### Cotton Seed Oil and Cotton Seed Oil Cake

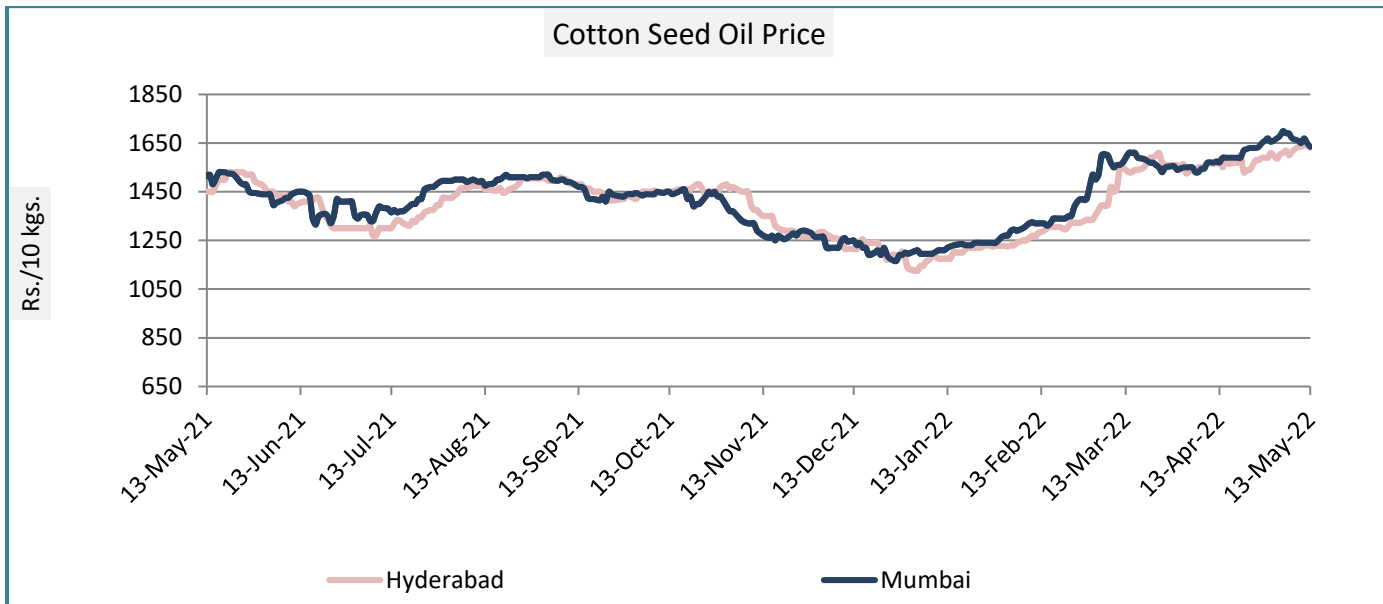
#### Cotton Seed Oil weekly

##### Price Scenario

Cottonseed oil prices have decreased across the major centers during the week ending on 11th May'22 due to weak demand in the market as compared to the previous week.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	11-May-22	04-May-22	
<b>New Delhi</b>	1520	1520	-
<b>Rajkot</b>	1642	1661	-1.16
<b>Hyderabad</b>	1628	1633	-0.34
<b>Mumbai</b>	1648	1683	-2.11

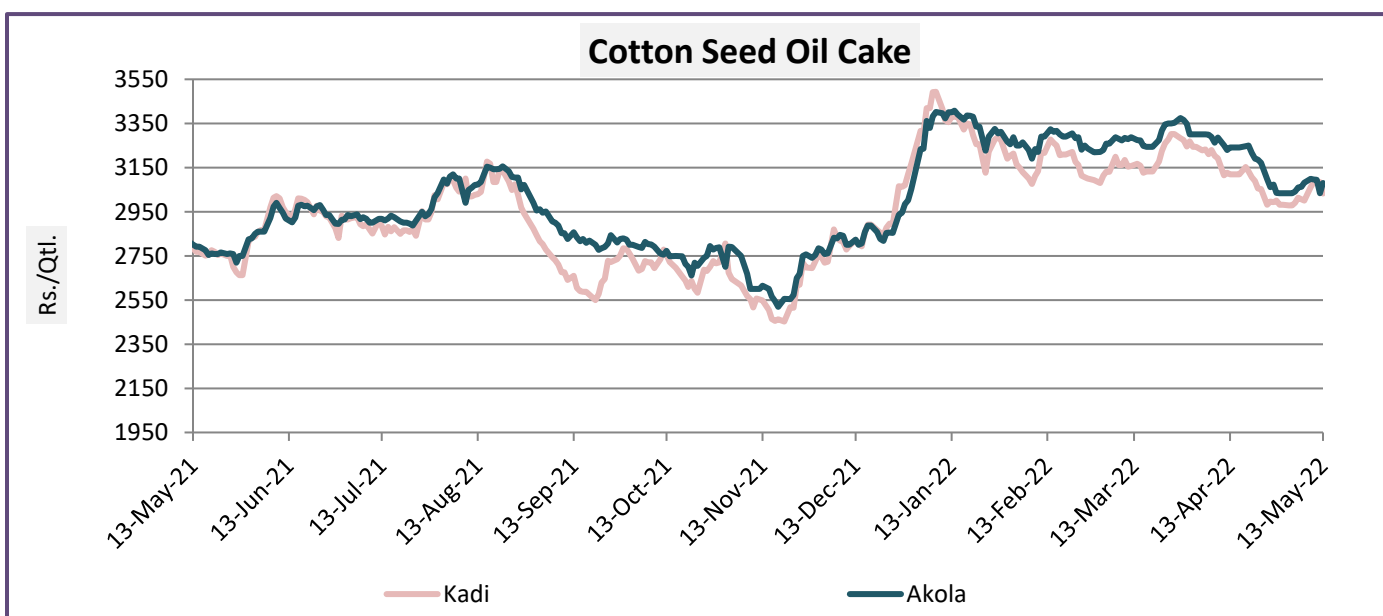
Source: Agriwatch



#### 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. 3041 per quintal from Rs. 2985 per quintal and in Akola prices were at Rs. 3082 per quintal from Rs. 3035 per quintal the previous week.

	Weekly Average Price as on (Rs/quintal.)*		% Change
	11-May-22	04-May-22	
Kadi	3028	3028	1.89
Akola	3035	3035	1.56



Source: NCDEX

### **International Market Scenario**

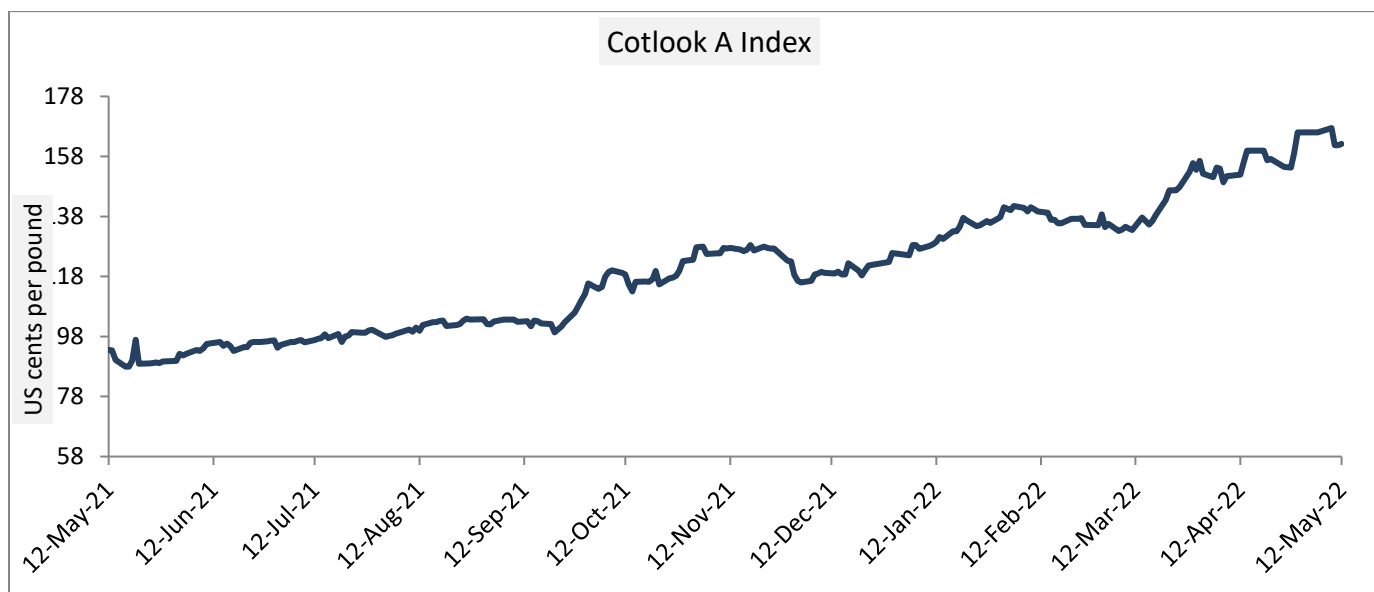
- According to the USDA WASDE May Report, the 2021-22 global cotton production was lowered by 1.8 million bales to 118.4 million bales. This was primarily a result of a 1.0 million bales reduction for India at 25.5 million bales and a 650,000 bales reduction for Uzbekistan at 2.8 million bales. World 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 01<sup>st</sup> May 2022, U.S cotton planting stands at 24 percent which is same as that of previous season. Also, U.S. cotton planting was same as that of past 5 years average.
- 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.

### **Cotlook A Index**

Cotlook A Index was high this week. The Cotlook A Index was at 164.23 cents/lb higher as compared to the previous week (162.55 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	Weekly Average Price change as on		% Change
	11-May-22	04-May-22	
Prices	164.23	162.55	1.03
Prices in US cents per Pound			

Source: Cotlook

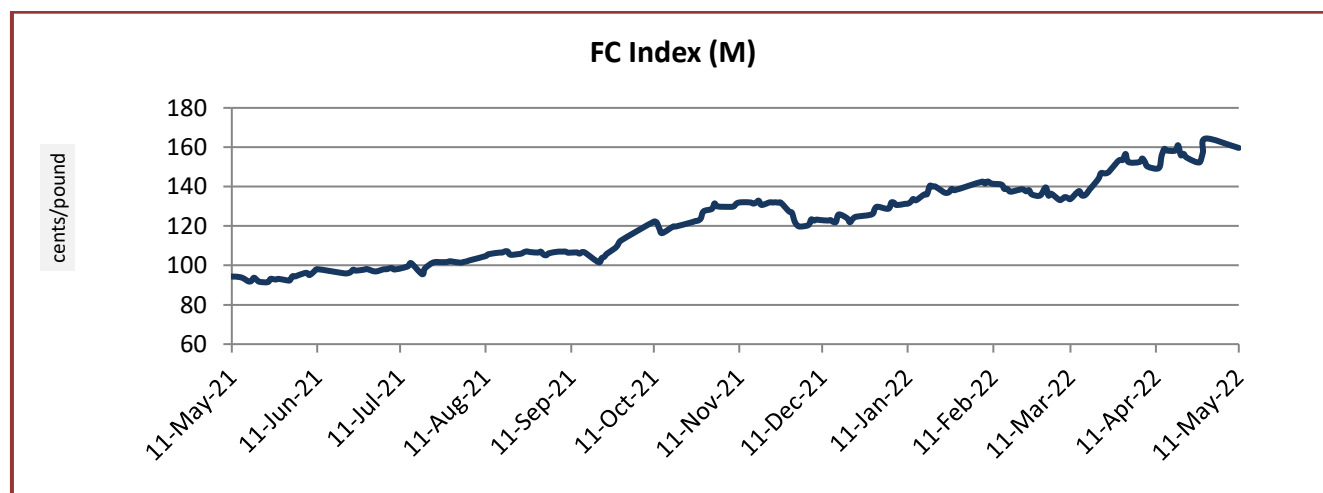


### China Cotton Index and Foreign Cotton Index

Cotton Index	Weekly Average Price as on		% Change
	11-May-22	04- May-22	
FC (S)	161.29	155.44	3.76
FC (M)	159.66	153.85	3.78
FC (L)	158.10	152.31	3.80

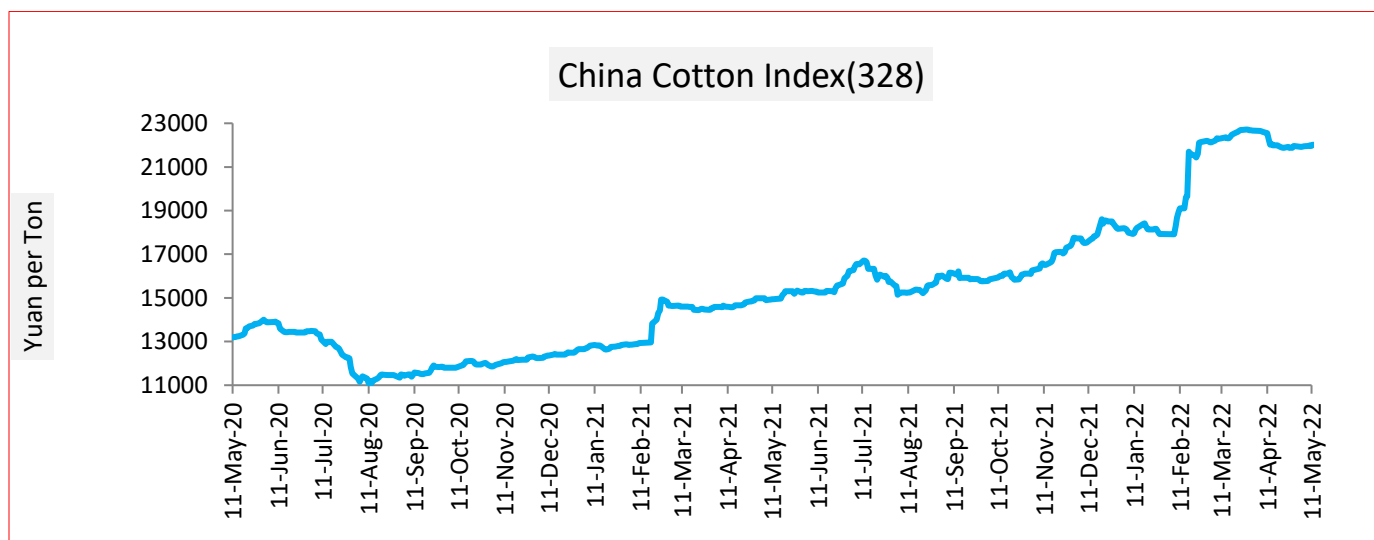
Prices in US cents per Pound

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	11-May-22	04-May-22	
CCIndex(328)	22538.20	22480.00	0.26
CCIndex(527)	20647.20	20787.20	-0.67
CCIndex(229)	22599.00	22892.40	-1.28
Prices in Yuan per ton			

Source: China Cotton Association



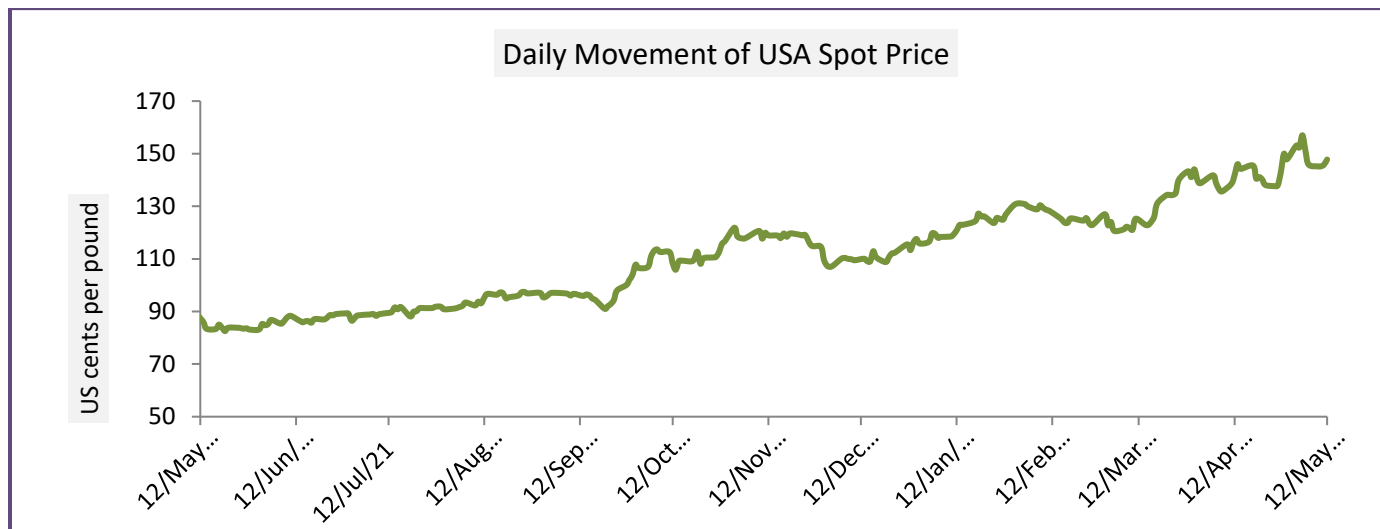
## USA Spot Prices

U.S.A spot prices was at 146 cents per pound last week.

USA Spot Prices	Monthly Average Price as on		% Change
	11-May-22	04-May-22	
Prices	146.62	150.80	-2.77
Prices in US cents per Pound			

Source: USDA



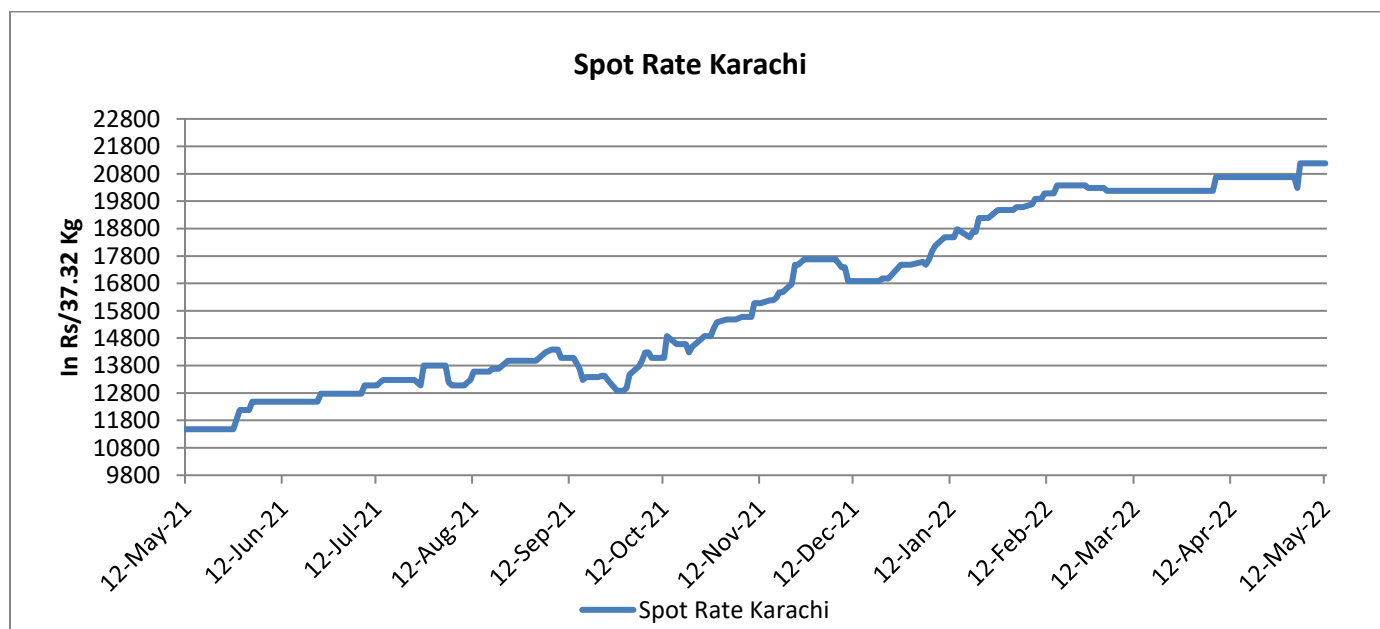


### Pakistan Spot Prices

The Karachi spot price had slightly increased at Rs.21180/q same as the previous week.

Karachi Spot Prices	Weekly Average Price as on		% Change
	14-May-22	04-May-22	
Prices	21180	20600	2.82
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com



Commodity: Cotton

Exchange: MCX

Contract: May

Expiry: May. 30, 2021

### Cotton – Technical Outlook

#### Technical Chart:



#### Technical Commentary:

- As evident from the above chart overall the trend remains up and intact & prices are at new high.
- Momentum indicator MACD diverging in positive territory, indicating firmness in prices.
- Oscillator RSI is moving up in overbought zone for a longer period of time, so, some profit booking cannot be ruled out.
- Overall, prices are expected to remain firm.
- Buy on dips is advisable as per the current trend.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cotton	MCX	May	48220	48300	48640	48850	48970
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	May	Buy	48630	48730	48820	48560

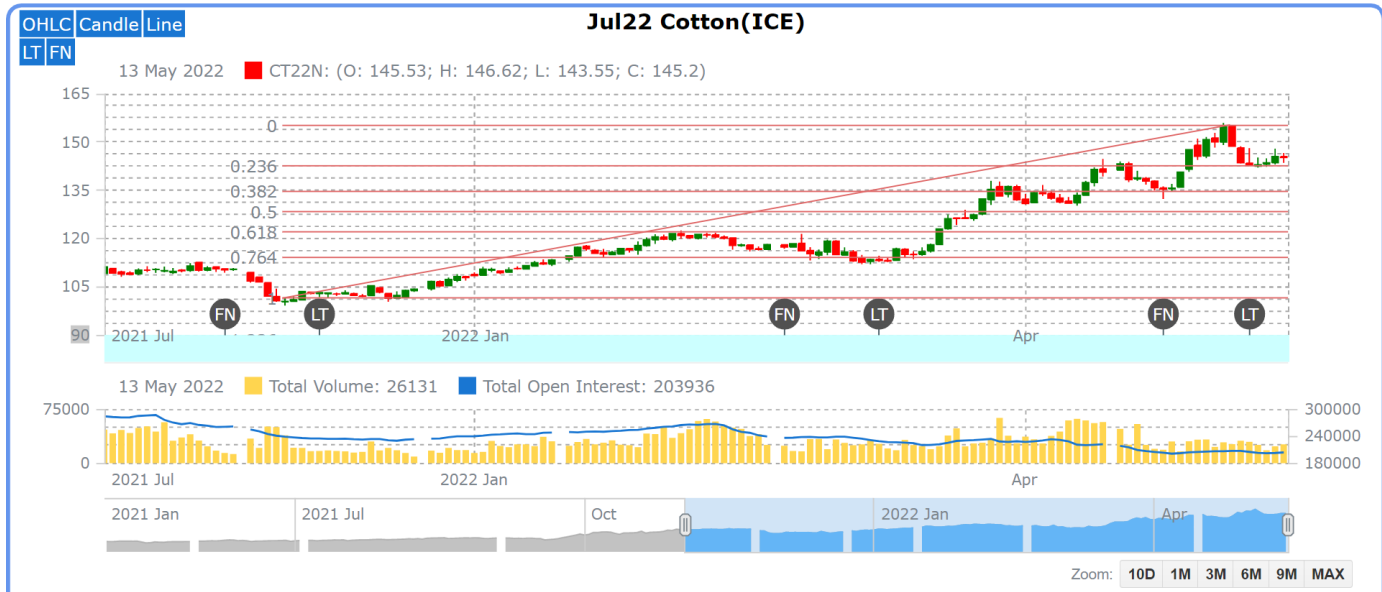
\* Do not carryforward the position the next day.

**Commodity: Cotton seed oilcake**
**Exchange: MCX**
**Contract: May**
**Expiry: May. 30, 2021**
**Cottonseed Oilcake**
**Technical Chart:**

**Technical Commentary:**

- As evident from the above chart overall the trend remains up, prices have slightly corrected in the last week but may take trendline support and again move up.
- Currently trading at 50 DMA which can be categorized as support.
- RSI indicating weak buying strength.
- Volume has decreased over the last week.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cottonseed oilcake	NCDEX	May	2758	2808	2874	3102	3049
Intraday Trade Call			Call	Entry	T1	T2	SL
Cottonseed oilcake	NCDEX	May	<b>Sell</b>	2884	2849	2824	2905



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

- The May'22' contract has shown some slight correction in the last week.
- Total volume increased & Open Interest decreased compared to last week.
- As depicted in the above chart, there is a trend breakdown, market has broken 23% Fibonacci retracement level next support is 38% Fibonacci retracement level. Although market has retraced back after taking a support of 23% Fibonacci retracement level.
- Market is further expected to remain firm in the coming week.

### Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Firm	150-162

### Expected Support and Resistance

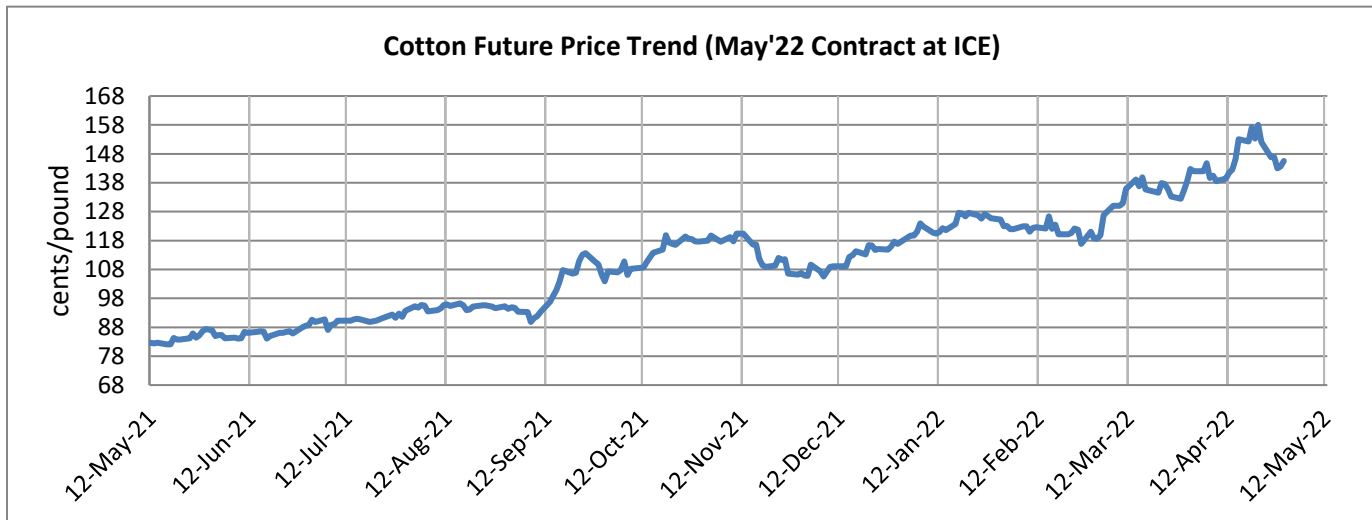
Support 1	Support 2	Resistance 1	Resistance 2
146	138	155	164

Figures in US cents/pound

### Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	12-May-22	12-Apr-22 (1 month ago)	11-Feb-21 (3 months ago)	13-Nov-21 (6 months ago)	12-May-21 (a year ago)	% Change over a month	% Change over previous year
May-22	145.53	138.51	125.28	117.69	87.75	5.07	65.85
Jul-22	134.13	137.45	122.91	115.08	86.43	2.42	55.19
Oct-22	127.67	125.83	120.12	113.35	85.53	1.46	49.27
Dec-22	122.35	120.03	108.81	110.06	85.12	1.93	43.74
Mar-23	116.70	115.74	105.19	97.23	84.61	0.83	37.93

### Future Price Trend (Active Contract):



Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	05th May'22 to 11th May'22	28th Apr'22 to 04th May'22	
Gujarat	Ahmedabad	Shankar-6	12500	12500	Unch
	Gondal	Shankar-6	12755	12605	150
	Rajkot	B.T. Cotton	13069	12624	445
	Patan	B.T. Cotton	11814	12022	-208
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	11365	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	12825	12250	575
	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	12533	10735	1798
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	13213	12833	380
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	12150	12433	-283
Commodity	Lint		Prices (Rs./Maunder of 37.32kg each)		Change

State	Centre	Variety	05th May'22 to 11th May'22	28th Apr'22 to 04th May'22	
Punjab	Bhatinda	J-34	10383	9933	450
	Abohar	J-34	10383	9992	392
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	9817	9578	238
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

### Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	05th May'22 to 11th May'22	28th Apr'22 to 04th May'22	Change
Gujarat	Ahmedabad	Shankar-6	88400	85000	3400
	Gondal	Shankar-6	10105	6942	3163
	Rajkot	B.T. Cotton	10580	10495	85
	Patan	B.T. Cotton	3344	6387	-3043
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5780	5610	170
	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	83000	54000	29000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2434	1947	487
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	46	23	23
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	05th May'22 to 11th May'22	28th Apr'22 to 04th May'22	
Punjab	Bhatinda	J-34	NA	264	-
	Abohar	J-34	161	221	-60
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	2040	2380	-340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				05th May'22 to 11th May'22	28th Apr'22 to 04th May'22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	66233	64383	1850
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	66933	65083	1850
J-34(202)	26mm	3.5 - 4.9	23	92617	90867	1750
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	96050	93333	2717
Shankar-6(105)	29mm	3.5 - 4.9	28	97717	95300	2417
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	103250	101333	1917
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	113583	112583	1000

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