

## Indian & Global Markets

MCX COTTON (Rs./bale)							
Name	Close	Net Chg.	Per Chg.	Vol. Per Chg.	OI Per Chg.	Week Hi	Week Lo
Cotton - JUN21	23940	10	0.04%	119.91%	-38.81%	24570	23620
Cotton - JUL21	24200	10	0.04%	110.08%	569.84%	24810	24030
Cotton - AUG21	23220	-280	-1.19%	-12.35%	-100.00%	23870	23220
Cotton	23300	1300	5.91%	#DIV/0!	#DIV/0!	23520	22200

Source: Cogencis, Reuters, GFSL

Name	30d Cls	1m Hi	1m Lo	6m Hi	6m Lo	Year Hi	Year Lo
Cotton - JUN21	22050	24570	21920	24570	19810	24570	20150
Cotton - JUL21	22360	24810	22230	24810	20210	24810	20340
Cotton - AUG21	22590	24960	22600	24960	20350	24960	20450
Cotton	22000	23780	22000	24960	20450	23780	20550

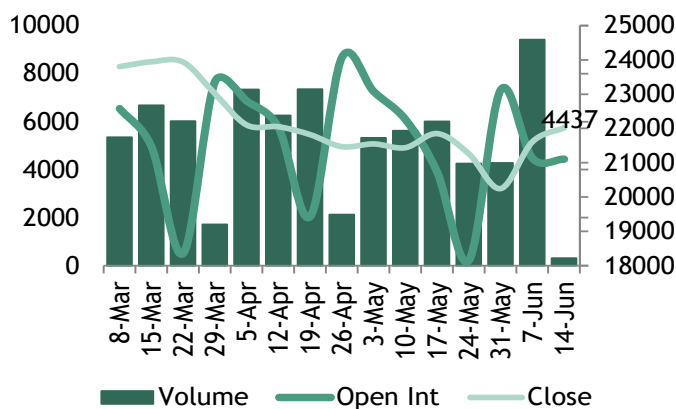
NCDEX KAPAS (Rs. /20 kg)							
Name	Close	Net Chg.	Per Chg.	Vol. Per Chg.	OI Per Chg.	Week Hi	Week Lo
KAPAS - NOV21	1299	-22	-1.63%	85%	-1%	1350	1294
Name	30d Cls	1m Hi	1m Lo	6m Hi	6m Lo	Year Hi	Year Lo
KAPAS - NOV21	1361	1477	1360	1477	1089	1477	1101

ICE COTTON (cent/pound)							
Contracts	Open	High	Low	Close	Pct. Chng	Unit	
July-21	85.8	87.7	84.1	87.0	1.40%	Cent/pound	
October-21	86.7	89.6	86.0	89.3	3.97%	Cent/pound	
December-21	86.0	88.5	85.0	87.9	2.38%	Cent/pound	

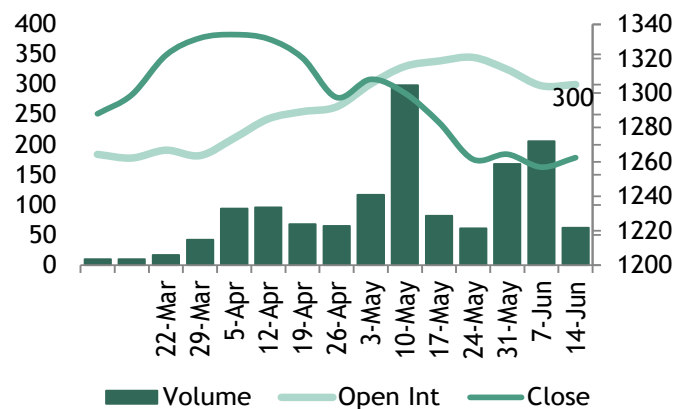
Zhengzhou Cotton (Yuan per tone)							
Contracts	Open	High	Low	Close	Pct. Chng	Unit	
July-21	15710	15970	15540	15910	1.95%	Yuan per ton	
September-21	15945	16160	15725	16045	1.49%	Yuan per ton	
November-21	16125	16345	15910	16250	1.72%	Yuan per ton	

## Price, Volume & Open Interest

### Cotton MCX

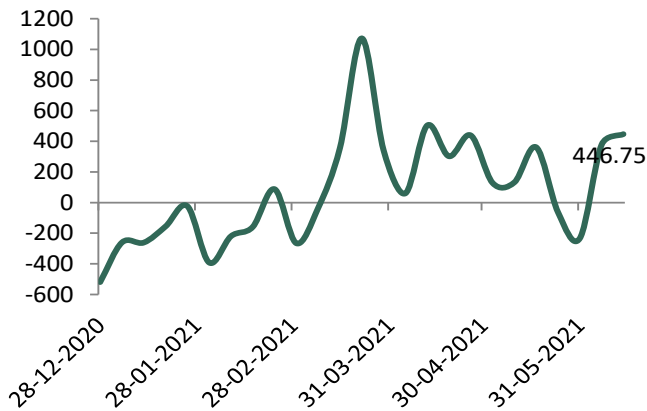


### Kapas Apr NCDEX

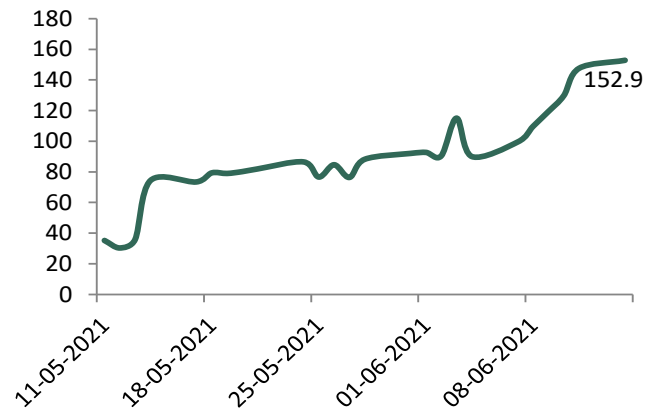


## Basis Analysis

### Basis-(Spot Vs.MCX Cotton)

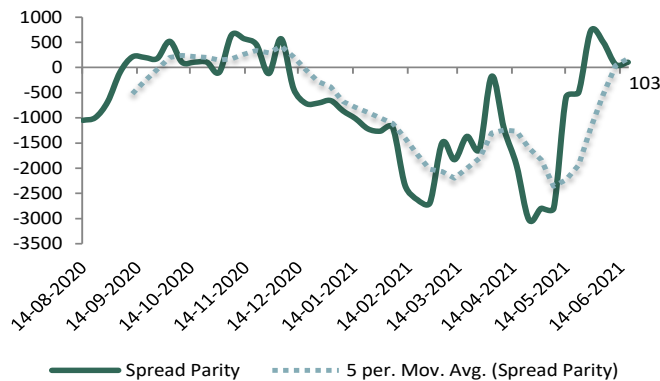


### Basis-(Spot Vs.NCDEX Kapas)



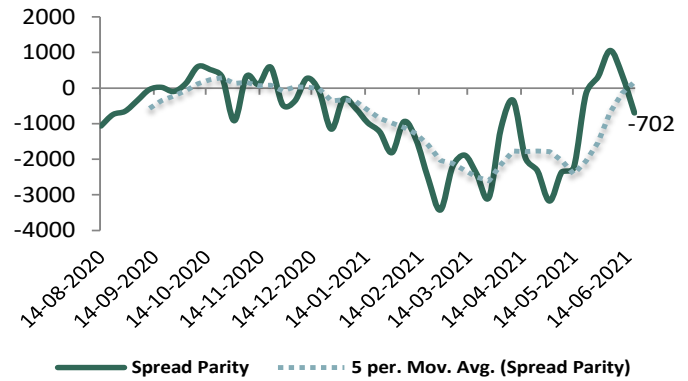
## Price Parity with MCX & ICE near month

### Price parity with MCX with ICE Near month contract



## Price Parity with MCX & ICE Far month

### Price parity with MCX and ICE Far month contract

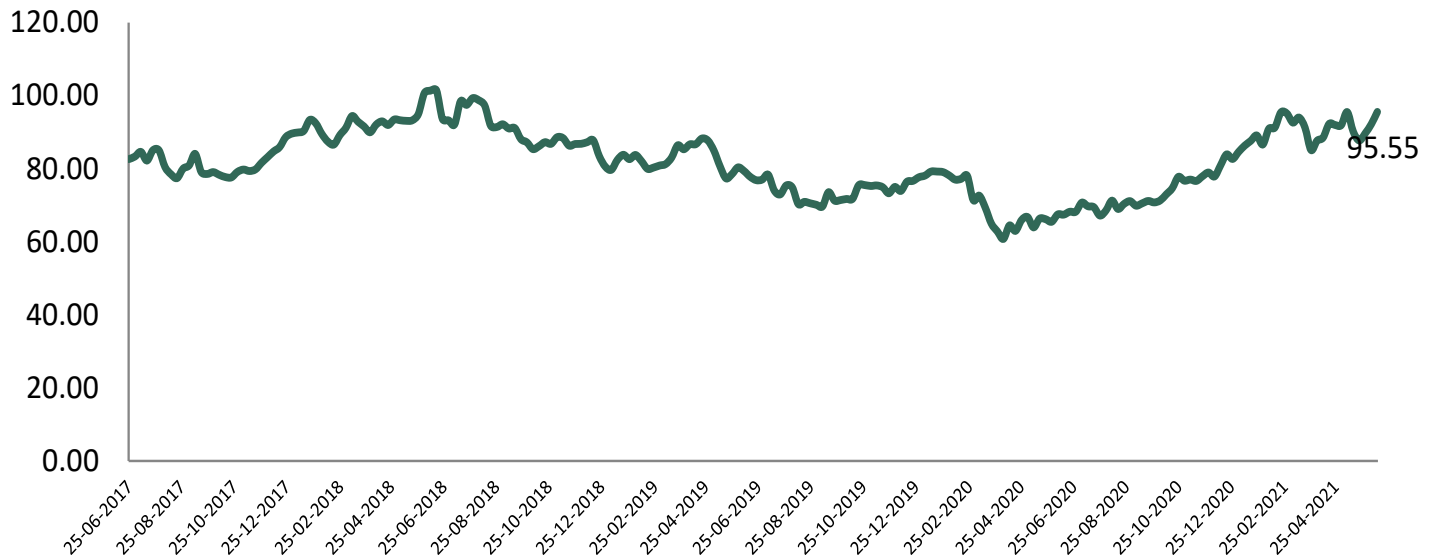


## Cotton stocks available in various MCX accredited warehouses

Centres	Unit	Quantity		Previous	Week ago
		In Process	Stock Eligible	Stock Eligible	Stock Eligible
		May-06	May-06	May-05	Apr-30
Rajkot	Bales	--	40,125.00	40,125.00	40,375.00
Kadi	Bales	--	1,11,950.00	1,11,950.00	1,12,575.00
Mundra	Bales	--	2,750.00	2,750.00	2,750.00
Jalna	Bales	--	7,525.00	7,525.00	7,625.00
Yavatmal	Bales	--	31,725.00	31,725.00	31,825.00
<b>Total</b>	<b>Bales</b>	<b>--</b>	<b>1,94,075.00</b>	<b>1,94,075.00</b>	<b>1,95,150.00</b>

## Cot look Index -Index A

### Cot INDX A



- Cot look A Index up by 3.63% on last week to 95.55 cent/pound from 92.9 cent/pound in the last week.

### Indian Spot market-Weekly Change

Indian Spot	Rate	Pct. chg	Unit
Shankar Kapas	1300.00	0.78%	20 Kg
Long Staple 29 MM Rajkot	49800.00	3.75%	356 Kg
Long Staple 28.5 MM Kadi	49500.00	2.06%	356 Kg
Kalyan 797 Kadi	28750.00	0.00%	356 Kg
J34 (Saujan) Bhatinda	4960.00	2.27%	37.32 Kg
Indian cotton Association	4990.00	2.57%	37.32 Kg
J-34 (Roller) Abohar	5000.00	2.25%	37.32 Kg
J-34 (Roller) Sirsa	4980.00	2.89%	37.32 Kg
J-34 (Roller) Bhatinda	4985.00	1.73%	37.32 Kg
Cotton seed oil cake-Akola	2900.00	2.68%	1 Quintal

### Sowing Outlook

State	2020-21 (ha)	2019-20 (ha)	% Change	Normal area (ha)
Andhra Pradesh	5,54,200	5,74,000	(-) 3.4	6,45,000
Telangana	23,96,000	17,69,700	35.4	17,26,000
Gujarat	22,77,100	26,52,200	(-) 14.1	26,32,000
Haryana	7,37,000	7,01,000	5.1	6,41,000
Karnataka	6,91,900	5,61,100	23.3	6,58,000
Madhya Pradesh	6,44,000	6,09,000	5.7	5,85,000
Maharashtra	42,12,800	43,68,200	(-) 3.6	41,53,000
Odisha	1,70,900	1,70,000	0.5	1,38,000
Punjab	5,01,000	4,02,000	24.6	3,21,000
Rajasthan	6,67,800	6,44,500	3.6	5,24,000
Tamil Nadu	20,900	11,700	78.6	1,57,000
Others	21,600	27,100	(-) 20.3	46,000
<b>Total</b>	<b>1,28,95,200</b>	<b>1,24,90,500</b>	<b>3.2</b>	<b>1,22,26,000</b>

## Key Highlights

- **The US Department of Agriculture has scaled down its estimate for global production of cotton in 2021-22 (Aug-Jul) to 118.9 mln bales (1 US bale = 218 kg), compared with 119.4 mln bales projected a month ago.** The downward revision in global production estimates is mainly due to a likely lower crop in China. Recent surveys indicate lower-than-expected area under cotton in southern Xinjiang. Global cotton consumption is seen at 122.5 mln bales in 2021-22, compared with 121.5 mln bales in the previous month. Consumption is seen higher due to a likely rise in demand from China, Bangladesh, and Turkey. Global exports are estimated at 46.6 mln bales compared with 45.5 mln bales a month ago. The agency has lowered its 2021-22 global ending stocks estimate to 89.3 mln bales, against 90.9 mln bales projected a month ago. The output in India is maintained at 29.0 mln bales in 2021-22. Consumption for India has been marginally lowered to 25.0 mln bales compared with 25.5 mln bales estimated in May. In the US, production is seen at 17.0 mln bales in 2021-22. The average price for the US upland cotton for 2021-22 is seen steady at 75 cents a pound.
- **Government has increased the MSP of Kharif crops for marketing season 2021-22, to ensure remunerative prices to the growers for their produce.**
- **The International Cotton Advisory Committee, in its May report, has scaled up its global ending stocks estimate for 2020-21 (Aug-Jul) to 22.1 mln tn from 20.9 mln tn projected in April.** The revised estimate for ending stock is mainly due to bigger crop in India and China. India will lead global production at an estimated 6.3 mln tn for 2020-21. China is expected to be the second largest producer with 5.9 mln tn. Global production for the ongoing season is estimated at 24.6 mln tn, against 24.1 mln tn projected a month ago. The committee has marginally raised its global consumption to 24.97 mln tn from 24.54 mln tn a month ago due to rise in demand from China, India and Turkey. Global exports are seen higher at 9.8 ln tn, compared with 9.5 mln tn a month ago. The committee has revised upwards its price forecast for Cotton A index, a global benchmark for prices of raw cotton, by 1% from the previous month to 80 cents per pound.
- **The UK-based Cotton Outlook has scaled up its estimate for global output in 2020-21 (Aug-Jul) by 145,000 tn to 24.2 mln tn.** The estimate in the April report has been revised upward largely because production in China, Brazil and Australia is expected to be higher. For the current season, the agency has maintained its crop estimate for at 6.1 mln tn. Production in the US is seen at 3.2 mln tn. Global cotton consumption in 2020-21 is seen at 24.8 mln tn, against 24.9 mln tn projected the previous month. Consumption is seen marginally lower due to a fall in demand from Indonesia. Ending stocks of the fibre for 2020-21 are seen at 624,000 tn, against 814,000 tn projected last month.
- **The Cotton Association of India has maintained its export estimate for the ongoing 2020-21 (Oct-Sep) season at 6.0 mln bales (1 bale = 170 kg).** In the current marketing year, India has shipped around 4.3 mln bales till March, the association said in a release. The association has also maintained its estimate for ending stocks at 10.6 mln bales. Domestic consumption is seen at 33.0 mln bales in 2020-21, while imports are seen marginally lower at 1.1 mln bales against 1.2 mln bales estimated a month ago. The association has raised its production estimate for the year marginally to 36.0 mln bales, against 35.9 mln bales a month ago. Of the total crop, around 32.7 mln bales have arrived in markets across India till March.
- **India's cotton exports are likely to be 20% higher at 1.02 mln tn in 2020-21 (Oct-Sep)** backed by its competitive pricing in the global markets and an improvement in international cotton consumption, ratings agency CARE Ratings said. Higher exports along with a recovery in domestic cotton demand will help reduce the surplus availability of cotton in the country despite higher supply, the rating agency said in a report.
- **In the Union Budget for 2021-22 (Apr-Mar), Finance Minister Nirmala Sitharaman proposed customs duty of 5% on cotton and 10% on cotton waste.** She also proposed an Agriculture Infrastructure and Development Cess of 5% on cotton, taking the overall customs duty to 10%. Customs duty on raw silk and silk yarn or yarn spun from silk waste has been increased to 15% from 10% earlier.
- **The area under major kharif crops so far in 2020-21 (Jul-Jun) was at 111.7 mln ha, up nearly 5% from a year ago,** farm ministry data showed. Farmers have sown cotton across 13.04 mln ha in the 2020-21 (Jul-Jun) season, up by 2.1% from a year ago, as of 25th Sept., farm ministry. India's cotton output in the 2020-21 (Oct-Sep) marketing year is seen at 38.0 mln bales (1 bale = 170 kg), up 4% on year, according to traders. Govt. pegs 2020-21 cotton crop at 37.1 mln bales vs 35.5 mln bales. While, according to Cotton Advisory Board, India's cotton output in the 2019-20 season is projected at 36.0 mln bales (1 bale = 170 kg), compared with 33.0 mln bales a year ago.
- **The government has raised the support price of medium staple cotton by 260 rupees per 100 kg to 5,515 rupees, and that of long staple by 275 rupees to 5,825 rupees.**
- **The government has increased the maximum sale price of Bollgard II cotton seeds for the next financial year starting Thursday by 5%.** According to a notification, the government has revised prices of 450 gm packets of Bollgard II to 767 rupees a packet from 730 rupees this financial year. However, it has kept the price of the Bollgard I variety of cotton seeds unchanged at 634 rupees a packet.

## Commentary on Cotton

- July month delivery cotton no:2 traded lower in the last week due to weak exports from the largest exporter, U.S. The USDA has reported net cotton exports of 108,189 bales (1 US bale = 218 kg) for the last week on June 3, compared with 180,765 bales the previous week. However, major fall is limited due to slow pace of sowing in U.S. Cotton sowing in the US had been completed in 71% of the estimated area as on June 6, compared with 76% during the same period last year. US producers planned to crop cotton across 12.04 mln acres in 2021-22. The USDA has scaled down its estimate for global production of cotton in 2021-22 (Aug-Jul) to 118.9 mln bales compared with 119.4 mln bales projected a month ago. Whereas, June MCX cotton prices also nosedived from the recent from record highs as expectation of normal monsoon led to good sowing during this season. However, pick up in demand after re-opening of lockdown in various states from textile and garment units is likely to support prices.

## Briefing

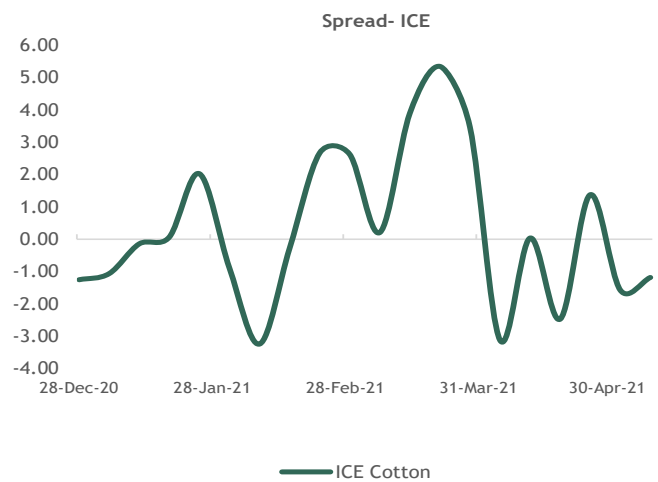
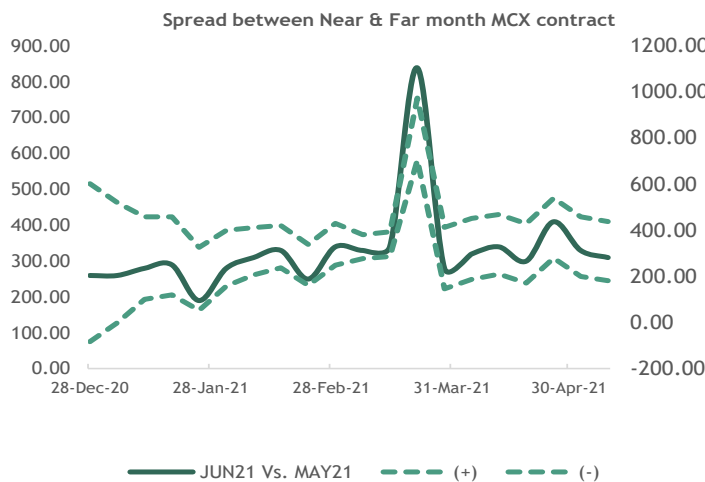
Price setters	Rating
Domestic Production expectation	Positive
Global production expectation	Positive
Rise in MSP	Positive
Arrivals	Negative
Imports	Positive
Demand from mills	Positive
Export demand	Positive
Outbreak of corona virus	Negative
Currency changes	Negative

## SPREAD MONITOR-MCX cotton

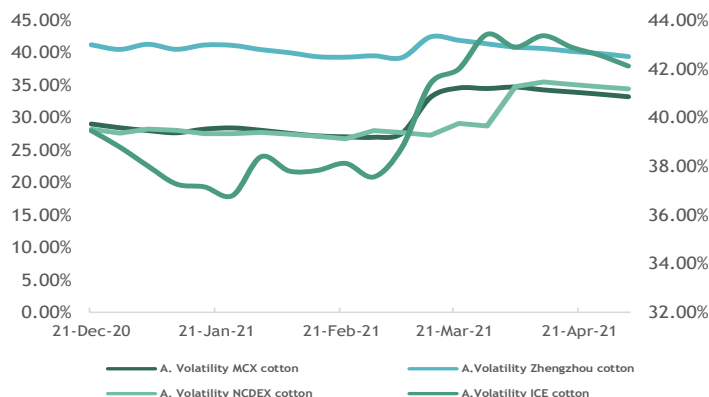
	Contracts	Mkt. type	Spread	Average	Spread Range- Upper limit	Spread Range- Lower limit	Spread Type	Strategy	Expectation
JUL21	Vs. JUN21	Normal	270.0	328.0	714.4	-58.4	NO OPP:	NO OPP:	NO OPP:
AUG21	Vs. JUN21	Normal	740.0	437.5	2259.9	-1384.9	NO OPP:	NO OPP:	NO OPP:
SEPT21	Vs. JUN21	Inverted	-530	354	3101.7	-2393.7	NO OPP:	NO OPP:	NO OPP:
AUG21	Vs. JUL21	Normal	470.0	518.7	1665.7	-1446.7	NO OPP:	NO OPP:	NO OPP:
SEPT21	Vs. JUL21	Inverted	-800	26	104.0	-52.0	Bear Spread	BFmSNm	Narrow
SEPT21	Vs. AUG21	Inverted	-1270.0	-83.5	1708.1	-1875.1	Bear Spread	BFmSNm	Narrow

## SPREAD MONITOR- ICE & Zhengzhou cotton

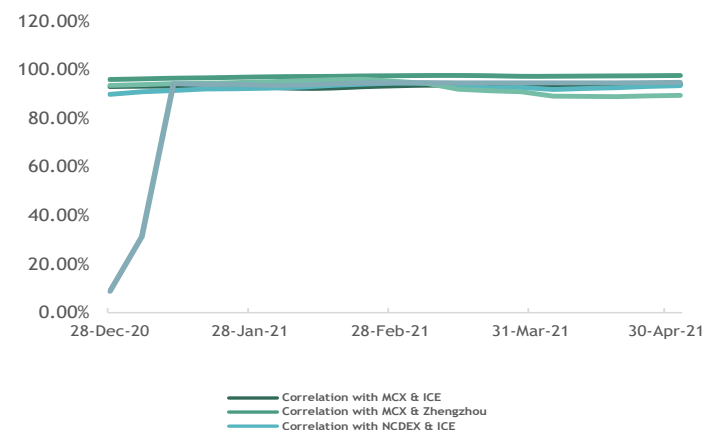
	Contracts	Mkt. type	Spread	Average	Spread Range	Spread Type	Strategy	Expectation
	ICE Cotton	Inverted	2.9	0.7	9.0 -7.6	NO OPP:	NO OPP:	NO OPP:
	Zhengzhou Cotton	Normal	135.0	116.8	371.4 -137.9	NO OPP:	NO OPP:	NO OPP:



### Correlation with Indian and other international exchanges



### Annualized Volatility of MCX, ICE & Zhengzhou Cotton



B=Buy, S=Sell, Nm=Near month, Fm= Far month. Eg: BFmSNm: Buy far month Sell near month

## Technical Chart -ICE July Cotton



### Technical view

- Major trend remains positive as long as prices stays above \$84 levels. But, prices is required to clear the resistance of \$91 to continue current upside momentum towards \$93 and then to \$96.5 or even higher to psychological level of \$100. Meanwhile, weekly (RSI) is trading higher suggesting bullish moves in the near term. But, major weakness is seen once it clears the downside support of \$77 levels.

## Technical Chart -MCX June Cotton



### Technical view

- Even though the major trend is more likely to positive, if prices slips below 23620 could see a downside corrective moves targeting 23400/23150 or even lower to 22600 levels. Moreover, weekly RSI (14)s is trading lower suggesting a weakness in the near-term. However, a direct rise above 24750 could see a continuation of major upside moves.

### Brief Technical outlook

Technical view	ICE Cotton No.1 (Cent/pound)			MCX June Cotton		
Weekly View	POSITIVE			MILD NEGATIVE		
Short Term View	POSITIVE			POSITIVE		
Trading Range	93.18	<>	80.77	23857	<>	20621
Resistance	R1	[Pivot]	R2	R1	[Pivot]	R2
	88.46	↓	89.92	24467	↓	24993
Support	S1	86.28	S2	S1	24043	S2
	81.18		82.64	23517		23093
<b>Trading Hints</b>						
Chart Signals	NEUTRAL			NEUTRAL		
RSI	NEUTRAL			NEUTRAL		

## Cottonseed oil cake (COCUDAKL)

Name	Close	NCDEX COCUDAKL (Rs./Quintal)				Week Hi	Week Lo
		Net Chg.	Per Chg.	Vol. Per Chg.	OI Per Chg.		
COCUDAKL - JUN21	2807	17	0.61%	-51.40%	-65.81%	2945	2775
COCUDAKL - JUL21	2910	24	0.83%	82.03%	58.46%	3038	2870
COCUDAKL - AUG21	2992	9	0.30%	51.69%	47.75%	3124	2950
COCUDAKL - SEP21	3080	242	8.53%	#DIV/0!	#DIV/0!	3080	2929

## Technical View -NCDEX July Cocudakl

- Prices is likely to continue bearish moves targeting 2800/2770/2700 levels. However, major weakness is seen below 2600 regions.
- Moreover, Weekly RSI (14) is trading at 68 indicating profit booking in the near term.
- However, a direct rise above 2900 could see short covering rallies to 2945/3040 levels.

## Fundamental outlook

- The most active July cotton seed oil cake settled the last week in lower note on back of profit booking after a recent rise in prices. Moreover, forecast of normal monsoon during this season and gradual distribution of monsoon towards northern regions weighed on prices on back of pick up of cotton sowing in coming days. Weakness in spot market due to poor demand also pressurizing the prices.
- The US Department of Agriculture has scaled down its estimate for global production of cotton in 2021-22 (Aug-Jul) to 118.9 mln bales (1 US bale = 218 kg), compared with 119.4 mln bales projected a month ago.
- The CAI has raised its production estimate for the year marginally to 36.0 mln bales, against 35.9 mln bales a month ago. Of the total crop, around 32.7 mln bales have arrived in markets across India till March.
- Farmers have sown cotton across 13.04 mln ha in the 2020-21 (Jul-Jun) season, up by 2.1% from a year ago, during 2020-21., according to farm ministry. India's cotton output in the 2020-21 (Oct-Sep) marketing year is seen at 38.0 mln bales (1 bale = 170 kg), up 4% from the previous year, according to market sources.

## Cocudakl stocks available in various NCDEX accredited warehouses

Centre	Unit	Quantity		Previous	Valid Stock	Valid Stock	Valid Stock
		In Process	Valid Stock	Valid Stock	Week Ago	1-mon ago	3-mon ago
		Jun-11	Jun-11	Jun-10	Jun-04	May-11	Mar-11
Akola	MT	--	10,648	10,768	11,268	13,601	15,081
Kadi	MT	--	39,797	43,036	45,484	61,748	70,649
Total	MT	--	50,445	53,804	56,752	75,349	85,730



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