

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

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## Technical Analysis

Price outlook for Gujarat-ICS-105, 29mm and ICE cotton futures  
for the period 01/12/2020 to 31/12/2020

*(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 fell marginally lower due to weak demand from millers on the back of high prices. A duty cut in edible oils further dented sentiment. However, robust export demand and increasing world cotton consumption and crop damage are expected to keep prices underpinned, despite rising cotton arrivals in the physical market.

- Parts of cotton growing regions in Maharashtra and Gujarat have faced pink-bollworm infestations in cotton crop, which have dented the crop outlook. On the other hand, the ongoing farmers' protest has impacted the cotton arrivals in North India triggering a surge in prices. Rains, pest infestations and North India's farmers' agitation has temporarily pushed up prices in the domestic market.

- Earlier this month, CAI had projected India's cotton exports to touch 60 lakh bales for the season 2020-21, about 20 per cent higher from 50 lakh bales estimated for the previous season. India's cotton production in 2020-21 is expected to be flat compared with the previous year, but heavy rains in Central and Southern India are expected to affect cotton quality and overall yields, the U.S. Department of Agriculture says in a note. It forecasts production of 29.3 million bales (480 pounds) in the current year.

Some of the fundamental drivers for International cotton prices are:

- ICE cotton futures rose on Friday, supported by a strong weekly export sales report from the US government and a sagging dollar.

### EXPERT'S Column



**Shri Gnanasekar Thiagarajan**  
Director, Commtrendz Research

The US Department of Agriculture's weekly export sales report showed net sales of 354,700 running bales (RB) for 2020/21, up noticeably from the previous week and up 84% from the prior 4-week average.

- The dollar index slipped to a near three-month low against its rivals. A weaker greenback makes cotton less expensive for buyers of the natural fibre in other currencies. The mood in the wider financial markets remained upbeat on optimism around an economic rebound next year, fuelled by COVID-19 vaccine progress.

- ICE Futures started 2020 on the current highs for the year, with both the December 20 and March 21 contracts registering their highs of 73.00 and 73.57 on January 13, before both contracts hit lows on April 2 of 50.18 and 51.64 respectively, at the point of peak concern for the pandemic. There are a number of reasons for this, but there are perhaps two main factors. First is the amount of speculative/investment money that is floating around due to the stimulus. Funds have driven the market higher and faced little resistance until the market approached the 70 cent level. The second factor has a more fundamental support to it and that is that some of the world's major cotton producers have had problems with their crops, resulting in millions of bales being wiped from the balance sheets.

## Guj ICS Price Trend

As mentioned in the previous update, we expected the rebound to have the potential to turn into a strong upward move in the coming sessions. After coming close to 12,000, prices are now struggling and this makes us believe that we could see a corrective dip to 11,000 levels. Subsequently, we can expect more upside again.



## MCX Dec Contract Chart

The MCX benchmark Dec cotton moved higher as expected. As anticipated, we saw a test of 20,000 levels on the upside. We can now expect prices to dip towards 19,000 levels and failure to sustain here, could see more downside to 18,300-500, where strong support sets in. An unexpected rise above 20,500 could result in a sharper rally higher again which is not our favoured view.

## 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

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We will also look at the ICE Cotton Dec futures charts for a possible direction in international prices.



As mentioned before, price could gradually grind higher towards 71c again or even higher. Presently, while 70-71c holds, we can expect a rally higher to 74-75c in the coming sessions. Chances exist even for an extension to 78c on the upside. However, any unexpected fall below 69c could turn the outlook from neutral to bearish. Such a fall could see a dip to 65-66c subsequently.

## CONCLUSION:

The domestic prices are hinting at more downside while the international prices are still showing promise. International cotton futures still continue to display strong bullish tendencies for the time being. The domestic prices are inching lower after a bout of profit-booking, and could grind lower again from present levels. Although there could be upticks from time to time, the domestic prices might find it tough to rise compared to the international markets. The international price indicates mild positive momentum in the short-term, while medium-term still looks bullish. We believe price could get supported around 71c range and gradually edge higher to the levels mentioned above.

For Guj ICS supports are seen at 11,000-11,200/ qtl followed by 10,700 /qtl, and for ICE Mar cotton futures at 71c followed by 67c. The domestic technical picture looks weak, and the international prices are relatively bullish compared to the domestic prices. We expect domestic prices to edge lower slowly from current levels. Therefore, though we expect more bullishness ahead in international markets, domestic prices might struggle to cope up with it.





**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

₹ \ Quintal

## November 2020

## 2019-20 Crop

Growth	Grade Standard	P/H/R (SG)	P/H/R 22 mm	P/H/R (SG)	P/H/ R(U)	M/M(P) SA/TL	M/M(P) SA/TL	P/H/ R(U)	P/H/ R(U)	M/M(P) SA/TL	M/M(P) SA/TL	M/M(P) SA/TL	SA/TL/ K/L	GUJ	R(L)	M/M(P)	SA/ TL/K	GUJ	M/M(P)	SA/TL/ K/O	M/M(P)	SA/ TL/K/ TN/O	M/M(P)	SA/ TL/K/ TN/O	K/TN
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A																									

H = Highest L = Lowest A = Average

(₹/Quintal)

UPCOUNTRY SPOT RATES

November 2020

2020-21 Crop

Growth	P/H/R	P/H/R (SC)	P/H/R (SG)	KAR	M/M(P)	P/H/R(U)	M(MP)/SA/TL	P/H/R(U)	M(MP)/SA/TL	P/H/R(U)	M(MP)/SA/TL	P/H/R(U)	M(MP)/SA/TL	G.UJ	R(L)	M(MP)	SA/TL/K	G.UJ	M(MP)	SA/TL/K/O	M(MP)	SA/TL/K/TN/O	M(MP)	SA/TL/K/TN/O	K/TN
Grade Standard	ICS-101	ICS-102	ICS-201	ICS-103	ICS-104	ICS-202	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-106	ICS-107	ICS-107	
Grade	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	
Staple	Below 22 mm	Below 22 mm	Below 22 mm	23 mm	24 mm	27 mm	27 mm	27 mm	27 mm	27 mm	27 mm	28 mm	28 mm	28 mm	28 mm	29 mm	29 mm	29 mm	29 mm	30 mm	30 mm	31 mm	32 mm	34 mm	
Micronaire	5.0-7.0	5.0-7.0	5.0-7.0	4.0-5.5	4.0-5.5	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.7-4.9	3.8-4.2	3.8-4.2	3.8-4.2	3.8-4.2	3.8-4.2	3.8-4.2	3.8-4.2	3.8-4.2	3.0-3.8	
Gravimetric Trash	4%	4.5%	4.5%	4.5%	4%	4.5%	4%	4%	4%	4%	4%	3.5%	3.5%	3%	3.5%	3.5%	3%	3%	3%	3%	3%	3%	3%	3.0-3.8	
Strength/GPT	15	15	15	21	23	26	25	26	26	26	26	27	27	27	27	28	28	28	28	29	29	30	31	34	
2	10826	10967	-	7845	9645	10939	8914	11135	9476	9883	11192	10798	10826	10911	11304	10995	11051	11276	11135	11192	11389	11445	11698	15410	
3	10826	10967	-	7874	9758	10939	8970	11135	9476	9883	11192	10798	10826	10911	11248	10995	11051	11248	11135	11192	11389	11445	11670	15410	
4	10826	10967	-	7874	9842	10967	8998	11164	9476	9883	11220	10826	10854	10967	11276	11051	11107	11276	11164	11220	11445	11501	11726	15410	
5	10826	10967	-	7902	9926	11051	9055	11220	9476	9883	11304	10882	10911	10995	11304	11107	11164	11304	11248	11220	11445	11585	11810	15466	
6	10826	10967	-	7902	9954	11079	9055	11248	9476	9883	11332	10911	10939	10995	11332	11135	11192	11304	11248	11248	11529	11585	11810	15550	
7	10770	10911	-	7902	9954	11079	9055	11248	9476	9883	11332	10911	10939	10995	11332	11135	11192	11304	11248	11248	11557	11614	11838	15635	
9	10770	10911	-	7902	9954	11079	9055	11248	9476	9883	11332	10911	10939	10995	11332	11135	11192	11304	11248	11248	11557	11614	11838	15635	
10	10770	10911	-	7902	9954	11079	9055	11248	9476	9883	11332	10911	10939	10995	11332	11135	11192	11304	11248	11248	11557	11614	11838	15635	
11	10770	10911	-	7902	9954	11079	9055	11248	9476	9883	11332	10911	10939	10995	11332	11135	11192	11304	11248	11248	11557	11614	11838	15635	
12	10770	10911	-	7930	9983	11107	9083	11276	9505	10011	11360	10939	10967	11051	11360	11164	11220	11360	11276	11332	11585	11642	11867	16000	
13	10770	10911	-	7930	9983	11107	9083	11276	9505	10011	11360	10939	10967	11051	11360	11164	11220	11360	11276	11332	11585	11642	11867	16000	
14	-	-	-	-	-	-	H	O	O	L	L	-	-	-	D	A	A	Y	Y	Y	-	-	-	-	
16	-	-	-	-	-	-	H	O	O	L	L	-	-	-	D	A	A	Y	Y	Y	-	-	-	-	
17	10798	10939	-	7986	10095	11164	9111	11304	9533	10039	11389	10995	11023	11164	11360	11276	11304	11473	11417	11473	11698	11726	11923	15691	
18	10826	10967	-	8014	10179	11192	9195	11332	9561	10151	11473	11107	11135	11276	11360	11389	11417	11529	11529	11585	11782	11810	12007	15747	
19	10854	10995	-	8099	10264	11248	9280	11389	9645	10264	11557	11192	11220	11304	11360	11529	11557	11585	11642	11698	11923	11951	12148	15747	
20	10854	10995	-	8155	10320	11332	9336	11529	9758	10404	11698	11304	11332	11389	11501	11614	11642	11642	11754	11810	12063	12092	12260	15747	
21	10995	11135	-	8211	10404	11417	9420	11614	9842	10489	11782	11389	11417	11445	11557	11698	11726	11698	11895	11951	12232	12260	12429	15747	
23	10995	11135	-	8211	10404	11417	9420	11614	9926	10489	11782	11473	11501	11529	11557	11754	11782	11810	11951	12007	12232	12260	12429	15747	
24	10995	11135	-	8211	10404	11417	9420	11614	9926	10489	11698	11417	11501	11473	11557	11698	11782	11754	11895	11951	12232	12260	12429	15747	
25	10995	11135	-	8211	10404	11276	9420	11473	9926	10461	11557	11360	11445	11417	11417	11642	11726	11698	11838	11895	12232	12260	12429	15747	
26	10995	11135	-	8211	10404	11276	9420	11473	9926	10461	11557	11360	11445	11417	11417	11642	11726	11698	11838	11895	12232	12260	12429	15747	
27	11107	11248	-	8155	10348	11276	9420	11473	9926	10461	11557	11304	11389	11360	11417	11557	11642	11585	11726	11782	12148	12176	12373	15747	
28	11107	11248	-	8239	10348	11248	9420	11445	9926	10461	11529	11360	11445	11417	11417	11614	11698	11642	11838	11895	12176	12204	12373	15747	
30	11107	11248	-	8239	10348	11248	9420	11445	9926	10461	11529	11360	11445	11417	11417	11614	11698	11642	11838	11895	12176	12204	12373	15747	
H	11107	11248	-	8239	10404	11417	9420	11614	9926	10489	11782	11473	11501	11529	11557	11754	11782	11810	11951	12007	12232	12260	12429	15747	
L	10770	10911	-	7845	9645	10939	8914	11135	9476	9883	11192	10798	10826	10911	11248	10995	11051	11248	11135	11192	11389	11445	11670	15410	
A	10886	11027	-	8035	10123	11175	9203	11354	9657	10196	11452	11103	11145	11194	11385	11356	11412	11483	11505	11561	11818	11859	12061	15653	

H = Highest L = Lowest A = Average

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) 2019-20 Crop November 2020					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	23rd	24th	25th	26th	27th	28th
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	7649 (27200)	7649 (27200)	7649 (27200)	7649 (27200)	7592 (27000)	7592 (27000)
								Spot Rate (Upcountry) 2020-21 Crop					
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	4%	15	10995 (39100)	10995 (39100)	10995 (39100)	10995 (39100)	11107 (39500)	11107 (39500)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 - 7.0	4.5%	15	11135 (39600)	11135 (39600)	11135 (39600)	11135 (39600)	11248 (40000)	11248 (40000)
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	13%	20	-	-	-	-	-	-
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	4.5%	21	8211 (29200)	8211 (29200)	8211 (29200)	8211 (29200)	8155 (29000)	8239 (29300)
5	M/M (P)	ICS-104	Fine	24mm	4.0 - 5.5	4%	23	10404 (37000)	10404 (37000)	10404 (37000)	10404 (37000)	10348 (36800)	10348 (36800)
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 - 4.9	4.5%	26	11417 (40600)	11417 (40600)	11276 (40100)	11276 (40100)	11276 (40100)	11248 (40000)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 - 3.4	4%	25	9420 (33500)	9420 (33500)	9420 (33500)	9420 (33500)	9420 (33500)	9420 (33500)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 - 4.9	4%	26	11614 (41300)	11614 (41300)	11473 (40800)	11473 (40800)	11473 (40800)	11445 (40700)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 - 3.4	4%	25	9926 (35300)	9926 (35300)	9926 (35300)	9926 (35300)	9926 (35300)	9926 (35300)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 - 4.9	3.5%	26	10489 (37300)	10489 (37300)	10461 (37200)	10461 (37200)	10461 (37200)	10461 (37200)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 - 4.9	4%	27	11782 (41900)	11698 (41600)	11557 (41100)	11557 (41100)	11557 (41100)	11529 (41000)
12	M/M(P)	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	11473 (40800)	11417 (40600)	11360 (40400)	11360 (40400)	11304 (40200)	11360 (40400)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 - 4.5	3.5%	27	11501 (40900)	11501 (40900)	11445 (40700)	11445 (40700)	11389 (40500)	11445 (40700)
14	GUJ	ICS-105	Fine	28mm	3.7 - 4.5	3%	27	11529 (41000)	11473 (40800)	11417 (40600)	11417 (40600)	11360 (40400)	11417 (40600)
15	R(L)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	11557 (41100)	11557 (41100)	11417 (40600)	11417 (40600)	11417 (40600)	11417 (40600)
16	M/M(P)	ICS-105	Fine	29mm	3.7 - 4.5	3.5%	28	11754 (41800)	11698 (41600)	11642 (41400)	11642 (41400)	11557 (41100)	11614 (41300)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	11782 (41900)	11782 (41900)	11726 (41700)	11726 (41700)	11642 (41400)	11698 (41600)
18	GUJ	ICS-105	Fine	29mm	3.7 - 4.5	3%	28	11810 (42000)	11754 (41800)	11698 (41600)	11698 (41600)	11585 (41200)	11642 (41400)
19	M/M(P)	ICS-105	Fine	30mm	3.7 - 4.5	3.5%	29	11951 (42500)	11895 (42300)	11838 (42100)	11838 (42100)	11726 (41700)	11838 (42100)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 - 4.5	3%	29	12007 (42700)	11951 (42500)	11895 (42300)	11895 (42300)	11782 (41900)	11895 (42300)
21	M/M(P)	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	12232 (43500)	12232 (43500)	12232 (43500)	12232 (43500)	12148 (43200)	12176 (43300)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 - 4.5	3%	30	12260 (43600)	12260 (43600)	12260 (43600)	12260 (43600)	12176 (43300)	12204 (43400)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 - 4.2	3%	31	12429 (44200)	12429 (44200)	12429 (44200)	12429 (44200)	12373 (44000)	12373 (44000)
24	M/M(P)	ICS-107	Fine	34mm	3.0 - 3.8	4%	33	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)
25	K/TN	ICS-107	Fine	34mm	3.0 - 3.8	3.5%	34	16169 (57500)	16169 (57500)	16169 (57500)	16169 (57500)	16169 (57500)	16169 (57500)

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