

Weekly Publication of



Cotton
Association
of India

COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2024-25 • No. 36 • 3rd December, 2024 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

Technical Analysis

Price Outlook for Gujarat-ICS-105, 29mm and ICE Cotton Futures for the Period 3rd December 2024 to 7th January 2025

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 are struggling to sustain due to the weak sentiment and the increasing arrival of cotton. As per CAI data, Dec 2 arrivals were at 201,800 bales and cumulative arrivals to that date were at 58,25,800 bales. Total arrivals during the first two months of the new season were around 58.25 lakh bales vs 51.06 lakh bales last year same time. The pace of arrivals has picked up sharply pan India with daily numbers topping 2 lakh bales per day for the first time.

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.

- India's GDP growth slumped to its lowest level in seven quarters at 5.4 percent in the second quarter of FY25, as mining growth contracted to an eight-quarter low and manufacturing and utility services took a hit, clouding outlook for the full year's growth estimates.

- Cotton yarn prices inched lower, but still seen holding steady due to mild demand. Cotton yarn is receiving higher demand from the downstream industry as summer garment production picks up.

Garment units in the country have received increased export orders redirected from Bangladesh. North also saw steadiness in recycled yarn prices. The market noticed good demand for blankets and winter garments made from recycled yarn. The country, especially north India, has begun to shiver in the winter season.

International Markets

- ICE cotton futures fell for the second consecutive session on Tuesday due to technical resistance, while traders awaited an export sales report this week to gauge demand. Traders now await the weekly export sales report from the U.S. Department of Agriculture (USDA) due on Thursday.

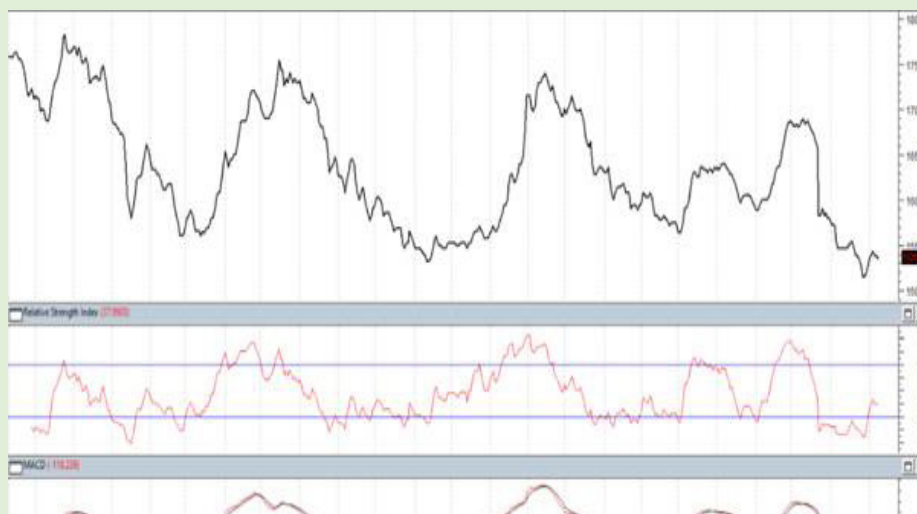
- The United States Department of Agriculture’s weekly export sales report last week showed net sales of upland cotton totalling 324,100 running bales for 2024/2025, a marketing-year high, and up 2% from the previous week and 46% from the prior 4-week average. Net sales hit a marketing high for the second week in a row. Weekly export sales and shipments have been somewhat improved recently, unfortunately perhaps due to low prices. But shipments have never been on pace to meet USDA export projections, despite these projections being adjusted/lowered monthly.

- Oil futures are steady in early Asian trade as market participants await the outcome of an OPEC+ meeting later this week. The extension of production cuts may offer some short-term support. However, the broader market price action suggests a bearish outlook for crude prices in the near to medium term, as the prospect of oversupply limits any significant upside.

- Cotton prices (March 2024 futures) have risen lately and are trying to muster an upward trek met with persistent fund selling. Even so, there will likely be resistance at 72 to 75 cents – still far below the cost of production. Other crop markets exhibit the same pattern. So, part of whatever is impacting cotton may not be unique to cotton.

Shankar 6 GUJ ICS PRICE TREND

As we have been maintaining, prices could decline to 15,000 levels. Highly oversold indications hint at a pullback higher. Some good supportive signs are seen in the 14,000-14,500 zone now. Failure to hold here could pressure prices even more pushing it lower to 52,000/candy eventually. However, subsequently, we can expect prices to rise again.



MCX Cotton Candy Dec:

Price fell to a low of 55150 as per our prediction. The indicators are not showing any signs of basing/bottoming yet, suggesting that the price is likely to dip further to 55065 or 54995. Resistance is near 55550/55650. Any unexpected rise above 55700 may lessen the chances for the expected dip and may also allow further recovery towards 55900/56000.



ICE Mar 24 Cotton Futures

As mentioned in the earlier update, very strong resistance is expected in the 75-76c with cap prices on the upside. The 68c level has held well so far. Only an unexpected dip below 68c would warn about the possibility of weakening further to 62 or even lower to 58c which is not our favoured view. For now, we expect 73-75c as a major cap where producer selling can accelerate while crude oil price volatility could soon rub off on cotton prices lower. We expect a broad range of 66-73c range to play out in the coming month with the possibility of breaking 66c lower too.

Important support in ICE is at \$67-68 range followed by \$65-66c on the downside. Prices could find a lot of buying interest again at the lower end. We expect prices to break be capped in the 73-74c range. The international price still indicates that a bearish H&S pattern has materialized.



Also, the US CFTC CoT report as of 26 Nov showed that specs had surprisingly cut net short positions to 15986 lots down by 15986 lots on week. Funds have been on the selling side largely and users have been bargain hunting at lower levels. Now, producers are on the selling side as arrivals increase and funds have been unwinding shorts gradually.

For Shankar 6 Guj ICS supports are seen at 53-54,000 per candy and for ICE Mar cotton futures at \$65-67c now. The domestic technical picture looks neutral to bearish, but any downside from here could be limited. Therefore, we can expect international prices to grind higher in the near-term with chances of pullbacks and retracements lower attracting producer selling from time to time, but broader picture still warns of a more downside to follow in the coming months due to arrival pressure and poor demand.

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, is now to Buy PUT options (Out of the money) around peaks at 75c in ICE futures. This will help in mitigating any expectations of further declines. However, if the market does rise, it is only the premium for PUT's that has to be borne which is very meagre. ICE Call options can also be used to procure cotton at a lower price in ICE compared to the domestic markets that are at a premium.

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.

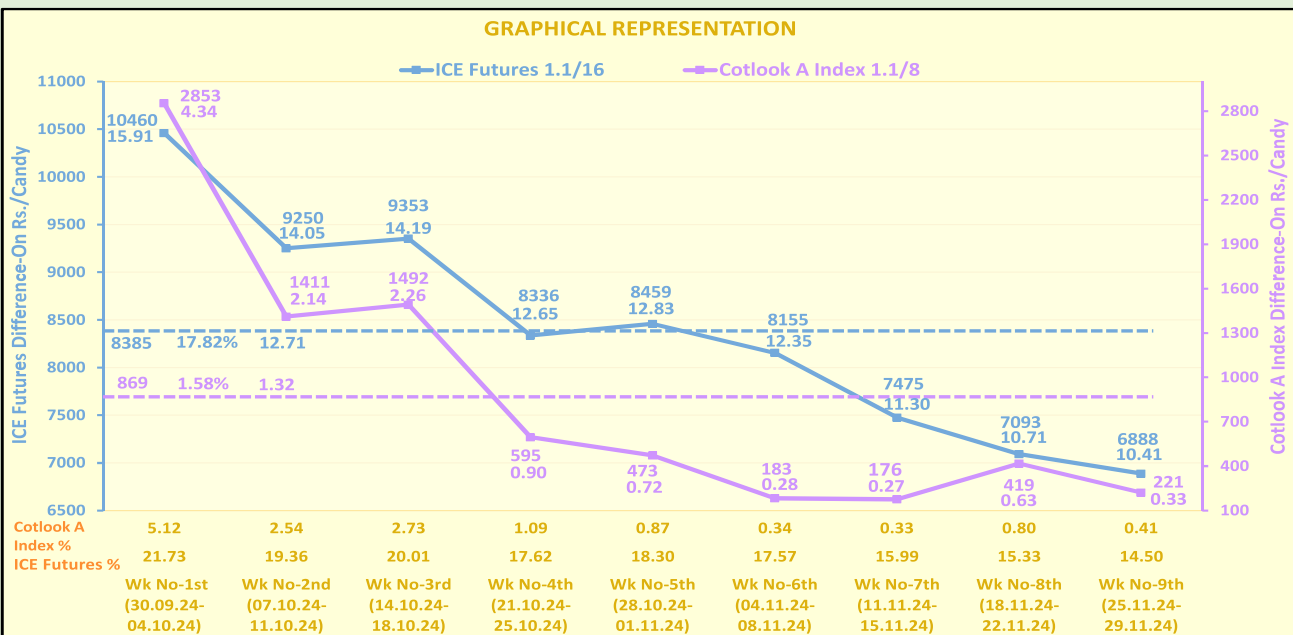
Conclusion

As cautioned previously, prices could find strong resistance in the 56,000-57,000 levels again and fizzle out. Price moved exactly as per our expectations. The onset of arrivals seasons is weighing on prices despite the CCI support. Strong resistance is presently noticed in the 56,000-57,000 zone per candy levels presently and may find it tough to cross that in the near-term. More uncertainties are increasing as the Trump tariff era begins and doubts on global macroeconomic recovery back due to growth worries and geo-political situation.

(The views expressed in this column are of the author and not that of Cotton Association of India)

Basis Comparison of ICS 105 with ICE Futures and Cotlook A Index - 30th November 2024

SEASON 2024-2025												
Comparison M/M(P) ICS-105, Grade Fine, Staple 29mm, Mic. 3.7-4.5, Trash 3.5%, Str./GPT 28 with ICE Futures & Cotlook A Index												
Date 2024	1 US \$ = Rs.	CAI Rates Rs./c.	Indian Ctn in USc/lb.	ICE Settlement Futures 1.1/16 Mar.'24 USc/lb.	Difference-ON/OFF ICE Futures		%	Cotlook A Index M-1.1/8	Difference-ON/OFF Cotlook A Index		%	
					USc/lb.	Rs./c			USc/lb.	Rs./c		
A	B	C	D	E	F	G	H	I	J	K	L	
Cotton Year Week No-09th												
25 th Nov	84.29	54200	82.02	71.72	10.30	6807	14.36	81.10	0.92	608	1.13	
26 th Nov	84.34	54400	82.27	71.68	10.59	7002	14.77	82.10	0.17	112	0.21	
27 th Nov	84.45	54500	82.32	71.75	10.57	6998	14.73	82.00	0.32	212	0.39	
28 th Nov	84.49	54400	82.13	71.75	10.38	6876	14.47	82.00	0.13	86	0.16	
29 th Nov	84.49	54400	82.13	71.93	10.20	6756	14.18	82.00	0.13	86	0.16	
Weekly Avg.	84.41	54380	82.17	71.77	10.41	6888	14.50	81.84	0.33	221	0.41	
Cotton Year Week No-08th												
18 th Nov	84.40	53300	80.55	69.02	11.53	7629	16.71	79.35	1.20	794	1.51	
19 th Nov	84.42	53300	80.53	69.25	11.28	7466	16.29	79.45	1.08	715	1.36	
20 th Nov	84.42	53300	80.53	70.28	10.25	6784	14.58	79.70	0.83	549	1.04	
21 th Nov	84.50	53400	80.61	70.43	10.18	6744	14.45	80.70	-0.09	-60	-0.11	
22 th Nov	84.46	53700	81.10	70.77	10.33	6840	14.60	80.95	0.15	99	0.19	
Weekly Avg.	84.44	53400	80.66	69.95	10.71	7093	15.33	80.03	0.63	419	0.80	
Cotton Year Week No-07th (11th Nov 2024-15th Nov 2024)												
Weekly Avg.	84.40	54300	82.07	70.77	11.30	7475	15.99	81.80	0.27	176	0.33	
Cotton Year Week No-06th (04th Nov 2024-08th Nov 2024)												
Weekly Avg.	84.24	54600	82.67	70.32	12.35	8155	17.57	82.39	0.28	183	0.34	
Cotton Year Week No-05th (28th Oct 2024-01st Nov 2024)												
Weekly Avg.	84.08	54680	82.95	70.12	12.83	8459	18.30	82.23	0.72	473	0.87	
Cotton Year Week No-04th (21st Oct 2024-25th Oct 2024)												
Weekly Avg.	84.07	55660	84.44	71.80	12.65	8336	17.62	83.54	0.90	595	1.09	
Cotton Year Week No-03rd (14th Oct 2024-18th Oct 2024)												
Weekly Avg.	84.06	56100	85.12	70.93	14.19	9353	20.01	82.86	2.26	1492	2.73	
Cotton Year Week No-02nd (7th Oct 2024-11th Oct 2024)												
Weekly Avg.	83.98	57040	86.63	72.58	14.05	9250	19.36	84.49	2.14	1411	2.54	
Cotton Year Week No-01st (30th Sep 2024-04th Oct 2024)												
Weekly Avg.	83.86	58600	89.13	73.22	15.91	10460	21.73	84.79	4.34	2853	5.12	
Total Avg.	84.17	55418	83.98	71.27	12.71	8385	17.82	82.66	1.32	869	1.58	



Note:- Weeks taken as per Cotton Year (October To September).
 Values in BLUE Indicates Previous Close Considered due to HOLIDAY's Resp.
 20th Nov 2024 - LOCAL Holiday, CLOSED due to Maharashtra State Election.
 28th Nov 2024 - US markets remain closed due to Thanksgiving Day.

UPCOUNTRY SPOT RATES (Rs./Qtl)													
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length As per CAI By- laws								Spot Rate (Upcountry) 2023-24 Crop November 2024					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	25th	26th	27th	28th	29th	30th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	-	-	-	-	-	-
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	-	-	-	-	-	-
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	11838 (42100)	11867 (42200)	11867 (42200)	11923 (42400)	11923 (42400)	11979 (42600)
4	KAR	ICS-103	Fine	22mm	4.5 – 6.0	6%	21	12401 (44100)	12401 (44100)	12401 (44100)	12401 (44100)	12401 (44100)	12401 (44100)
5	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	14369 (51100)	14369 (51100)	14369 (51100)	14369 (51100)	14369 (51100)	14369 (51100)
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	-	-	-	-	-	-
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	-	-	-	-	-	-
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	-	-	-	-	-	-
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	-	-	-	-	-	-
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	-	-	-	-	-	-
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	-	-	-	-	-	-
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	-	-	-	-	-	-
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	-	-	-	-	-	-
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	-	-	-	-	-	-
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	-	-	-	-	-	-
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	-	-	-	-	-	-
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	-	-	-	-	-	-
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	-	-	-	-	-	-
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	-	-	-	-	-	-
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	24549 (87300)	24549 (87300)	24267 (86300)	24267 (86300)	24267 (86300)	24267 (86300)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	25111 (89300)	25111 (89300)	24830 (88300)	24830 (88300)	24830 (88300)	24830 (88300)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	-	-	-	-	-	-
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	-	-	-	-	-	-

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

UPCOUNTRY SPOT RATES (Rs./Qtl)													
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length As per CAI By- laws								Spot Rate (Upcountry) 2024-25 Crop November 2024					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	25th	26th	27th	28th	29th	30th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	14622 (52000)	14622 (52000)	14622 (52000)	14622 (52000)	14622 (52000)	14622 (52000)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	14791 (52600)	14791 (52600)	14791 (52600)	14791 (52600)	14791 (52600)	14791 (52600)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	-	-	-	-	-	-
4	KAR	ICS-103	Fine	22mm	4.5 – 6.0	6%	21	-	-	-	-	-	-
5	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	-	-	-	-	-	-
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	14988 (53300)	15044 (53500)	15044 (53500)	15044 (53500)	15044 (53500)	15185 (54000)
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	15129 (53800)	15185 (54000)	15185 (54000)	15213 (54100)	15213 (54100)	15353 (54600)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	-	-	-	-	-	-
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	-	-	-	-	-	-
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	15213 (54100)	15269 (54300)	15269 (54300)	15269 (54300)	15269 (54300)	15410 (54800)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	14791 (52600)	14847 (52800)	14847 (52800)	14847 (52800)	14847 (52800)	14875 (52900)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	14707 (52300)	14707 (52300)	14707 (52300)	14707 (52300)	14707 (52300)	14707 (52300)
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	15100 (53700)	15185 (54000)	15213 (54100)	15157 (53900)	15157 (53900)	15129 (53800)
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	15353 (54600)	15325 (54500)	15325 (54500)	15353 (54600)	15353 (54600)	15494 (55100)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	15241 (54200)	15297 (54400)	15325 (54500)	15297 (54400)	15297 (54400)	15325 (54500)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	15129 (53800)	15129 (53800)	15213 (54100)	15185 (54000)	15185 (54000)	15213 (54100)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	15353 (54600)	15410 (54800)	15438 (54900)	15382 (54700)	15382 (54700)	15353 (54600)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	15410 (54800)	15410 (54800)	15494 (55100)	15466 (55000)	15466 (55000)	15494 (55100)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	15325 (54500)	15325 (54500)	15325 (54500)	15297 (54400)	15297 (54400)	15325 (54500)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	15607 (55500)	15719 (55900)	15747 (56000)	15747 (56000)	15747 (56000)	15775 (56100)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	15635 (55600)	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)	15775 (56100)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	-	-	-	-	-	-
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	-	-	-	-	-	-
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	-	-	-	-	-	-
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	25589 (91000)	25589 (91000)	25167 (89500)	25167 (89500)	25167 (89500)	25167 (89500)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	26011 (92500)	26011 (92500)	25589 (91000)	25589 (91000)	25589 (91000)	25589 (91000)

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