

**COTTON WEEKLY RESEARCH REPORT**23<sup>rd</sup> May 2022**Domestic market summary**

**Domestic Market Scenario:** Cotton fiber (Shanker-6) prices have touched a record high at Rs. 1,00,100 to Rs. 1,00,200 per candy in the last two days. The lack of quality produce is pushing up the prices despite higher pressing of raw cotton. Agriwatch expects cotton fiber prices to remain firm and may test 1,00,300 – Rs. 1,00,400 per candy in the coming week.

**Weekly Price Outlook:**

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

**Major Market Highlights:**

- The Cotlook Index stood higher (163.95 cents/lbs) compared to the ICE Cotton Futures that stood at 150.65 cents/lbs.
- Indian rupee consolidated from Rs. 77.53 per USD.

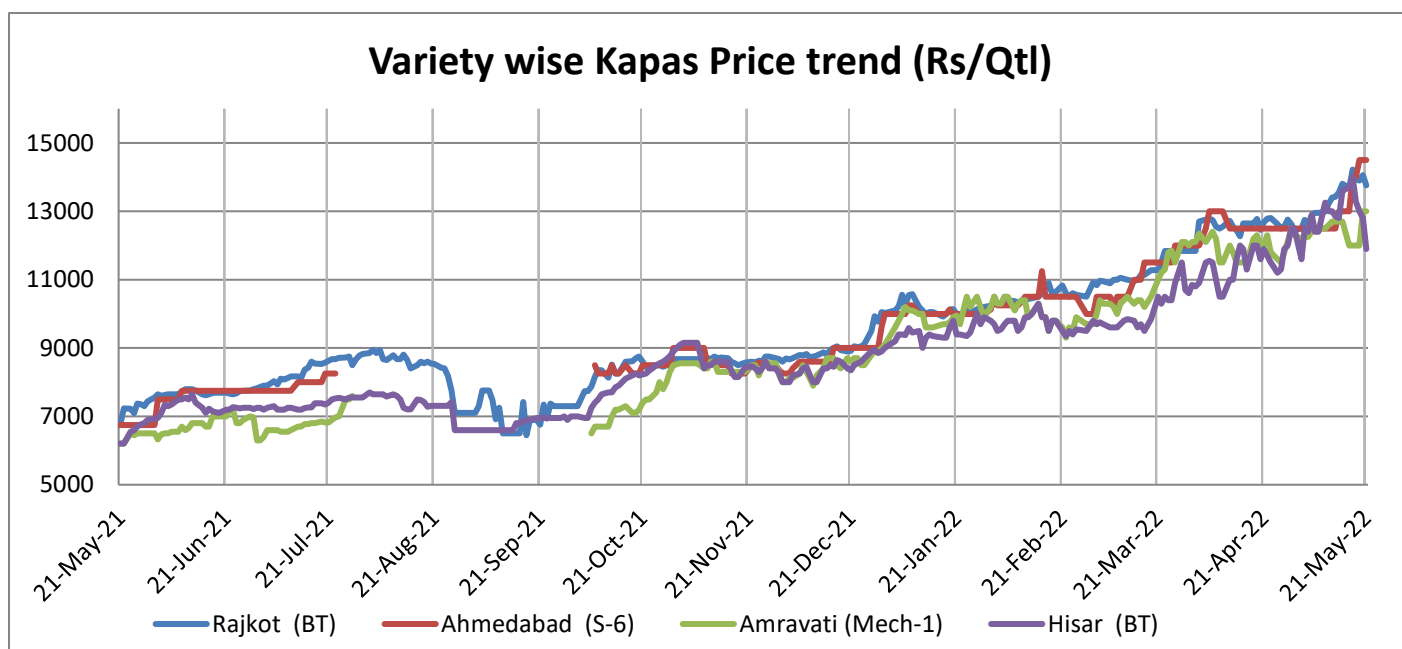
**Market Highlights:**

- For the coming 2022-23 season, cotton sowing is being progressing in northern states along with some parts of Madhya Pradesh and Gujarat. As per Agriwatch market sources, around 5 percent of the cotton sowing is done in Gujarat where water availability was there. Also, In Madhya Pradesh sowing is progressing in Khandwa region.
- The Tamil Nadu government is planning to establish procurement centers like Cotton Corporation of India in the state, to procure cotton directly from farmers across the state.
- 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.

## Domestic Cotton Prices Scenario

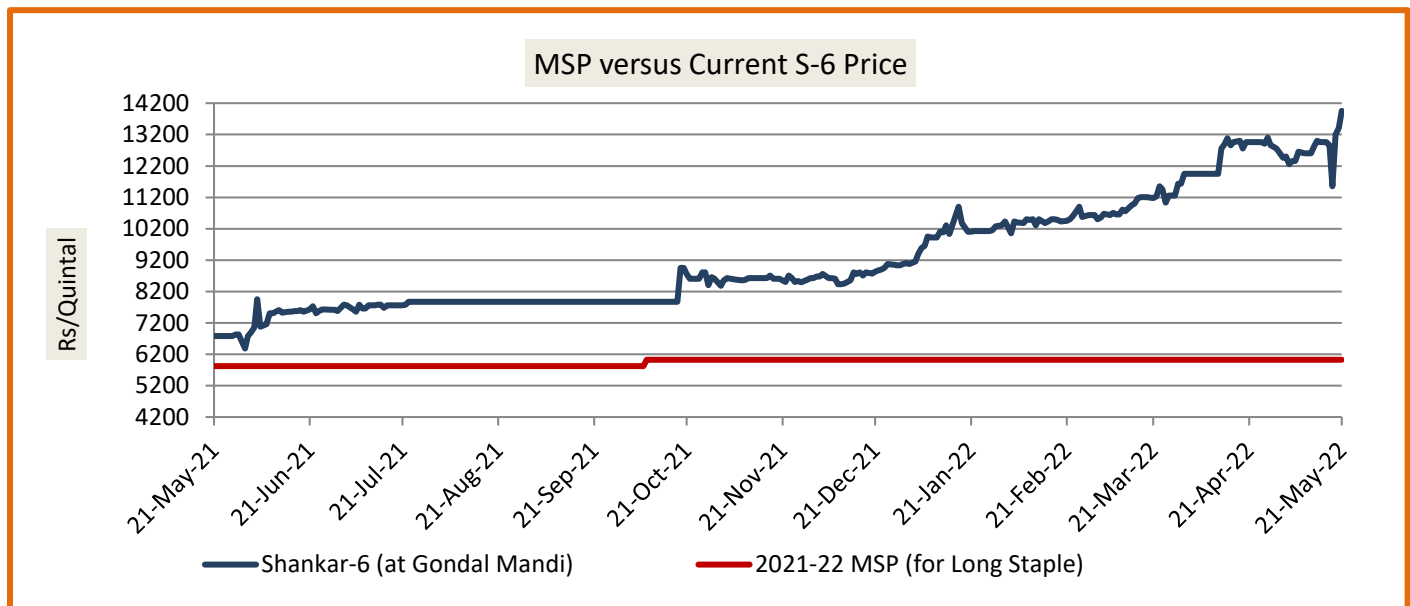
### Kapas (Raw Cotton) Weekly Price Scenario

**Weekly Price Review:** Weekly Kapas average prices at Rajkot stood slightly higher at Rs. 13768/Qtl compared to previous week's Rs. 13069/Qtl, whereas at Hisar prices stood slightly higher at Rs. 13373/Qtl compared to previous week's price of Rs. 12825/Qtl. For Amravati and Ahmedabad prices were at Rs. 12350/Qtl and Rs. 13250/Qtl respectively.



### Spot Price versus MSP

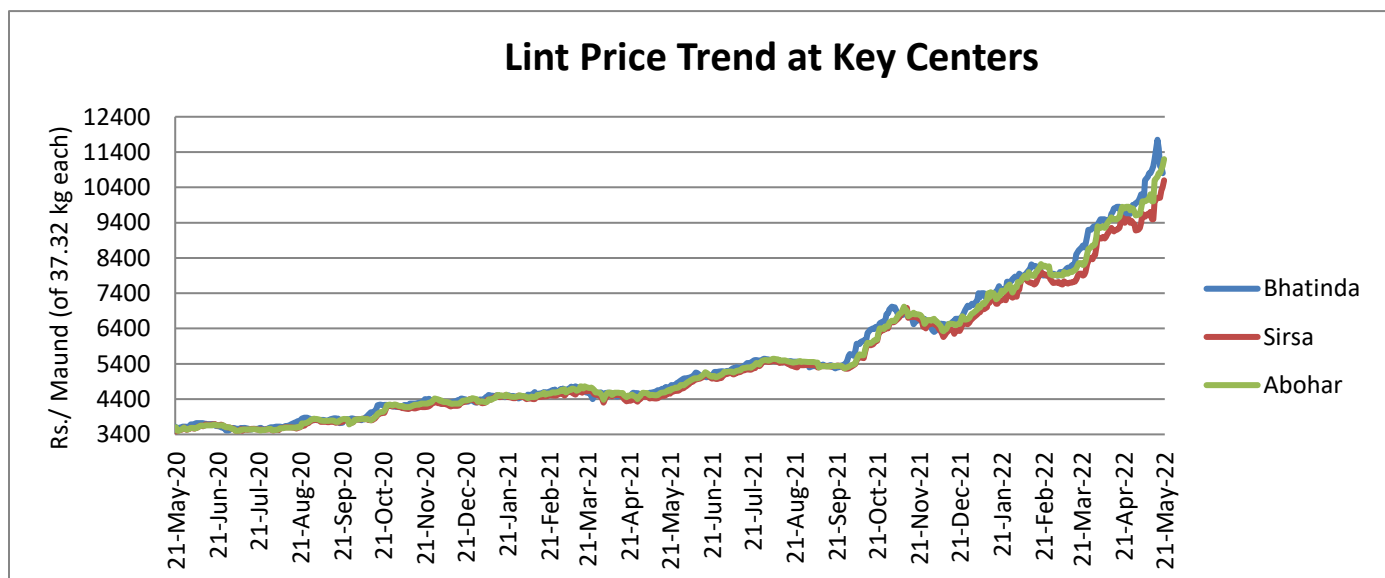
Average Kapas prices at Gondal market have increased and were at Rs. 14113/Qtl from the previous week of Rs. 12755/q.



Source: Agriwatch

## Lint price Outlook

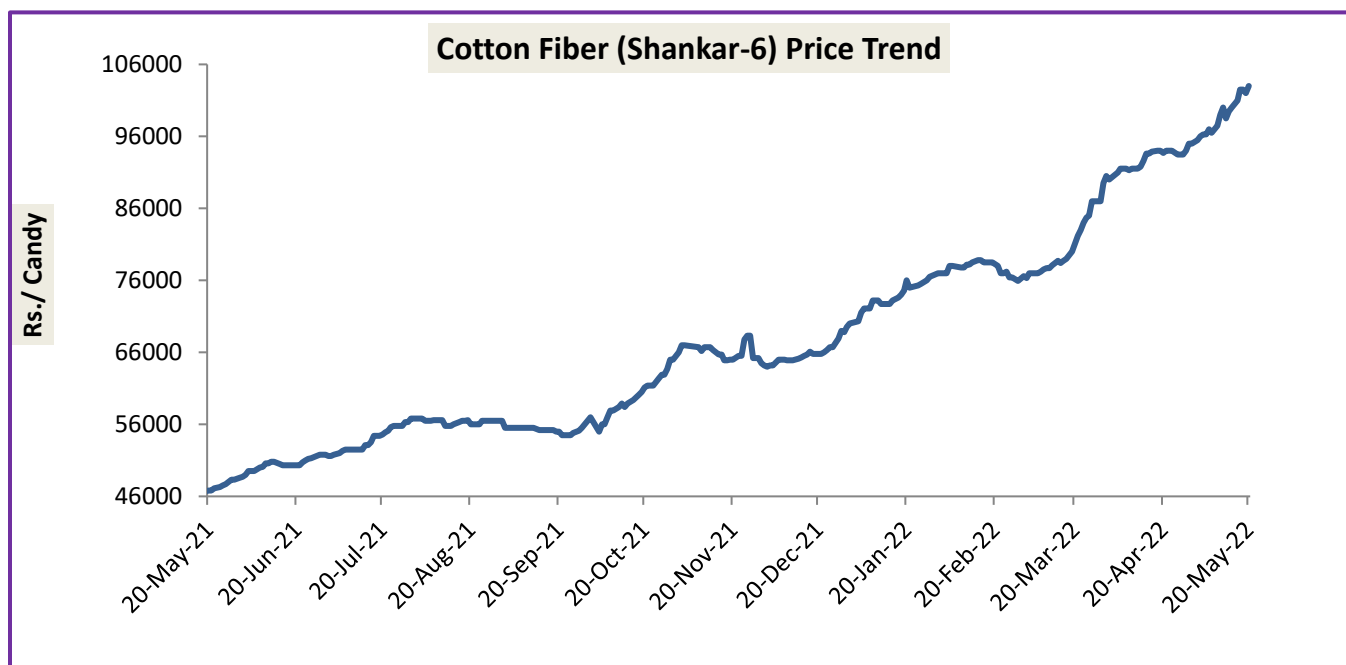
The average price stood slightly higher at Rs. 11200/maund this week compared to Rs.10383/maund previous week in Abohar, in Bhatinda prices were at Rs.11191/maund, and slightly higher in Sirsa at Rs.10566/maund from Rs.9816/maund previous week.



Source: Agriwatch

## Cotton Fiber price Outlook

The average cotton fiber (Shankar-6) prices of premium quality have increased at Rs.100666/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

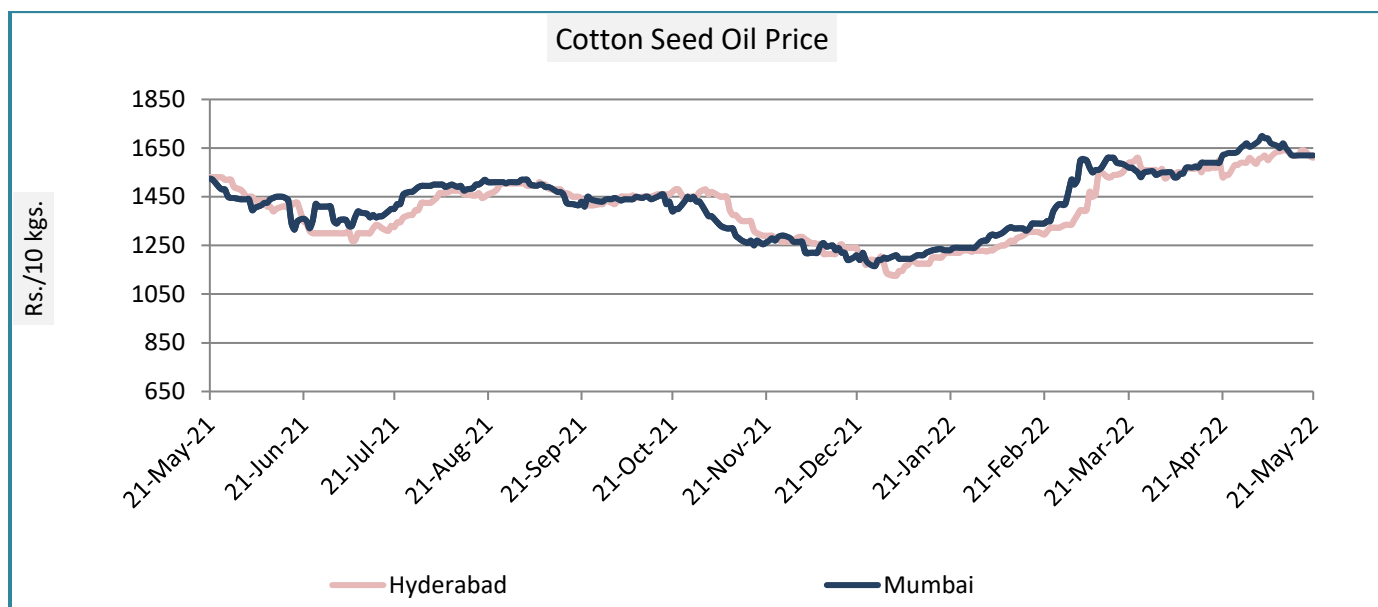
### Cotton Seed Oil weekly

#### Price Scenario

Cottonseed oil prices have decreased across the major centers during the week ending on 18th May'22 due to weak demand in the market as compared to the previous week.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	18-May-22	11-May-22	
<b>New Delhi</b>	1567	1520	3.07
<b>Rajkot</b>	1614	1642	-1.70
<b>Hyderabad</b>	1614	1628	-0.85
<b>Mumbai</b>	1620	1648	-1.70

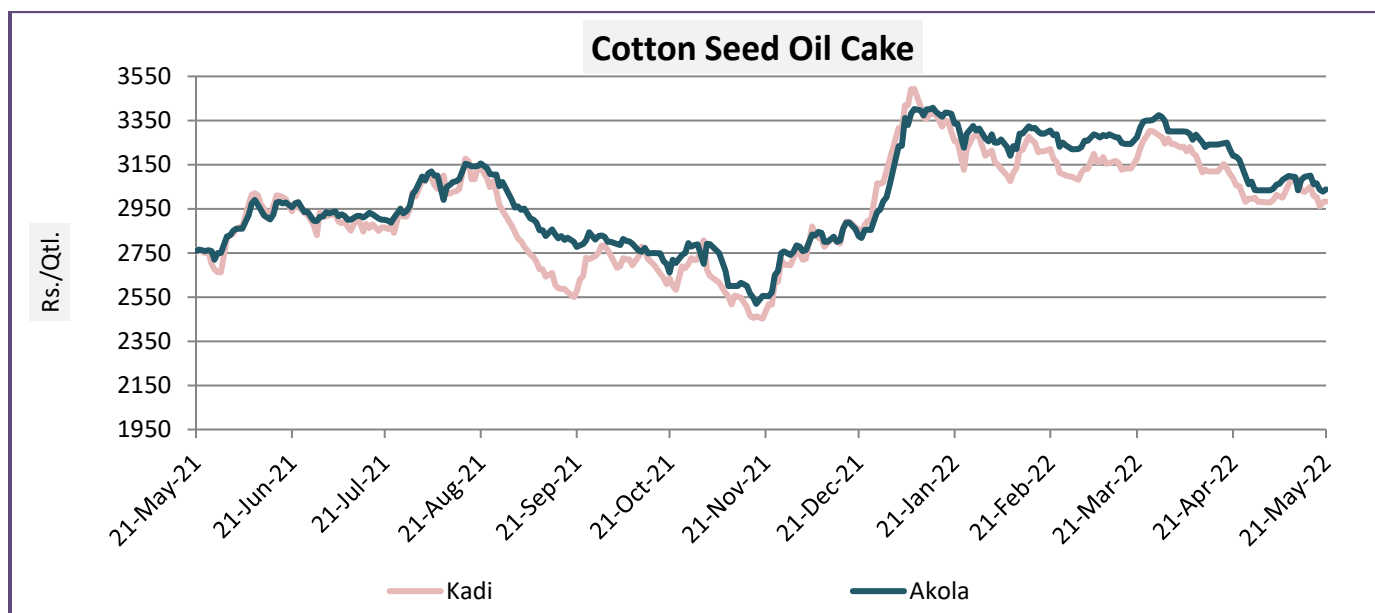
Source: Agriwatch



#### Cotton Seed Oil Cake weekly price Scenario

The average price of cottonseed oilcake in the Kadi market has decreased slightly as compared to previous week. Prices in Kadi were at Rs. 3034 per quintal from Rs. 3041 per quintal and in Akola prices were at Rs. 3073 per quintal from Rs. 3082 per quintal the previous week.

	Weekly Average Price as on (Rs/quintal.)*		% Change
	18-May-22	11-May-22	
Kadi	3034	3041	-0.22
Akola	3073	3082	-0.31



Source: NCDEX

### International Market Scenario

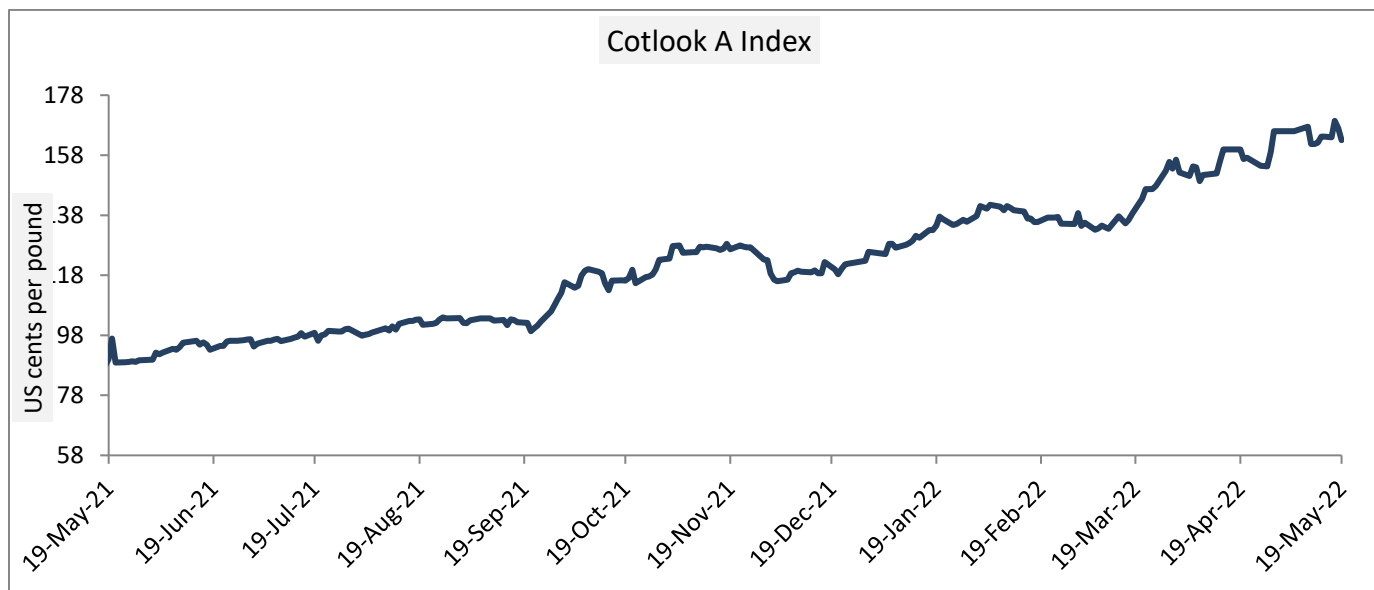
- According to the USDA WASDE May Report, the 2021-22 global cotton production was lowered by 1.8 million bales to 118.4 million bales. This was primarily a result of a 1.0 million bales reduction for India at 25.5 million bales and a 650,000 bales reduction for Uzbekistan at 2.8 million bales. World 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 15<sup>th</sup> May 2022, U.S cotton planting stands at 37 percent which is 1 percent lower as that of the previous season. Also, U.S. cotton planting was same as that of past 5 years average.

### Cotlook A Index

Cotlook A Index was high this week. The Cotlook A Index was at 165.17 cents/lb higher as compared to the previous week (164.23 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
	18-May-22	11-May-22	
Prices	165.17	164.23	0.57
Prices in US cents per Pound			

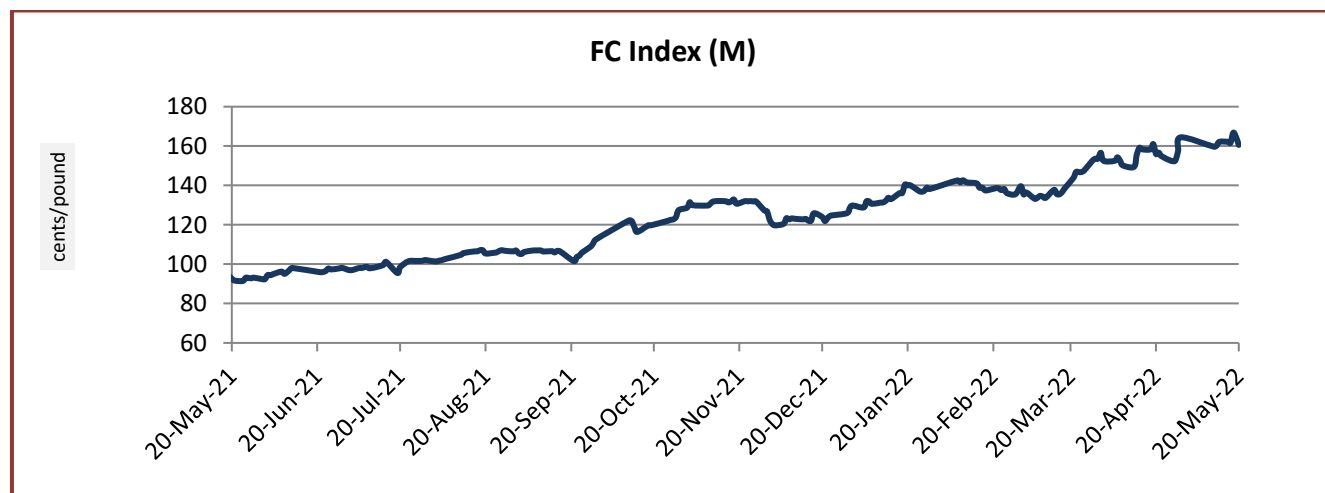
Source: Cotlook



### China Cotton Index and Foreign Cotton Index

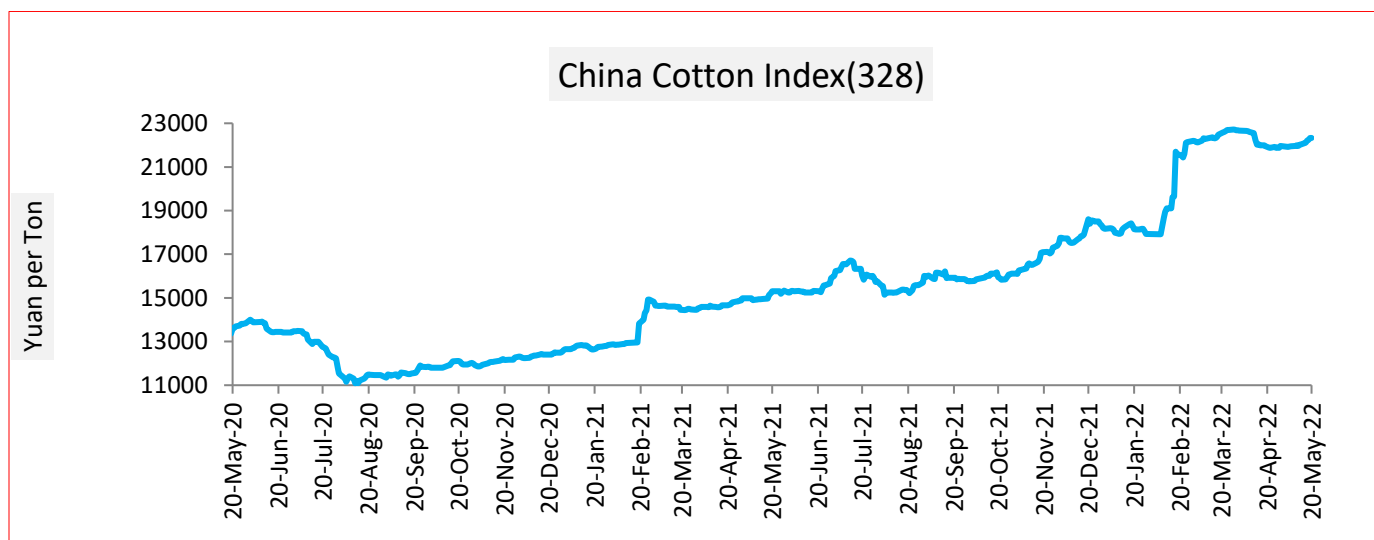
Cotton Index	Weekly Average Price as on		% Change
	18-May-22	11- May-22	
FC (S)	164.24	161.29	1.83
FC (M)	162.11	159.66	1.53
FC (L)	160.55	158.10	1.55
Prices in US cents per Pound			

Source: China Cotton Association



Cotton Index	Weekly Average Price as on		% Change
	18-May-22	11-May-22	
CCIndex(328)	22266.60	22538.20	-1.21
CCIndex(527)	20531.00	20647.20	-0.56
CCIndex(229)	22574.80	22599.00	-0.11
Prices in Yuan per ton			

Source: China Cotton Association



## USA Spot Prices

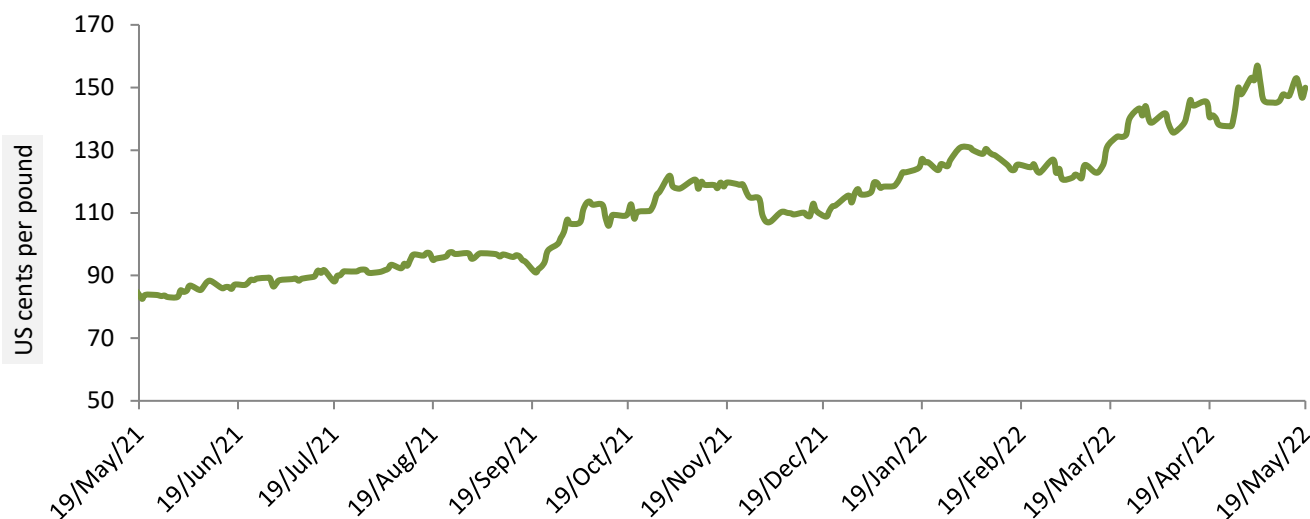
U.S.A spot prices was at 149 cents per pound last week.

USA Spot Prices	Monthly Average Price as on		% Change
	11-May-22	11-May-22	
Prices	149.26	146.62	1.80
Prices in US cents per Pound			

Source: USDA



Daily Movement of USA Spot Price



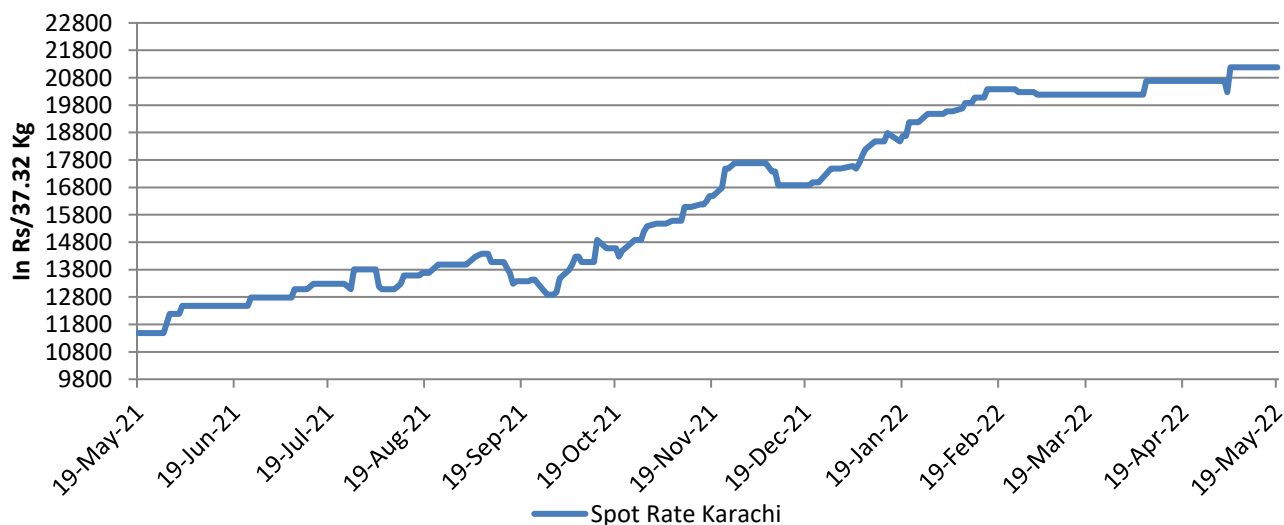
### Pakistan Spot Prices

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
	18-May-22	11-May-22	
Prices	21180	21180	-
Prices in Rs per 37.32 Kg			

Source: Fibre2fashion.com

Spot Rate Karachi



Commodity: Cotton

Exchange: MCX

Contract: May

Expiry: May 30, 2021

### Cotton – Technical Outlook

#### Technical Chart:



#### Technical Commentary:

- As evident from the above chart, overall trend in up and intact but there is formation of candle pattern, which hints for a possible correction in prices
- Oscillator RSI is moving up currently in overbought zone.
- Overall, prices are expected to remain firm.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cotton	MCX	May	48380	48460	48780	49010	49130
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	May	Sell	48790	48670	48570	48862

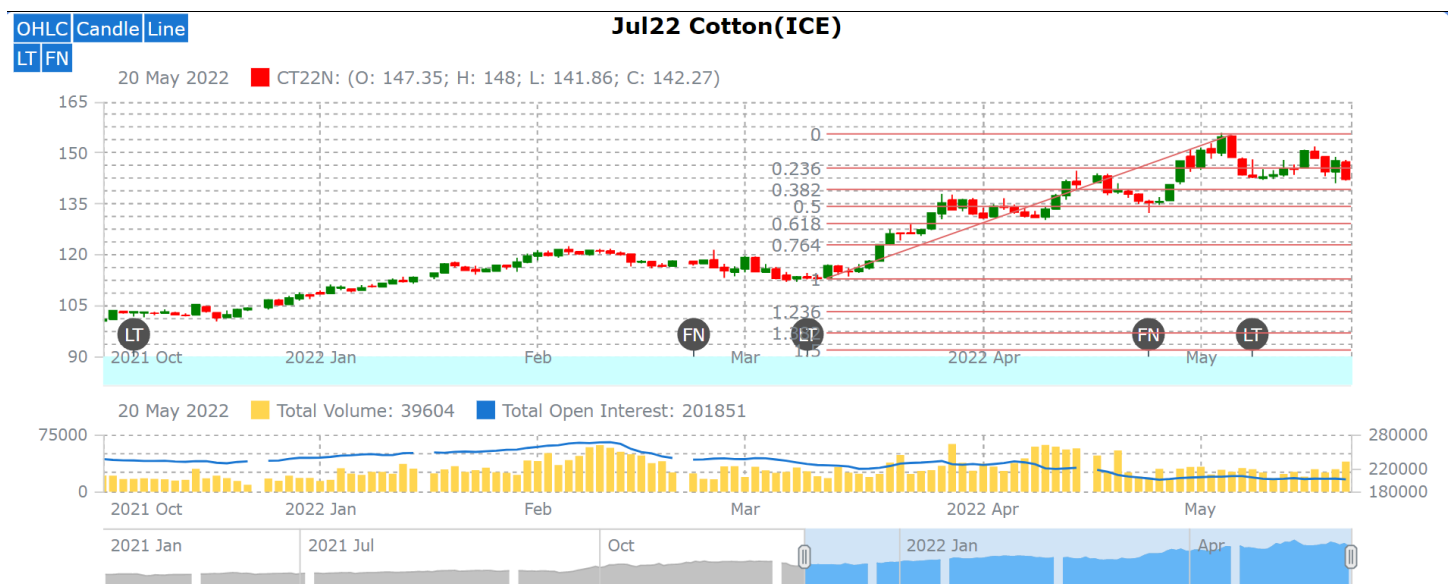
\* Do not carryforward the position the next day.

**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 is falling, prices have again corrected in the last week.
- Currently trading at 50 DMA which can be categorized as support.
- RSI indicating weak buying strength.
- Volume has slightly increased over the last week.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Cottonseed oilcake	NCDEX	May	2670	2720	2786	3102	2961
Intraday Trade Call			Call	Entry	T1	T2	SL
Cottonseed oilcake	NCDEX	May	Sell	2796	2761	2736	2817



### 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, 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

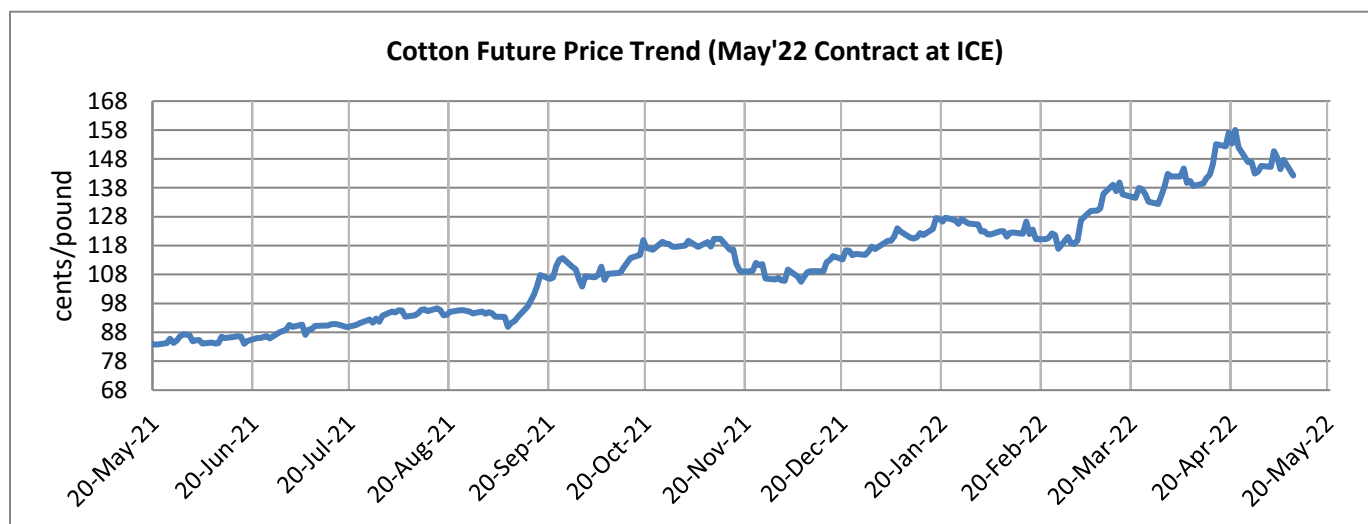
Support 1	Support 2	Resistance 1	Resistance 2
146	138	155	164

Figures in US cents/pound

### Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	20-May-22	20-Apr-22 (1 month ago)	19-Feb-21 (3 months ago)	21-Nov-21 (6 months ago)	20-May-21 (a year ago)	% Change over a month	% Change over previous year
May-22	142.27	141.98	121.91	117.59	82.32	0.20	72.83
Jul-22	131.78	140.71	119.49	115.14	82.29	6.35	60.14
Oct-22	125.18	128.19	116.78	113.59	81.71	2.35	53.20
Dec-22	120.84	122.48	106.63	110.21	81.35	1.34	48.54
Mar-23	116.76	117.89	96.75	96.75	81.10	0.96	43.97

### Future Price Trend (Active Contract):



Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	12th May'22 to 18th May'22	05th May'22 to 11th May'22	
Gujarat	Ahmedabad	Shankar-6	13250	12500	750
	Gondal	Shankar-6	14113	12755	1358
	Rajkot	B.T. Cotton	13768	13069	699
	Patan	B.T. Cotton	12237	11814	423
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	11949	11365	584
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	13373	12825	548
	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	12350	12533	-183
	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	13893	13213	680
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	12060	12150	-90
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	12th May'22 to 18th May'22	05th May'22 to 11th May'22	
Punjab	Bhatinda	J-34	11192	10383	808
	Abohar	J-34	11200	10383	817
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	10567	9817	750

Rajasthan	Sri-Ganganagar	J-34	NA	NA	-
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### Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	12th May'22 to 18th May'22	05th May'22 to 11th May'22	Change
Gujarat	Ahmedabad	Shankar-6	88400	88400	Unch
	Gondal	Shankar-6	7159	10105	-2946
	Rajkot	B.T. Cotton	8480	10580	-2100
	Patan	B.T. Cotton	884	3344	-2460
	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	18360	5780	12580
	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	72300	83000	-10700
	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	1769	2434	-665
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	33	46	-13
Commodity	Lint		Weekly Sum Arrivals (Quintal)		
State	Centre	Variety	12th May'22 to 18th May'22	05th May'22 to 11th May'22	Change
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	128	161	-33
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	2040	2040	Unch

Rajasthan	Sri-Ganganagar	J-34	NA	NA	-
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**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				12th May'22 to 18th May'22	05th May'22 to 11th May'22	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	71017	66233	4783
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	71717	66933	4783
J-34(202)	26mm	3.5 - 4.9	23	97133	92617	4517
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	99383	96050	3333
Shankar-6(105)	29mm	3.5 – 4.9	28	100667	97717	2950
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	106583	103250	3333
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	NA	-
DCH-32(107)	34mm	3.0 - 3.8	33	116583	113583	3000

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