

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2023-24 • No. 37 • 12<sup>th</sup> December, 2023 Published every Tuesday

Cotton Exchange Building, 2nd Floor, Cotton Green, Mumbai - 400 033  
Telephone: 8657442944/45/46/47/48 Email: cai@caionline.in  
www.caionline.in

## CAI Hosts Cotton India 2023-24 Conference in Hyderabad - Part II

### Business Session 1

#### Panel Discussion on Crop Prospects for 2023-24 Season



Chaired by Shri. Atul S. Ganatra,  
President CAI



Shri. Ravinder Reddy,  
President, Telangana  
Cotton Millers &  
Traders Welfare  
Association



Shri. Ramesh Kakkirala,  
Secretary, Telangana  
Cotton Millers & Traders  
Welfare Association



Shri. Bhupendra Singh  
Rajpal, Vice President CAI



Shri. Arvind Pan, President,  
Saurashtra Ginners  
Association



Shri. Gopal T. Agrawal,  
Director, CAI



Shri. K. Rama Rao,  
Secretary Andhra  
Pradesh Cotton  
Association



*Shri Shantilal Ostwal, President of Karnataka Cotton Association*



*Shri. Arun Agrawal, President of Cotton Association of Odisha*



*Shri Vinod Jain, President of Madhyanchal Cotton Ginners & Traders Association*



*Shri. Manish Shah, Director, CAI*



*Shri. Akash Shah, President of GUJCOT Trade Association*

## Business Session II

### Panel Discussion on Export/Import Prospects



*Chaired by Shri. Sanchit Rajpal, Joint Managing Director, Manjeet Cotton Pvt. Ltd.*



*Shri. Rishit Dholakia, Director, CAI*



*Shri. Vinod Agarwal, Managing Director, Maruti Oil Mills*



*Shri. Sanjay Udeshi, Partner, Shree Sanjay Trading Company*



*Shri. Nayan Mirani, Director, CAI*



*Shri. Arun Sekhsaria, Executive Additional Vice President, CAI*



*Shri. Vinay N. Kotak, Additional Vice President, CAI*



*Shri. Dheeraj Khetan, MD, Sri Salasar Balaji Agrotech Pvt. Ltd.*



*Shri. Kunal U. Thakkar, Director, U.B. Cotton Pvt. Ltd.*



*Shri. R. Srikanta, Head, Ecom Agro India Private Limited,*



*Shri. Shailesh Patil, Head of Cotton - India, Pakistan & Bangladesh, COFCO International India Pvt. Ltd.*



*Shri. Akhil Kakkirala, Partner, Kaveri Exports*



*Shri. Archan Barua, Commercial Manager, Cargill India Pvt. Ltd.*

### Business Session III

#### Panel Discussion on Market Scenario



Chaired by Shri. Gopal T. Agrawal, Director, CAI



Shri. Manish Malpani, Managing Partner, Malpani Cotton Mills



Shri. Amit Syal, Trader, Vitera India Pvt. Ltd.



Shri. Sanjay Rathi, Director, CAI



Shri. Raaja Gokulgandhi, Director, CAI



Shri. Pankaj Mepani, Director, CAI



Shri. Mahesh Sharda, Director, CAI



Shri. Akash Shah, President, GUJCOT Trade Association



Shri. Shyam Makharia, Hon Treasurer, CAI



Shri. Vikrant Khetan, Managing Director, Sree Astalaxmi Spinning Mills Pvt. Ltd.



Shri. Vinay N. Kotak, Additional Vice President, CAI



Shri. Unupom Kausik, Senior Vice-President Cotton & Edible Oils, Olam Agri India Pvt. Ltd.



Shri. Kunal U. Thakkar, Director, U.B. Cotton Pvt. Ltd.

### Business Session IV

#### Discussion on Solutions for Challenges Facing Ginners



Chaired by Shri. Sanchit Rajpal, Joint Managing Director, Manjeet Cotton Pvt. Ltd.





*Shri. Sushil Mittal, Managing Partner, Aditya Agro Industries, Sirsa*



*Shri. Rafeeqe Jiwani, Managing Partner of R.S. Agrotech, Cotton Ginning & Pressing Factory*



*Shri. Sridhar Reddy Challa, Hon. Treasurer, Telangana Cotton Millers and Traders Welfare Association*



*Shri. Ramesh Kakkirala, General Secretary, Telangana Cotton Millers and Traders Welfare Association*



*Shri. Arvind Jain, Chairman, Mahaveer Group of Industries*



*Shri. Vijaykumar Bihani, Director, Bihani Binayake Pvt. Ltd.*



*Shri. Rajendra C. Jain, Associate Director, CAI*



*Shri. Arun Agrawal, President, Cotton Association of Odisha*



*Dr. P. K. Mandhyan, CEO, Research & Cotton Testing, CAI*



*Shri. H. Venkat Ram Reddy, Hon. Secretary, The Adoni Cotton Merchants Association*



*Shri. Vijay Metgud, Managing Director, Vijay Industries*



*Shri. Dnyaneshwar Bhamre, Keshranand Cotex Pvt. Ltd.*



*Shri. Shantilal Ostawal, President of Karnataka Cotton Association*



*Shri. Vinod Jain, President of Madhyanchal Cotton Ginners & Traders Association*

## Business Session V

### Panel Discussion on Solutions for Challenges Facing Brokers



*Chaired by Shri. Sudhirkumar Mantri, Director, CAI*



*Shri. Girish Nagsee, Proprietor, Hameer Cotton*



*Shri. Rashesh Dani, Proprietor, Sri Balaji Cotton Corporation*



*Shri. Ramanuj Das Boob, President, Gunj Merchants Association*



*Shri. Pankaj Mepani, Director CAI*



*Shri. Prakash Rathi, Partner, Prakash Rathi & Co.*



*Shri. K.G. Rajkumar, Shree MTK Textiles Pvt. Ltd.*



*Speech by Shri. G. Chandrashekhara, Economist, Senior Editor and Policy Commentator.*



*Vote of Thanks by Shri. Ramesh Kakkirela, Hon. Secretary, Telangana Cotton Millers & Traders Welfare Association.*

## Glimpses of Cultural Programme and Dinner on October 28, 2023





# Technical Analysis

## Price Outlook for Gujarat-ICS-105, 29mm and ICE Cotton Futures for the Period 12th December 2023 to 8th January 2024

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 DowJones, 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

### Domestic Markets

- The domestic cotton prices steadied but edged lower due to benign demand due to slower offtake from spinning mills, easing by ₹200-300 per candy of 356 kg in the past few days. Mills were cautious about fresh purchases, unable to raise yarn prices, and thus hesitant to buy cotton at current levels. Steady ICE cotton failed to uplift domestic market sentiments.

- Textile industry has been experiencing low demand for over a year now. The new cotton season brings little hope as textile units struggle to operate at full capacity. While spinning mills are running at 70% capacity, ginning units operate at only 40%. The high cost of Indian cotton in the international market is also hampering the industry's export business.

- As per CAI data as on Dec 11, daily arrivals were at 151,000 bales and cumulative at 63.58 lakh bales. Arrivals are now hitting 1.50 lakh bales per day as Dec progresses. This is quite common for this time of cotton season, the only exception being Dec 2022.

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.

### International Markets

- ICE Cotton Futures dipped on Tuesday, pressured by a retreat in oil prices while lingering concerns about the overall demand dented outlook for the natural fibre. Crude oil is down sharply today and that might be dragging cotton down a little bit here. Investors are awaiting the U.S. Department of Agriculture's (USDA) weekly export sales report.

- Limiting losses, the dollar index fell 0.2%, making cotton less expensive to buyers holding other currencies. The FOMC will release their interest rates decision tomorrow afternoon. Price action on commodities front is likely to stay choppy ahead of key US FOMC meeting. US Fed is expected to stay pat on rates. Its guidance on inflation trajectory will be followed for further direction on interest rate path and in turn US dollar.

- The World Agricultural Supply and Demand Estimates (WASDE) report projected world consumption for 2023-24 at 1.6 million bales lower due to a 1.0 million bales reduction in China. The

world ending stocks was forecast 900,000 bales higher in December. The report also highlighted that mill use in the U.S. was cut by 150,000 bales as spinning activity continued to lag at 1.9 million bales, likely to be its lowest since 1884. The USDA in its report also lowered U.S. production by 314,000 bales to 12.8 million due to 500,000 bales decrease in the Texas crop, while global production was forecast 540,000 bales lower than in November.

- Further, it noted that the Chinese, U.S., Australian, Japanese, Indian, and European economies continue to experience a reduced level of economic activity. It is thought that world consumption could fall another 300,000 to 400,000 bales lower. Carryover in major importing countries increased 600,000 bales, while major exporting countries saw an increase in carryover of 400,000 bales.

### Shankar 6 Guj ICS Price Trend

As expected, prices are struggling to gain a footing. The only thing that is cushioning the fall is the current proximity to the MSP. Any upticks higher is being met with weak demand both domestic and overseas. The 15,000 levels is expected to hold, but any decline could see more falls to 52,500-53,000 levels, before bouncing higher again.



MCX Cotton Candy Jan: After the bounce to 62,000, prices have once again tested important supports near 55,000 levels. Prices have inched lower from there unable to sustain on the back poor demand. It is most likely headed to 55,000 levels again where strong supports kick in now. Most likely we expect a pullback to 58,000-59,500 levels where it could once again find it tough to cross in the coming weeks.





## ICE Mar 24 Cotton Futures

The chart picture suggest it is more likely to stay under 85-86 and dip towards 75c initially with an outside chance of extending to 72c too. Failure to hold here could lead to a sharper fall below 70c too. Any unexpected rise and close above 85c could hint at further resistance at 88-89c zone where it has failed four times in the past six months so far. Prices have spent a good amount of time in the 75-89c range with factors both positive and negative where negatives outweigh the positives.



As mentioned before, using ICE futures and Options for mitigating prices risk especially when prices are at elevated levels helps cushion the fall and manage high priced inventory of cotton and yarn is ideal for the industry, but to take that leap of faith is a humungous task for this industry where raw material price moves make or break the profit margins. Hedging high priced inventories in a falling market could help offset some losses from the recent fall in cotton prices. A good opportunity to protect the inventory value of purchases, was to Buy a PUT option around peaks at 88-89c recently. That would have largely mitigated the risk.

A container of yarn roughly uses 150 bales of raw material cotton. That much of raw material price risk is what one is exposed to till the yarn is sold. The OPTION Is ICE futures, USA helps in inventory management. MCX Candy contracts recently launched should be a good testing ground for mills and exporters desirous of hedging their price risk in ICE futures and options.

## Conclusion

The domestic prices came off around 62,000 per candy levels and declined all the way from there nearing MSP levels, a strong long-term support. Prices could pull back towards 59,000-60,000 levels again. Most positive factors relating to supply have been priced in largely as price always has an ability to discount present scenario and look ahead where arrivals both domestic and international are expected to weigh on prices. However, the demand picture could turn mildly friendly as global economies rebound and the FED finally signals an end to rate hike cycle. Strong resistance is presently noticed in the 60,000 per candy levels presently and may find it tough to cross that in the near-term. Any bright spots appearing on the demand horizon in the form of pause in interest rates at current peaks could also aid in the sentiment.

Important support in ICE is at \$75c range followed by \$71 on the downside and in that zone, prices could find a lot of buying interest again. We expect prices to edge higher again after testing critical supports. The international price indicates that it is in the process of declining further as most positive fundamentals which supported prices in the last six months comes at an end amid demand weakness.

For Shankar 6 Guj ICS supports are seen at 55-000 per candy and for ICE Dec cotton futures at \$75c now. The domestic technical picture looks overdone on the sell side hinting at a possible reversal in the making, but any upticks could be limited. Therefore, we can expect prices to pullback initially followed by a strong decline in the international prices and the domestic prices remaining flat as MSP nears and supports.

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) 2022-23 Crop December 2023					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	4th	5th	6th	7th	8th	9th
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	12963 (46100)	12907 (45900)	12935 (46000)	12935 (46000)	12935 (46000)	12851 (45700)
4	KAR	ICS-103	Fine	22mm	4.5 – 6.0	6%	21	14257 (50700)	14201 (50500)	14229 (50600)	14229 (50600)	14229 (50600)	14144 (50300)
								Spot Rate (Upcountry) 2023-24 Crop					
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	14257 (50700)	14144 (50300)	14144 (50300)	13976 (49700)	13835 (49200)	13723 (48800)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	14397 (51200)	14285 (50800)	14285 (50800)	14116 (50200)	13976 (49700)	13863 (49300)
5	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	15241 (54200)	15185 (54000)	15213 (54100)	15213 (54100)	15213 (54100)	15129 (53800)
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	14004 (49800)	13947 (49600)	14060 (50000)	14144 (50300)	14313 (50900)	14313 (50900)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	-	-	-	-	-	-
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	14144 (50300)	14088 (50100)	14201 (50500)	14285 (50800)	14454 (51400)	14454 (51400)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	14341 (51000)	14285 (50800)	14341 (51000)	14341 (51000)	14482 (51500)	14397 (51200)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	14988 (53300)	14904 (53000)	14988 (53300)	14988 (53300)	15072 (53600)	14988 (53300)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	14313 (50900)	14257 (50700)	14369 (51100)	14454 (51400)	14622 (52000)	14622 (52000)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	15325 (54500)	15269 (54300)	15325 (54500)	15325 (54500)	15438 (54900)	15382 (54700)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	15382 (54700)	15325 (54500)	15382 (54700)	15382 (54700)	15494 (55100)	15438 (54900)
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	15325 (54500)	15269 (54300)	15325 (54500)	15325 (54500)	15466 (55000)	15410 (54800)
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	15185 (54000)	15129 (53800)	15241 (54200)	15325 (54500)	15466 (55000)	15410 (54800)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	15466 (55000)	15410 (54800)	15466 (55000)	15466 (55000)	15578 (55400)	15522 (55200)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	15522 (55200)	15466 (55000)	15522 (55200)	15522 (55200)	15635 (55600)	15578 (55400)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	15522 (55200)	15466 (55000)	15522 (55200)	15522 (55200)	15663 (55700)	15607 (55500)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	15635 (55600)	15578 (55400)	15635 (55600)	15635 (55600)	15747 (56000)	15691 (55800)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	15691 (55800)	15635 (55600)	15691 (55800)	15691 (55800)	15803 (56200)	15747 (56000)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	15888 (56500)	15775 (56100)	15832 (56300)	15832 (56300)	15944 (56700)	15888 (56500)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	15944 (56700)	15832 (56300)	15888 (56500)	15888 (56500)	16000 (56900)	15944 (56700)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	20949 (74500)	20949 (74500)	20949 (74500)	20837 (74100)	20837 (74100)	20837 (74100)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	21231 (75500)	21231 (75500)	21231 (75500)	21118 (75100)	21118 (75100)	21118 (75100)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	21371 (76000)	21371 (76000)	21371 (76000)	21259 (75600)	21259 (75600)	21259 (75600)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	21512 (76500)	21512 (76500)	21512 (76500)	21399 (76100)	21399 (76100)	21399 (76100)

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