

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2021-22 • No. 9 • 1<sup>st</sup> June, 2021 Published every Tuesday

Cotton Exchange Building, 2nd Floor, Cotton Green, Mumbai - 400 033  
Phone: 23704401/02/03 Email: cai@caionline.in  
[www.caionline.in](http://www.caionline.in)

## Technical Analysis

Price outlook for Gujarat-ICS-105, 29mm and ICE cotton futures  
for the period 1st June 2021 to 4th July 2021

*(The author is Director of Commtrendz Research and the views expressed in this column are his own and the author is not liable for any loss or damage, including without limitations, any profit or loss which may arise directly or indirectly from the use of following information.)*

We will look into the Gujarat-ICS-105, 29mm prices along with other benchmarks and try to forecast price moves going forward.

As mentioned in the previous update, fundamental analysis involves studying and analysing various reports, data and based on that arriving at some possible direction for prices in the coming months or quarters.

Some of the recent fundamental drivers for the domestic cotton prices are:

- Cotton futures in MCX settled higher between 50-120 rupees per bale last Friday. MCX May contract expired and the delivery marked against it so far were at 192275 bales, a new record for a single month delivery marking.

### EXPERT'S Column



**Shri Gnanasekar Thiagarajan**  
Director, Commtrendz Research

- Domestic demand for CCI cotton auctions remained supportive for prices, even as overseas futures traded a tad weaker. Meanwhile on the lockdown front, states such as Maharashtra, have extended the lockdown till mid-June, but at the same time will grant few relaxations. M.P will remove lockdown at the start of June. As the number of states witnessing a decline in the second wave of Covid-19 cases increases, the lockdown relaxations are likely to be announced in a phased manner. It is hoped this brings back retail demand for cotton related products.

- Cotton Association of India (CAI) has released its April estimate of the cotton crop for the season 2020-21 beginning from 1st October 2020. The CAI has estimated cotton crop for the 2020-21 season at 360.00 lakh bales of 170 kgs. each (i.e. 382.50 lakh running bales of 160 kgs. each) i.e. at the same level as in the previous estimate.

Some of the fundamental drivers for International cotton prices are:

- ICE cotton futures were headed for a weekly dip last Friday, as a recent rain spell

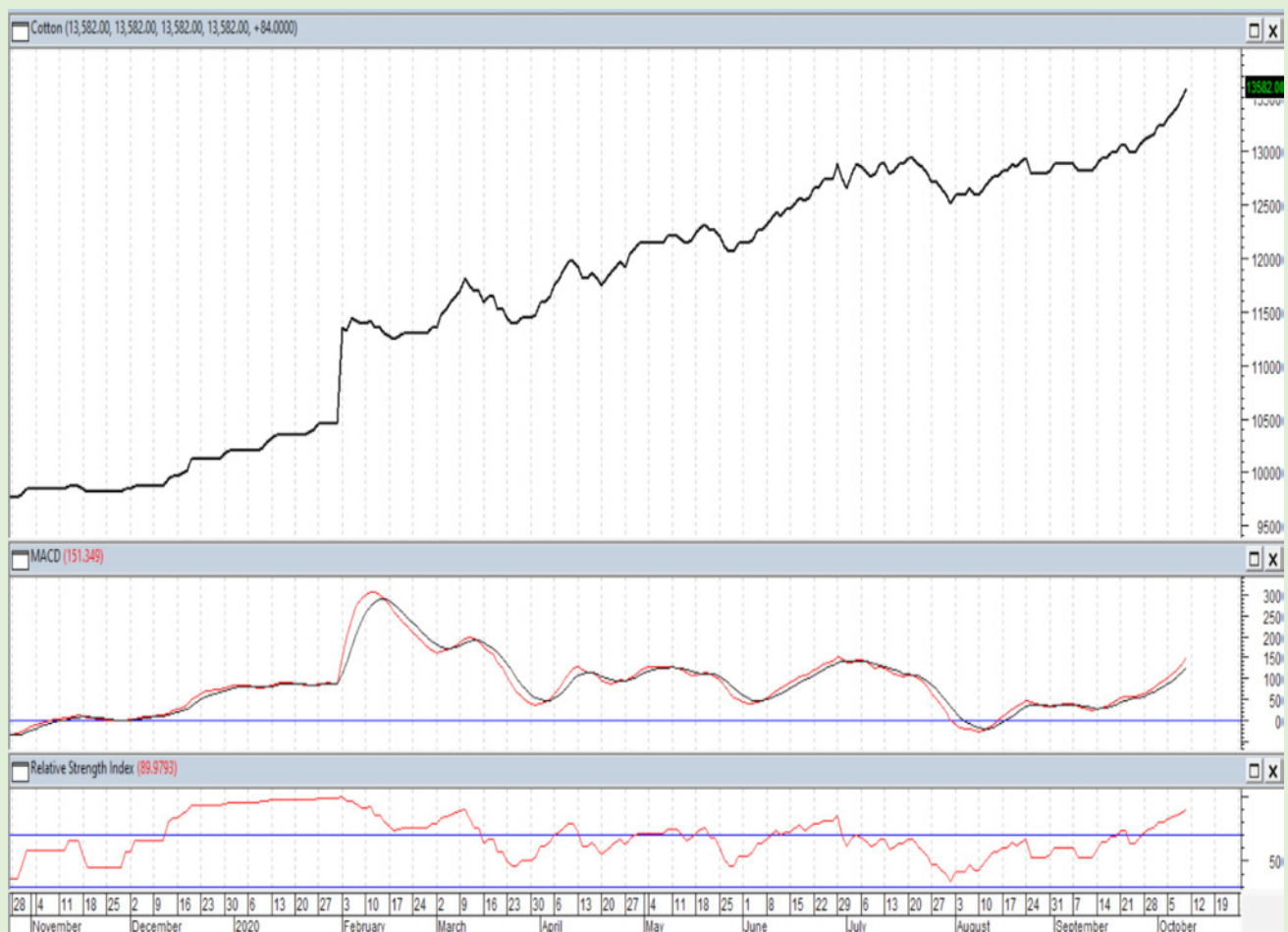
and forecasts for more showers in West Texas overshadowed an upbeat outlook for exports. While improving weather conditions in the top cotton producing West Texas region were weighing on the market, the demand outlook for cotton was positive and could still result in a tight market.

- The US Department of Agriculture's (USDA) weekly export sales report last week showed that net sales for the 2020/2021 marketing year were 59% higher than the prior week. The crop is likely to be lower in Texas, the Delta and Midsouth region and Georgia with cotton losing some acreage to competing crops like soybeans, wheat, sorghum and peanuts. Lower acreage and upbeat demand outlook could lead to limited U.S cotton supplies.

- The weekly CFTC Commitment of Traders data showed spec traders in cotton futures and options slashed 10,300 contracts from their net long position during the week of 25/5/2021. They took the net position to 36,215 contracts. That was their least bullish position since August 2020.

## Guj ICS Price Trend

As mentioned in the previous update, we expected the prices to test support levels and edge higher again. Prices have decisively broken the 13,000 zone which was a strong resistance so far, opening the way for 14,000 levels in the coming month or even higher. Strong supports are noted around 13,100-200 levels.



## MCX June Contract Chart

The MCX benchmark cotton struggled and finally broke the key resistance at 22,000; opening the way for 24,300, which could be the next point of attraction in the coming weeks. Being a long-term



resistance point, it would be difficult for it to cross in the first attempt itself. Support is now seen at 2300-100 levels now on the downside.

### ICE Cotton Futures

As mentioned before, only a direct rise above 88.50c could lift prices all the way higher towards 96c or even higher. Prices could spend some time in consolidation before preparing to rise higher now. A possible inverse head and shoulder pattern is in the making, which indicates a bullish upside move in the making that indicates a possible break of 96c, opening the way for 2011 high of \$1.15 on the upside. For now, prices could test supports at \$78-80c followed by 74c on the downside and bounce from there.



## Conclusion

The domestic prices are hinting at more upsides in the coming weeks. This is despite some mild weakness in the international prices. International cotton futures still continue to display bullish tendencies with possibilities of minor corrective dips from time to time. Important support is at 77-78c on the downside and in that zone, prices could find a lot of buying interest. The domestic prices are racing higher, inclined to test resistances and even break higher and make new highs. The international price indicates mildly negative momentum in the short-term, while the medium-term still looks bullish. We believe price could get supported around 77-78c range and gradually edge higher to the levels mentioned above.

For Guj ICS supports are seen at 13,100-200/qtl and for ICE May cotton futures at 81c followed by 77c. The domestic technical picture looks bullish now, and the international prices are relatively less bullish compared to the domestic prices. We expect domestic prices to continue rising higher slowly from current levels. Therefore, we expect more bullishness ahead in domestic markets, but not so bullish in the international prices presently.

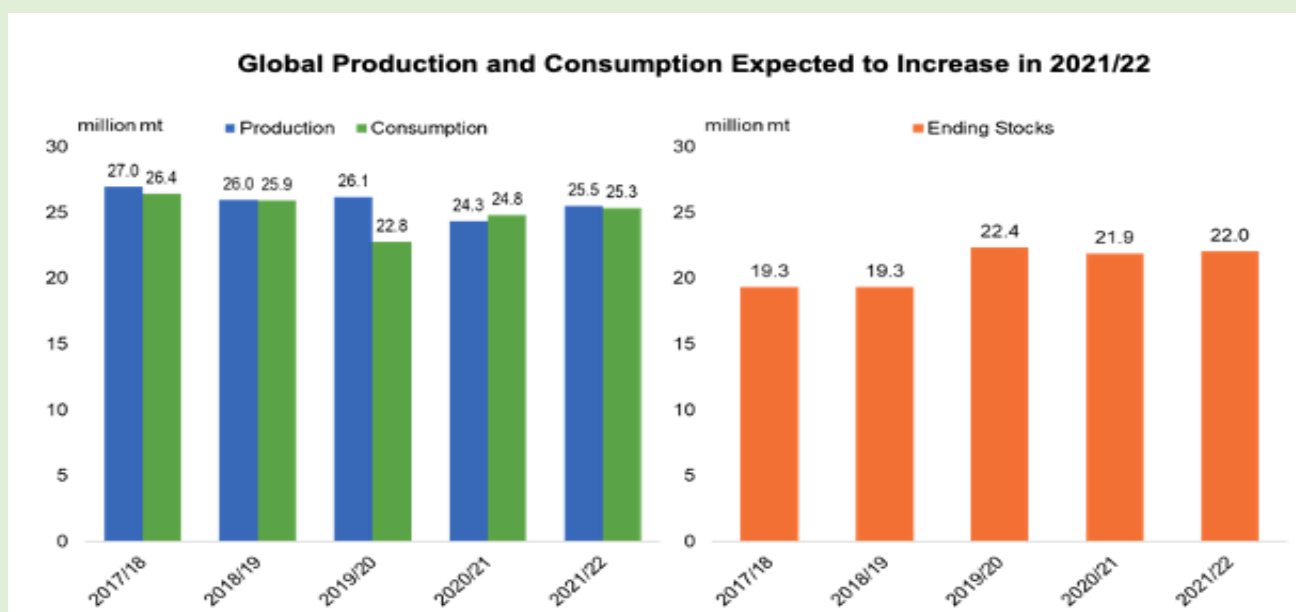
## Production, Consumption and Trade Are All Expected to Make Gains in 2021/22

Decreases in Brazil, India and the USA have caused a reduction in the 2020/21 global production estimate but cotton production – along with consumption and trade – are all expected to increase in 2021/22:

- Production is expected to increase by 5% to 25.5 million tonnes with increases in planted area in the United States and West Africa.
- Consumption is expected to increase by 2% to 25.3 million tonnes as the global economy continues to recover.
- Trade is expected to increase by 2% to 10 million tonnes with import increases expected in all major consuming countries.

Global ending stocks are also expected to increase to 22 million tonnes as the stocks-to-use ratio declines to 0.87, although China's stock is expected to decrease as the rest of the world's expands slightly.

In terms of prices, The Secretariat's current projection for the year-end 2019/20 average of the A Index has been revised to 81.9 cents per pound this month. The price projection for the year-end 2020/21 average of the A Index is 87.1 cents per pound this month.



Source : Cotton This Month, ICAC, 1st June 2021.

## Revision in Testing Charges at CAI Laboratories

The following are the charges for cotton testing in the laboratories of the Cotton Association of India with effect from 1st October 2020.

Particulars	Per Sample Testing Fees in Rs.		
	Testing Fees	GST	Total
HVI Test	145	26	171
Micronaire Test	85	15	100
Colour Grade on HVI	85	15	100
Gravimetric Trash Test on HVI	85	15	100
Moisture	85	15	100
Grading (Manual Classing)	235	42	277

### VOLUME BASED DISCOUNTS

Particulars	Per Sample Testing Fees in Rs.		
	Testing Fees	GST	Total
For 250 samples and above but less than 500 samples	140	25	165
For 500 samples and above but less than 750 samples	135	24	159
For 750 samples and above but less than 1000 samples	130	23	153
For 1000 samples and above but less than 2000 samples	125	23	148
For 2000 samples and above but less than 5000 samples	120	22	142
For 5000 samples and above but less than 10,000 samples	115	21	136
For 10,000 samples and above	100	18	118

The fees under the above volume based discount scheme is payable within 15 days from the receipt of the invoices to be raised on monthly basis.

We would also like to inform that the parties can avail the benefit of testing of cotton at multiple laboratories of the Associations against the CAI Credits made by them.

We earnestly request you to avail the facility of testing at the Association's laboratories.



**COTTON  
ASSOCIATION  
OF INDIA**  
Established 1921  
ISO 9001:2015

### Cotton Association of India

Cotton Exchange Building, 2nd Floor, Opp. Cotton Green Rly. Station,  
Cotton Green, Mumbai - 400 033.

Tel.: +91 22 2370 4401/02/03/04 E-mail: cai@caionline.in Website: www.caionline.in



## Since 1921, we are dedicated to the cause of Indian cotton.

Just one of the reasons, you should use our Laboratory Testing Services.

The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research laboratories are strategically spread across major cotton centres in India and are equipped with:

- 🔬 State-of-the-art technology & world-class Premier and MAG cotton testing machines
- 🔬 HVI test mode with trash% tested gravimetrically

### LABORATORY LOCATIONS

**Current locations :** • **Maharashtra :** Mumbai; Yavatmal; Aurangabad; Jalgaon • **Gujarat :** Rajkot; Ahmedabad • **Andhra Pradesh :** Adoni  
• **Madhya Pradesh :** Kargone • **Karnataka :** Hubli • **Punjab :** Bathinda • **Telangana:** Warangal, Adilabad



### COTTON ASSOCIATION OF INDIA

Cotton Exchange Building, 2nd Floor, Opposite Cotton Green Railway Station, Cotton Green (East), Mumbai - 400 033, Maharashtra, INDIA  
Tel.: +91 22-2370 4401/02/03/04 • E-mail: cai@caionline.in • www.caionline.in



UPCOUNTRY SPOT RATES								(Rs./Qtl)					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	Spot Rate (Upcountry) 2020-21 Crop May 2021					
								24th	25th	26th	27th	28th	29th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	4%	15	10967 (39000)	10967 (39000)	10967 (39000)	11051 (39300)	11135 (39600)	11135 (39600)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 - 7.0	4.5%	15	11107 (39500)	11107 (39500)	11107 (39500)	11192 (39800)	11276 (40100)	11276 (40100)
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	8520 (30300)	8605 (30600)	8689 (30900)	8830 (31400)	8914 (31700)	8998 (32000)
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	4.5%	21	9476 (33700)	9476 (33700)	9476 (33700)	9561 (34000)	9645 (34300)	9645 (34300)
5	M/M (P)	ICS-104	Fine	24mm	4.0 - 5.5	4%	23	10995 (39100)	11051 (39300)	11051 (39300)	11135 (39600)	11220 (39900)	11304 (40200)
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 - 4.9	4.5%	26	12120 (43100)	12260 (43600)	12345 (43900)	12485 (44400)	12570 (44700)	12570 (44700)
7	M/M(P)/ SA/TL	ICS-105	Fine	26mm	3.0 - 3.4	4%	25	10939 (38900)	10995 (39100)	11051 (39300)	11135 (39600)	11220 (39900)	11220 (39900)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 - 4.9	4%	26	12317 (43800)	12457 (44300)	12541 (44600)	12682 (45100)	12766 (45400)	12766 (45400)
9	M/M(P)/ SA/TL/G	ICS-105	Fine	27mm	3.0 - 3.4	4%	25	11220 (39900)	11276 (40100)	11332 (40300)	11417 (40600)	11501 (40900)	11501 (40900)
10	M/M(P)/ SA/TL	ICS-105	Fine	27mm	3.5 - 4.9	3.5%	26	11979 (42600)	12035 (42800)	12092 (43000)	12176 (43300)	12260 (43600)	12260 (43600)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 - 4.9	4%	27	12513 (44500)	12654 (45000)	12654 (45000)	12795 (45500)	12879 (45800)	12879 (45800)
12	M/M(P)	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	12795 (45500)	12851 (45700)	12907 (45900)	12991 (46200)	13076 (46500)	13076 (46500)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	12823 (45600)	12879 (45800)	12935 (46000)	13020 (46300)	13104 (46600)	13104 (46600)
14	GUJ	ICS-105	Fine	28mm	3.7 - 4.5	3%	27	12879 (45800)	12935 (46000)	12991 (46200)	13076 (46500)	13160 (46800)	13160 (46800)
15	R(L)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	12710 (45200)	12851 (45700)	12991 (46200)	13132 (46700)	13216 (47000)	13216 (47000)
16	M/M(P)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	13188 (46900)	13244 (47100)	13301 (47300)	13385 (47600)	13469 (47900)	13469 (47900)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	13216 (47000)	13273 (47200)	13329 (47400)	13413 (47700)	13498 (48000)	13498 (48000)
18	GUJ	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	13301 (47300)	13357 (47500)	13413 (47700)	13498 (48000)	13582 (48300)	13582 (48300)
19	M/M(P)	ICS-105	Fine	30mm	3.7 - 4.5	3.5%	29	13694 (48700)	13751 (48900)	13807 (49100)	13891 (49400)	13976 (49700)	13976 (49700)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 - 4.5	3%	29	13723 (48800)	13779 (49000)	13835 (49200)	13919 (49500)	14004 (49800)	14004 (49800)
21	M/M(P)	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	13919 (49500)	13976 (49700)	14032 (49900)	14116 (50200)	14201 (50500)	14201 (50500)
22	SA/TL/ K / TN/O	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	13947 (49600)	14004 (49800)	14060 (50000)	14144 (50300)	14229 (50600)	14229 (50600)
23	SA/TL/K/ TN/O	ICS-106	Fine	32mm	3.5 - 4.2	3%	31	14060 (50000)	14060 (50000)	14116 (50200)	14201 (50500)	14285 (50800)	14285 (50800)
24	M/M(P)	ICS-107	Fine	34mm	3.0 - 3.8	4%	33	21230 (75500)	21230 (75500)	21230 (75500)	21652 (77000)	22074 (78500)	22074 (78500)
25	K/TN	ICS-107	Fine	34mm	3.0 - 3.8	3.5%	34	21793 (77500)	21793 (77500)	21793 (77500)	22215 (79000)	22637 (80500)	22637 (80500)

(Note: Figures in bracket indicate prices in Rs./Candy)