

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

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## Technical Analysis

Price outlook for Gujarat-ICS-105, 29mm and ICE cotton futures for the period 7th September, 2021 to 4th October, 2021

*Shri. Gnanasekar Thiagarajan is currently the head of Commtrendz Research, an organization which, specializes in commodity research and advisory to market participants in India and overseas. He works closely with mostly Agri-Business, base metals and precious metals business corporates in India and across the globe helping them in managing their commodity and currency price risk. Further to his completing a post graduate in software engineering, he did a long stint with Dow Jones, promoters of "The Wall Street Journal" and had the opportunity of closely working with some of the legends in Technical Analysis history in the U.S.*

*His columns in The Hindu Business Line have won accolades in the international markets. He also writes a fortnightly column on a blog site for The Economic Times on Global commodities and Forex markets. He*

*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.*

*is a part an elite team of experts for moneycontrol.com in providing market insights. He was awarded "The Best Market Analyst", for the category-Commodity markets- Bullion, by then President of India, Mr. Pranab Mukherji.*

### EXPERT'S Column



**Shri Gnanasekar Thiagarajan**  
Director, Commtrendz Research

*He is a consultant and advisory board member for leading corporates and commodity exchanges in India and overseas. He is regularly invited by television channels including CNBC and ET NOW and Newswires like Reuters and Bloomberg, to opine on the commodity and forex markets. He has conducted training sessions for markets participants at BSE, NSE, MCX and IIM Bangalore and conducted many internal workshops for corporates exposed to commodity price risk. He has also done several training sessions for investors all over the country and is also a regular speaker at various conferences in India and abroad.*

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

- Cotton futures in MCX are lower, as new season harvest of very early sown cotton crop is beginning to get underway. Latest government data as of Sep 3, showed total cotton planting at 118.13 lakh ha down by nearly 7% on year. Central and Southern zones have seen a drop in cotton planted compared to last season.

- Good rains are expected in Gujarat and parts of Rajasthan, which should be seen as a positive for crop progress and negative for prices. USDA FAS, forecasts market year (MY) 2021/2022 cotton production at 29 million (480 lb.) bales on an area of 12.9 million hectares. Kharif cotton planting is now underway in Central and Southern India as the two-week monsoon delay has been followed by intense rains across the major cotton producing states.

- Consumption looks good at 25.5 million bales buoyed by strong export orders, and the recent government announcement of a three-year extension of the rebate of State and Central taxes and levies for the export of apparel/garments.

Some of the fundamental drivers for international cotton prices are:

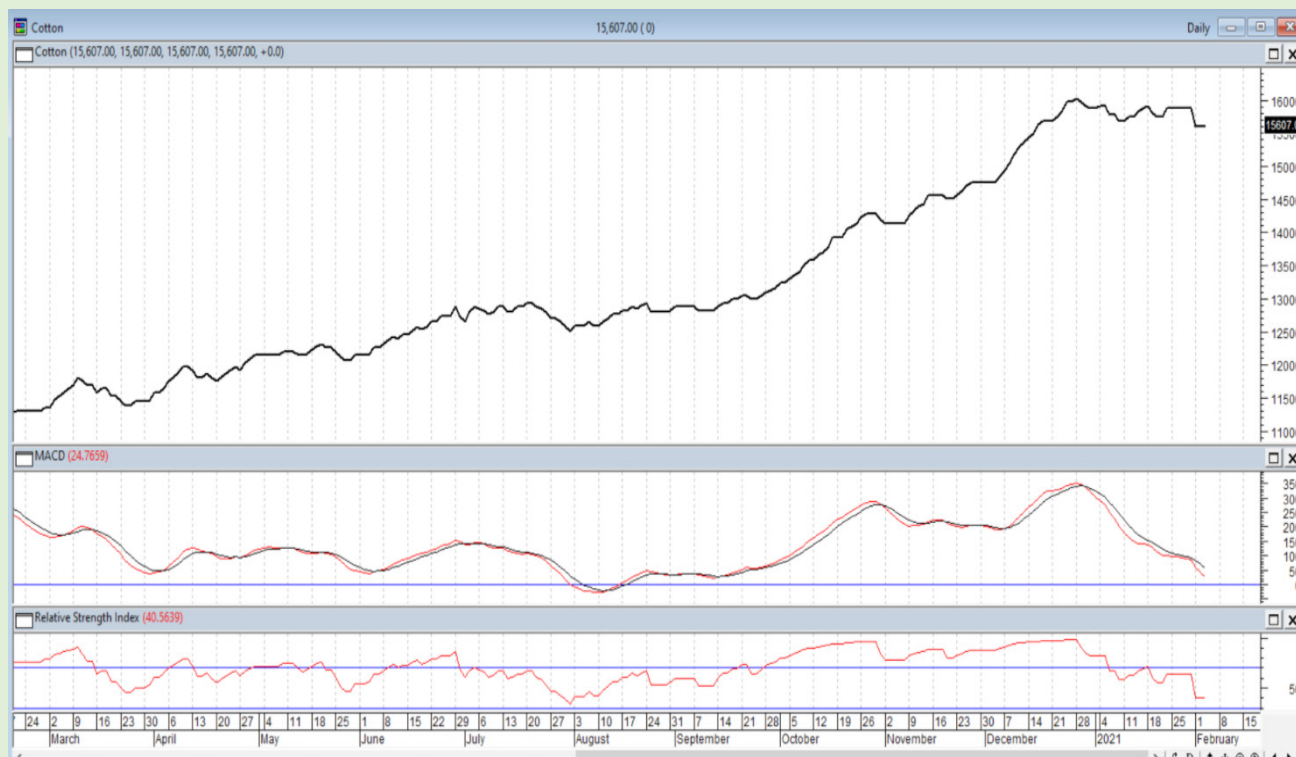
- ICE cotton December futures rose by around 1% on Friday amid steep rise in Chinese cotton futures and it settled above 94 cents/pound level, up by over 1% from previous session but still down by 0.8% from prior week. As per USDA, U.S. cotton sales for the week ending on Aug 26th reached near 1.05 lakh running bales, down by over 50% from prior week.

- The U.S. Department of Agriculture weekly crop progress report released on Monday showed 60% of the U.S. crop was in good-to-excellent condition, compared with 61% a week ago, and 45% a year ago. However, USDA reducing U.S. and Brazil cotton stock estimates for 2021-22 season may help ICE Cotton to sustain around present levels.

- The USDA said it would review acreage estimates for cotton in the September report, after it lowered its production estimate by over half a million bales for the 2021/22 crop year in last month's supply and demand report. Adding to concerns over increased cotton supply, the USDA's weekly crop progress report on Monday showed 70% of the cotton crop was in a good-to-excellent condition in the week ending August 29. That compares with only 44% for the same period a year ago. Also, Hurricane Ida, which swept through Louisiana, Mississippi and New Orleans, did not cause major damage to the cotton crop.

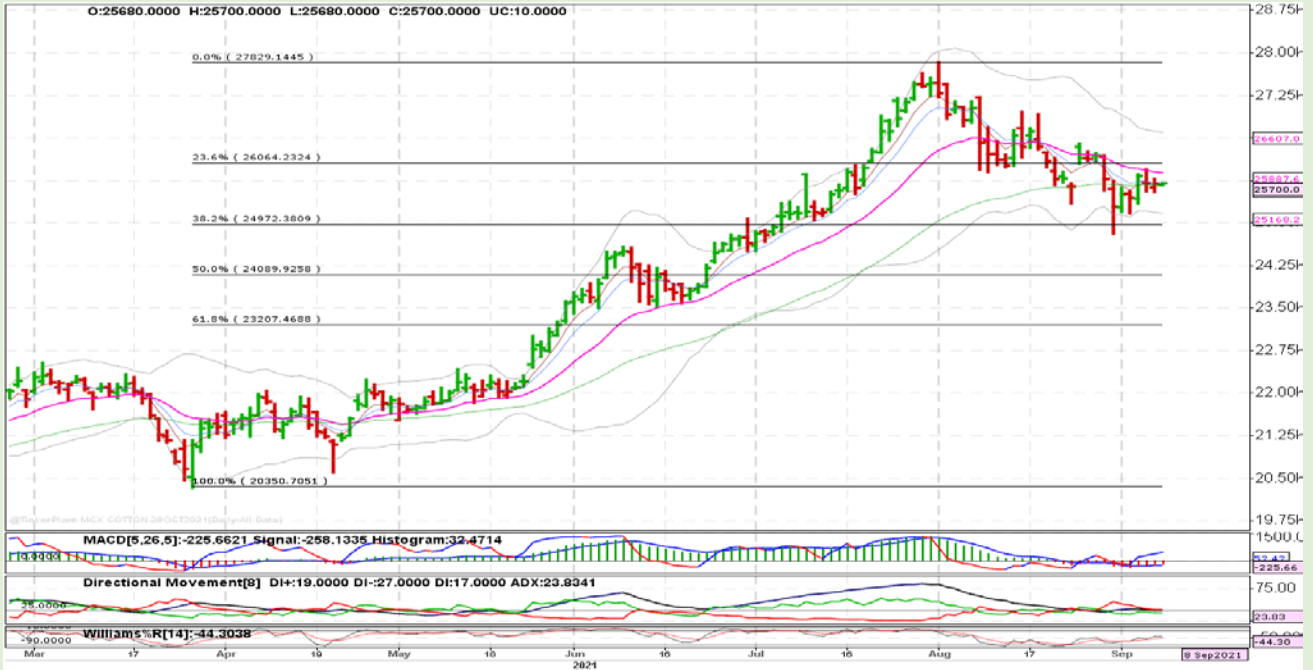
## GUJ ICS Price Trend

As mentioned in the previous update, we expected the prices to test support levels and edge higher again opening the way for 15,000 levels in the coming month or even higher. Prices have moved exactly as per expectations. Currently, it is looking a bit overdone and a strong correction can be seen shortly towards 14,700-800.



### MCX Oct Contract Chart

The MCX benchmark cotton corrected from recent highs around 28,000 and could now edge lower to 24,500 or even lower where strong supports kick in. It could inch back again towards 28,000 levels in the coming weeks. The trend is looking strong, but one has to be cautious, as such extreme moves have resulted in strong retracements subsequently.



### ICE Cotton Futures

As mentioned previously, prices could spend some time in consolidation in the 80-90c zone before preparing to rise higher now. A possible inverse head and shoulder pattern is in the making. This indicates a bullish upside move in the making, that indicates a possible break of 97c, opening the way for 2011 high of \$1.15 on the upside. For now, prices could find strong resistances at 95-96c, which might need strong fundamental triggers beyond what is present currently. Supports on the downside are seen at \$90-91c now.



## Conclusion

The domestic prices are hinting at some downside in the coming weeks, but with the possibility of a rising again once key levels are tested on the downside. International cotton futures still continue to display bullish tendencies with possibilities of breakout on the upside to 97c immediately and further higher crossing the \$1 mark eventually. Important support is at 90-91c on the downside and in that zone, prices could find a lot of buying interest. The domestic prices have corrected lower as expected, but it could start rising higher gradually from here. The international price indicates that it is just beginning to move higher as well and medium-term still looks quite bullish. We believe price could get supported around 90-91c followed by 86-87c range and gradually edge higher to levels mentioned above.

For Guj ICS supports are seen at 14700-15,000/qtl and for ICE Dec cotton futures at 90-91c followed by 87c. The domestic technical picture looks neutral now, but with more positive triggers, it could resume the upside. The international prices are relatively more bullish compared to the domestic prices. We expect domestic prices to continue edging higher slowly from current levels. Therefore, we expect more bullishness ahead with possibilities of sharp corrections from time to time in domestic markets, and the international prices to gain sharply higher.

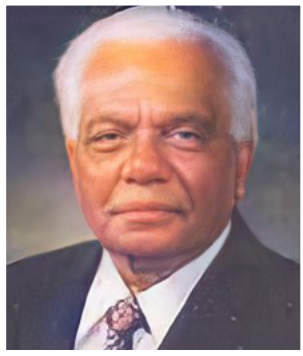
## Update on Cotton Acreage (As on 02.09.2021)

(Area in Lakh Ha)

Sr. No.	State	Normal Area (DES)*	Normal Area as on Date (2016-2020)	Area Covered (SDA)					
				2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Andhra Pradesh	6.12	5.110	4.810	5.542	5.740	5.050	5.440	3.778
2	Telangana	18.09	18.024	20.514	23.960	17.697	17.724	18.240	12.500
3	Gujarat	26.09	25.241	22.510	22.771	26.521	26.908	26.180	23.824
4	Haryana	6.56	6.514	6.880	7.370	7.010	6.650	6.560	4.980
5	Karnataka	6.47	5.124	6.280	6.919	5.611	3.840	4.610	4.640
6	Madhya Pradesh	6.06	6.278	6.151	6.440	6.091	6.880	5.990	5.990
7	Maharashtra	42.13	41.360	39.365	42.128	43.682	40.996	41.980	38.014
8	Odisha	1.47	1.559	1.948	1.709	1.700	1.578	1.450	1.360
9	Punjab	2.86	3.156	3.033	2.510	4.020	2.840	3.850	2.560
10	Rajasthan	5.78	5.392	6.173	6.678	6.445	4.961	5.031	3.847
11	Tamil Nadu	1.54	0.142	0.096	0.209	0.117	0.062	0.266	0.056
12	Others	0.42	0.223	0.371	0.216	0.271	0.172	0.286	0.170
<b>All India</b>		<b>123.591</b>	<b>118.123</b>	<b>118.131</b>	<b>126.452</b>	<b>124.905</b>	<b>117.661</b>	<b>119.883</b>	<b>101.719</b>

\* Directorate of Economics & Statistics, Ministry of Agriculture and Farmers Welfare, Krishi Bhavan, New Delhi  
Source : Directorate of Cotton Development, Nagpur

## O B I T U A R Y



### **Shri. Kishorilal F. Jhunjunwala**

Sad demise of Shri. K. F. Jhunjunwala, Past President of Cotton Association of India from 2001-02 to 2006-07 on 4th September 2021.

Born on 7th June 1937, Shri Kishorilal F. Jhunjunwala, did his Diploma in Textile Manufacturing with distinction from the 'VJT' Matunga, Mumbai. He joined the family group companies engaged in Raw Cotton business in domestic as well as Exports and Imports, Real Estate Developments, Stock Broking, etc. in 1961.

His father, the Late Shri. Fatehchandji Jhunjunwala, was the Director of Cotton Association of India for more than 30 years till his death in 1960. His brother the late Shri. Purshottamdas F. Jhunjunwala was also the Director of Cotton Association (CAI) of India for 25 years from 1960 to 1983 and was President of the same for five years from 1980 to 1985. Shri Kishorilal F. Jhunjunwala became Director of the Board of CAI in 1985 and was elected as President of the same in November, 2002 and occupied this coveted position till 2007. He was the member of Executive Committee of Indian Merchants Chamber, Mumbai and also of FICCI, Western Region. He was on the Board of various Private and Public Limited Companies and was the Trustee of various Charitable Trusts like Rajasthan Vidyarthi Griha, COTAAP Research Foundation and many more.



### **Shri. Sushilkant Purshotamdas Shah**

Sad demise of Shri. Sushilkant P. Shah, Past Additional Vice-President of Cotton Association of India from 2002-03 to 2006-07 on August 25, 2021.

Born on 13th June 1925, Shri. Sushikant Purshotamdas Shah was the oldest member of the Purshotamdas Harkishandas family and was a knowledgeable, honest, likeable and gentle person.

He wanted to be a doctor but on his father's advice he studied Commerce at Sydenham College and later joined the cotton business. Bhaidas Cursondas & Company was founded by him with his brothers in 1906. Sushilbhai visited most cotton centres of India, but mainly looked after Punjab, Haryana and Rajasthan. With his years of experience, he had in depth knowledge of the cotton business. He was a Director of East India Cotton Association (now Cotton Association of India) for several years and was Additional Vice President of the Association also. He was a Trustee of COTAAP Research Foundation, an NGO supporting cotton farmers and took active part in COTAAP.

We will miss him and his pleasant personality.



## 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 : Khargone • Karnataka : Hubli • Punjab : Bathinda • Telangana: Warangal, Adilabad



### COTTON ASSOCIATION OF INDIA

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UPCOUNTRY SPOT RATES														(Rs./Qtl)
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]								Spot Rate (Upcountry) 2020-21 Crop August - September 2021						
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	30th	31st	1st	2nd	3rd	4th	
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	4%	15	11979 (42600)	H	11867 (42200)	11810 (42000)	11810 (42000)	M	
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 - 7.0	4.5%	15	12176 (43300)		12063 (42900)	12007 (42700)	12007 (42700)		
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	9842 (35000)		9701 (34500)	9645 (34300)	9645 (34300)		
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	4.5%	21	10432 (37100)	O	10348 (36800)	10348 (36800)	10348 (36800)	A	
5	M/M (P)	ICS-104	Fine	24mm	4.0 - 5.5	4%	23	11754 (41800)		11754 (41800)	11754 (41800)	11754 (41800)		
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 - 4.9	4.5%	26	13863 (49300)		13751 (48900)	13694 (48700)	13694 (48700)	R	
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 - 3.4	4%	25	12373 (44000)	L	12232 (43500)	12232 (43500)	12232 (43500)		
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 - 4.9	4%	26	14088 (50100)		13976 (49700)	13919 (49500)	13919 (49500)		
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 - 3.4	4%	25	12935 (46000)		12654 (45000)	12654 (45000)	12654 (45000)	K	
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 - 4.9	3.5%	26	13919 (49500)	I	13779 (49000)	13498 (48000)	13498 (48000)		
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 - 4.9	4%	27	14341 (51000)		14229 (50600)	14088 (50100)	14088 (50100)	E	
12	M/M(P)	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	14847 (52800)		14566 (51800)	14566 (51800)	14566 (51800)		
13	SA/TL/K	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	14875 (52900)	D	14594 (51900)	14594 (51900)	14594 (51900)		
14	GUJ	ICS-105	Fine	28mm	3.7 - 4.5	3%	27	15185 (54000)		14904 (53000)	14904 (53000)	14904 (53000)	T	
15	R(L)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	14791 (52600)		14679 (52200)	14622 (52000)	14622 (52000)		
16	M/M(P)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	15382 (54700)	A	15100 (53700)	15044 (53500)	15044 (53500)		
17	SA/TL/K	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	15410 (54800)		15129 (53800)	15072 (53600)	15072 (53600)	C	
18	GUJ	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	15888 (56500)		15607 (55500)	15607 (55500)	15607 (55500)		
19	M/M(P)	ICS-105	Fine	30mm	3.7 - 4.5	3.5%	29	15747 (56000)	Y	15466 (55000)	15466 (55000)	15466 (55000)	L	
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 - 4.5	3%	29	15803 (56200)		15522 (55200)	15522 (55200)	15522 (55200)		
21	M/M(P)	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	15972 (56800)		15691 (55800)	15691 (55800)	15691 (55800)	O	
22	SA/TL/K / TN/O	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	16028 (57000)		15747 (56000)	15747 (56000)	15747 (56000)		
23	SA/TL/K/ TN/O	ICS-106	Fine	32mm	3.5 - 4.2	3%	31	16281 (57900)		N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	S	
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	26152 (93000)		26152 (93000)	26152 (93000)	26152 (93000)		
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	27276 (97000)		27276 (97000)	27276 (97000)	27276 (97000)	E	
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	27276 (97000)		27276 (97000)	27276 (97000)	27276 (97000)		
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	N.A. (N.A.)		N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	D	

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