

Introduction

The cotton industry holds a pivotal role in India's economy, significantly impacting both domestic and global markets. India is the world's largest producer and exporter of cotton, contributing approximately 23% of global cotton production. This prominence is rooted in the country's favorable climatic conditions and extensive cultivation area, which spans over 12 million hectares, making India a dominant player in the global cotton market.



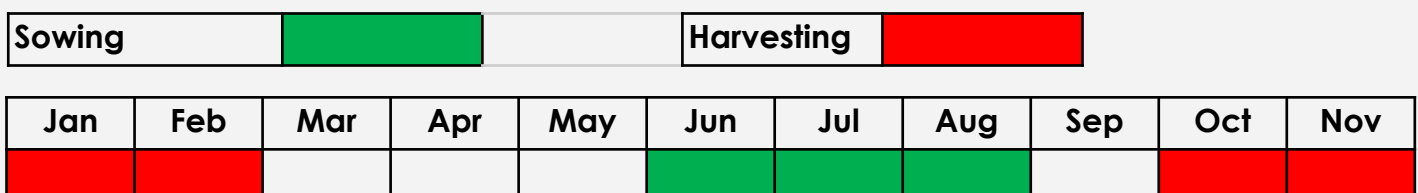
In India, cotton cultivation supports millions of farmers and contributes to rural livelihoods. The industry is integral to the country's textile sector, which is one of the largest and most diversified in the world. Cotton contributes about 60% of the country's total textile production, and Indian cotton is known for its high quality, including varieties like Shankar-6 and Suvin, which are sought after internationally.

The industry faces challenges, including fluctuations in global cotton prices, water scarcity, and the impact of climate change. However, India's efforts to modernize cotton farming techniques and improve supply chain efficiency are crucial in addressing these issues. Initiatives such as the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) and advancements in biotechnology aim to enhance cotton yield and resilience.

Globally, India's cotton exports are vital, with key markets including China, Bangladesh, and Vietnam. Indian cotton is prized for its versatility and quality, making it a preferred choice for manufacturers worldwide. The industry's robust export performance helps balance the trade deficit and supports the country's economic growth.

In summary, India's cotton industry is a cornerstone of both its domestic economy and the global textile market. Despite facing challenges, ongoing improvements and investments position India to maintain its leading role in cotton production and export, contributing significantly to the world's supply chain and textile industry.

Crop Cycle



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Performance

Commodity	Price	Period (% Change)					
		1 Week	1 Month	3 Month	6 Month	1 Year	Ytd
MCX CottonCandy	58340.00	-0.46	2.35	0.95	-6.72	-4.45	3.77
Cocudakl	3045.00	0.83	-7.39	11.21	15.52	14.13	10.25
NCDEX Kapas	1629.00	0.71	2.07	0.96	5.71	1.84	4.69
ICE Cotton	70.80	1.68	2.94	-2.67	-22.65	-19.10	-12.54



Cotton prices have risen over 2% in the past month, driven by reduced sowing areas and concerns about low yields due to heavy rainfall, which is expected to delay the new crop by up to four weeks. ICE cotton futures also surged to a two-month high, supported by a weaker dollar, rising crude oil prices, poor U.S. crop conditions, and forecasts of more storms. The USDA's September 2024 WASDE report lowered India's cotton production forecast to 30.72 million bales for 2024-25, citing excessive rainfall and reduced acreage. U.S. cotton production estimates were also cut by 600,000 bales due to lower yields, further tightening global supply. India's cotton exports are projected to decline, while imports are expected to increase. Despite these challenges, India's domestic cotton consumption is forecast to remain stable at 32.64 million bales. Global cotton production and trade estimates have also been revised downward, reflecting a tighter supply situation that may continue to support prices in the coming months.

Highlights

Cotton Prices Surge Due to Yield Concerns

Cotton prices climbed over 2% in a month as decreased sowing area and concerns about low yields from heavy rainfall delayed the new crop by three to four weeks, supporting prices.

ICE Cotton Reaches Unexpected Two-Month High

ICE cotton futures surged unexpectedly to a two-month high, driven by a weaker dollar, rising crude oil prices, a Fed rate cut, poor U.S. crop conditions, and upcoming hurricanes.

USDA Cuts India's Cotton Production Forecast

USDA's September 2024 WASDE report lowered India's cotton production forecast to 30.72 million bales for 2024-25, down by 0.64 million bales from the previous estimate.

Indian Cotton Acreage and Yields Decrease

Cotton sowing area in Gujarat dropped significantly to 23.65 lakh hectares, below the previous year's level. Yields are also impacted by recent pest attacks and excessive rainfall, lowering production expectations.

Cotton Exports and Imports Forecast Shift for India

India's cotton exports are forecast to drop to 1.66 million bales, while imports are projected to rise to 2.94 million bales for 2024-25, reflecting changing trade patterns.

Farmers Expect Higher Cotton Yield in Punjab

In Punjab, cotton picking has started with minimal pest impact, raising hopes for a significantly higher yield compared to last year, encouraging farmers to return to cotton cultivation.

U.S. Cotton Production Estimates Decline

U.S. cotton production for 2024-25 has been reduced by 600,000 bales to 14.5 million bales, driven by lower yields in the Southwest, contributing to tighter supply and export reductions.

Cotton Consumption Expected to Remain Steady in India

India's domestic cotton consumption is projected to stay stable at 32.64 million bales for 2024-25, consistent with previous projections, as per the USDA's September 2024 WASDE report.

Global Cotton Supply Tightens with Lower Production Forecasts

Global cotton production is forecast to drop by 1.2 million bales, primarily due to declines in India, U.S., and Pakistan, while China's output rises. Global consumption is also set to decline.

Global Cotton Trade and Ending Stocks Lowered

World cotton trade estimates fell by 550,000 bales, while global ending stocks have been revised down by 1.1 million bales to 76.5 million, indicating tighter supply.

India's Cotton Exports to Bangladesh Drop by 10%

India's cotton shipments to Bangladesh fell over 10% to 1 billion in August this year, compared to 1.11 billion in August 2023. This comes as export textile and clothing orders to Bangladesh have slowed following the demonstrations. The drop in orders from Bangladesh has had a knock-on effect on the Indian textile sector, which provides raw materials and other inputs to Bangladesh. While new garment orders are flowing in, Indian cotton exports to Bangladesh have begun to decline.

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CAI INCREASES ITS COTTON PRESSING ESTIMATE FOR 2023-24

The Crop Committee of the Cotton Association of India (CAI) held its meeting on Wednesday, the 11th of September 2024 virtually, which was attended by 20 members representing various cotton-growing regions of the country. Based on the input given by the representatives of each state association, the CAI Crop Committee has estimated total cotton pressing numbers for the 2023-24 season and has also drawn a cotton balance sheet for 2023-24 season.

CONSUMPTION

The CAI has maintained cotton consumption for 2023-24 season at 317 lakh bales of 170 kgs. each (equivalent to 332.65 lakh running bales of 162 kgs. each) i.e. same as estimated previously.

Upto 31st August 2024, the consumption is estimated at 291.00 lakh bales of 170 kgs. each (equivalent to 305.37 lakh running bales of 162 kgs. each).

COTTON PRESSING

As per the crop report submitted by upcountry associations and trade sources at the meeting of the CAI Crop Committee, the Committee has estimated its cotton pressing figures at 323.02 lakh bales of 170 kgs. each (equivalent to 338.97 lakh running bales of 162 kgs. each).

The Committee members will have a close watch on the pressing numbers of cotton in September 2024 and if any addition or reduction is required to be made in the pressing numbers, the same will be made in the CAI report.

IMPORTS

The estimates of cotton imports into India during the 2023-24 season are also maintained at the same level as estimated earlier i.e. at 16.40 lakh bales of 170 kgs. each (equivalent to 17.21 lakh running bales of 162 kgs. each) as against 12.50 lakh bales of 170 kgs. each (equivalent to 13.12 lakh running bales of 162 kgs. each) estimated for last season. The cotton imports estimated for the ongoing crop year 2023-24 are higher by 3.90 lakh bales of 170 kgs. each compared to last year.

Upto 31st August 2024, about 14.20 lakh bales of 170 kgs. each (equivalent to 14.90 lakh running bales of 162 kgs. each) are estimated to have arrived the Indian Ports.

EXPORTS

The Committee has estimated its cotton exports estimate at 28.00 lakh bales of 170 kgs. each (equivalent to 29.38 lakh running bales of 162 kgs. each). The cotton exports for 2023-24 crop year are estimated to be higher by 12.50 lakh bales of 170 kgs. each as against 15.50 lakh bales of 170 kgs. each (equivalent to 16.27 lakh running bales of 162 kgs. each) estimated for the last season.

Upto 31st August 2024, about 27 lakh bales of 170 kgs. each (equivalent to 28.33 lakh running bales of 162 kgs. each) are estimated to have been shipped from India.

CLOSING STOCK AS AT 30TH SEPTEMBER 2024

The closing stock as on 30th September 2024 is estimated at 23.32 lakh bales of 170 kgs. each (equivalent to 24.47 lakh running bales of 162 kgs. each) as against 28.90 lakh bales of 170 kgs. each (equivalent to 30.33 lakh running bales of 162 kgs. each) in last year.

Cotton Exports Surge 80% in 2023-24 Season Amid Global Demand Growth

India's cotton exports for the 2023-24 season, ending in September, have soared by 80% to 28 lakh bales (170 kg each), compared to 15.50 lakh bales in the previous year. The increase is largely attributed to higher demand from major consuming nations like Bangladesh and Vietnam. As of August end, exports stood at 27 lakh bales, according to the Cotton Association of India (CAI).

Despite the robust export figures, the domestic cotton market has experienced some fluctuations. Imports have risen to 16.40 lakh bales, compared to 12.50 lakh bales in the previous year. In terms of consumption, India is expected to utilize around 317 lakh bales of cotton during the current crop year, reflecting strong domestic demand as well. Prices have been supported by both global demand and stable domestic consumption.

Cotton acreage has seen a decline this year, particularly in key producing states such as Gujarat, Maharashtra, and Telangana. As per Agriculture Ministry data, cotton has been planted on about 112.13 lakh hectares, down from 123.39 lakh hectares a year ago. However, some states like Karnataka and Odisha have witnessed a marginal increase in cotton acreage.

With pressing figures revised upwards to 323.03 lakh bales and supplies standing at 362.18 lakh bales till August-end, the cotton market remains well-supported. CAI estimates closing stocks by the end of the season to be 23.32 lakh bales, down from 28.90 lakh bales a year earlier.

USDA - WASDE Report Highlights

Cotton prices are expected to remain supported as U.S. production estimates for the 2024/25 season were lowered significantly. The U.S. cotton forecast for September places production at 14.5 million bales, a drop of 600,000 bales from the previous month, largely driven by reduced yields in the Southwest. This decline in output has resulted in a 200,000-bale reduction in exports, now expected at 11.8 million bales, and a cut in ending stocks by 500,000 bales to 4 million.

Globally, cotton production is also facing downward pressure, with the 2024/25 forecast reduced by 1.2 million bales. Declines in the U.S., India, and Pakistan overshadow a rise in China's output. World consumption is set to fall by 460,000 bales, with significant reductions in Vietnam, Bangladesh, and Turkey. Lower demand and reduced production are influencing global trade, leading to a 550,000-bale drop in world cotton trade estimates. Meanwhile, global ending stocks are revised down by 1.1 million bales to 76.5 million, signalling a tighter supply situation ahead.

Balance Sheet - World

World					
Attribute	2021/2022	2022/2023	2023/2024	2024/2025	% Chg
Area Harvested	32,107.00	31,713.00	31,349.00	31,141.00	(0.66)
Beginning Stocks	72,809.00	71,007.00	75,967.00	75,612.00	(0.47)
Production	114,347.00	116,463.00	113,566.00	116,419.00	2.51
Imports	42,917.00	37,647.00	43,729.00	42,989.00	(1.69)
Total Supply	230,073.00	225,117.00	233,262.00	235,020.00	0.75
Exports	42,915.00	36,777.00	44,707.00	42,991.00	(3.84)
Domestic Use	115,753.00	112,638.00	113,150.00	115,745.00	2.29
Loss	398.00	(265.00)	(207.00)	(208.00)	0.48
Ending Stocks	71,007.00	75,967.00	75,612.00	76,492.00	1.16
Total Distribution	230,073.00	225,117.00	233,262.00	235,020.00	0.75
Stocks-to-Use (PERCENT)	61.34	67.44	66.83	66.09	(1.11)

Source: USDA. Area: 1000 HA, Unit: 1000 480 lb. Bales

Key Highlights

- **Harvested Area:** Declined by -0.66%, from 31.349 million hectares to 31.141 million hectares.
- **Production:** Increased by +2.51%, from 113.566 million bales to 116.419 million bales.
- **Total Supply:** Grew by +0.75%, from 233.262 million bales to 235.020 million bales.
- **Exports:** Recovered by +3.84%, from 44.707 million bales to 42.991 million bales.
- **Domestic Use:** Increased by +2.29%, from 113.150 million bales to 115.745 million bales.
- **Ending Stocks:** Rose by +1.16%, from 75.612 million bales to 76.492 million bales.
- **Stocks-to-Use Ratio:** Declined by -1.11%, from 66.83% to 66.09%, signalling a tighter market. **(A tighter ratio signals potential price increases due to reduced supply cushion.)**

The USDA World Cotton Balance Sheet for 2023/2024 and 2024/2025 highlights a modest recovery in global cotton production, increasing by 1.93% in 2024/2025 after a dip the previous year. Total supply is projected to grow by 0.75%, while exports are expected to rebound by 3.84%, reflecting improving global demand. Domestic consumption is set to rise by 2.29%, further tightening market conditions. Ending stocks will see a slight increase of 1.16%, but the stocks-to-use ratio will decline to 66.09%, indicating tighter market conditions and potential supply challenges in the coming year. **(A tighter ratio signals potential price increases due to reduced supply cushion.)**

Balance Sheet - India

India					
Attribute	2021/2022	2022/2023	2023/2024	2024/2025	% Chg
Area Harvested	12,372.00	12,927.00	12,700.00	11,800.00	(7.09)
Beginning Stocks	11,839.00	8,396.00	10,824.00	10,174.00	(6.01)
Production	24,300.00	26,300.00	25,800.00	24,000.00	(6.98)
Imports	1,000.00	1,727.00	875.00	2,300.00	162.86
Total Supply	37,139.00	36,423.00	37,499.00	36,474.00	(2.73)
Exports	3,743.00	1,099.00	2,325.00	1,300.00	(44.09)
Domestic Use	25,000.00	24,500.00	25,000.00	25,500.00	2.00
Loss	-	-	-	-	-
Ending Stocks	8,396.00	10,824.00	10,174.00	9,674.00	(4.91)
Total Distribution	37,139.00	36,423.00	37,499.00	36,474.00	(2.73)
Stocks-to-Use	29.21	42.28	37.23	36.10	(3.04)

Source: USDA. Area: 1000 HA, Unit: 1000 480 lb. Bales

Key Highlights

- **Harvested Area:** Declined by -7.09%, from 12.700 million hectares to 11.800 million hectares, reducing supply potential.
- **Production:** Dropped by -6.98%, from 25.800 million bales to 24.000 million bales, signaling tightening supply.
- **Total Supply:** Reduced by -2.73%, from 37.499 million bales to 36.474 million bales, indicating market pressure.
- **Exports:** Expected to fall by -44.09%, from 2.325 million bales to 1.300 million bales, limiting international availability.
- **Domestic Use:** Increased by +2.00%, from 25.000 million bales to 25.500 million bales, reflecting rising local demand.
- **Ending Stocks:** Forecast to decrease by -4.91%, from 10.174 million bales to 9.674 million bales, reducing available surplus.
- **Stocks-to-Use Ratio:** Declining by -3.04%, from 37.23% to 36.10%, signaling tighter supply conditions ahead. **(A tighter ratio signals potential price increases due to reduced supply cushion.)**

The USDA India Cotton Balance Sheet provides insights into the cotton market trends for the years 2021/2022 through 2024/2025. Over these years, the area harvested in India is projected to decrease from 12,927 thousand hectares in 2022/2023 to 11,800 thousand hectares in 2024/2025, a decline of 7.09%. Cotton production is also expected to decrease by 6.98% from 2023/2024 to 2024/2025, reaching 24,000 thousand bales. This drop in production is significant, given India's critical role in global cotton supply. **(A tighter ratio signals potential price increases due to reduced supply cushion.)**

Open Interest - CottonCandy

COTTONCANDY OPEN INTEREST ANALYSIS								
Date	Open	High	Low	Close	% Change	Cumulative OI	% OI Change	
Sep-24	58700.0	59610.0	58200.0	58340.0	0.59	174	-2.79	
Aug-24	56800.0	58100.0	56230.0	58000.0	2.00	179	4.68	
Jul-24	58300.0	58970.0	55000.0	56860.0	-3.30	171	-54.28	
Jun-24	57300.0	59650.0	55780.0	58800.0	2.08	374	2.19	
May-24	57140.0	58900.0	55620.0	57600.0	0.07	366	-14.49	
Apr-24	62300.0	62600.0	57140.0	57560.0	-7.16	428	-5.52	
Mar-24	64220.0	65400.0	61200.0	62000.0	-3.49	453	-31.67	
Feb-24	60200.0	66000.0	60200.0	64240.0	14.96	663	139.35	
Jan-24	56160.0	56400.0	54800.0	55880.0	-0.60	277	13.06	
Dec-23	57040.0	57800.0	55620.0	56220.0	-1.71	245	45.83	
Nov-23	58260.0	59000.0	56240.0	57200.0	-1.92	168	29.23	
Oct-23	60360.0	60600.0	57820.0	58320.0	-4.05	130	8.33	
Sep-23	60220.0	62000.0	59360.0	60780.0	1.40	120	16.50	

- India's cotton production was estimated at **34.5 million bales** in late 2023, with festive demand slightly increasing. In November, OI **rose by 45.83%**, driven by festive season demand and trader optimism. **Global oversupply, with production at 120 million bales**, caused prices to drop sharply in January. Despite this, **OI increased by 12.74%** as traders anticipated a future rebound.
- In February, a **5% export incentive** boosted **India's exports by 20%**, mainly to China, resulting in an OI **surge of 139.35%**. However, in March, **China reduced cotton imports by 15%**, leading to a **31.67% OI drop** due to growing bearish sentiment.
- Delayed monsoon and a 7% production cut in May** caused traders to expect rising prices, **driving OI up by 99.71% in June**. Lower demand from Bangladesh and Vietnam in July led to a **54.28% OI drop** as traders exited, though **August saw a slight recovery with a 4.68% OI increase**.
- In September, weather disruptions in Texas and Australia **cut production by 5-8%**, pushing prices up, but **OI decreased by 2.79%** as traders remained cautious about the market's future direction.

The analysis of Cotton Candy's open interest reveals a dynamic market characterised by periods of bullish optimism followed by sharp declines and cautious recovery. Early optimism in late 2023 was replaced by a strong bullish surge in February 2024, with significant price and open interest increases. However, by April, market sentiment shifted to bearish, as prices and open interest both dropped. The months following saw fluctuating confidence, with traders cautiously re-entering the market by June. Despite continued uncertainty and hesitation, the market showed signs of recovery by September, though traders remained wary of fully committing to new positions.

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Open Interest - Cocudakl

COCUDAKL OPEN INTEREST ANALYSIS								
Date	Open	High	Low	Close	% Change	Cumulative OI	% OI Change	
Sep-24	3535.0	3730.0	3010.0	3045.0	-13.49	32340	-5.96	
Aug-24	2899.0	3680.0	2782.0	3520.0	21.84	34390	-50.57	
Jul-24	2847.0	3100.0	2781.0	2889.0	1.23	69570	-2.59	
Jun-24	2731.0	2905.0	2536.0	2854.0	4.20	71420	-24.02	
May-24	2522.0	2774.0	2511.0	2739.0	7.71	94000	-4.03	
Apr-24	2565.0	2646.0	2501.0	2543.0	-0.51	97950	1.11	
Mar-24	2655.0	2772.0	2541.0	2556.0	-3.77	96870	4.35	
Feb-24	2471.0	2687.0	2434.0	2656.0	7.31	92830	23.84	
Jan-24	2740.0	2751.0	2458.0	2475.0	-10.39	74960	12.74	
Dec-23	2916.0	3000.0	2681.0	2762.0	-5.28	66490	-19.52	
Nov-23	2865.0	3034.0	2822.0	2916.0	1.14	82620	19.10	
Oct-23	2689.0	2929.0	2661.0	2883.0	6.11	69370	103.25	
Sep-23	2755.0	2820.0	2565.0	2717.0	-1.66	34130	-42.02	

- In September 2023, production surged to **36.5 million bales**, leading to a **1.66%** price drop and a **42.42%** rise in OI. In October, strong demand and export enquiries led to a **6.11%** price increase and a **103.45%** Jump in OI.
- In November, prices dropped **3.98%**, but OI increased by **27.28%** as traders expected demand recovery. December saw weak global demand, causing a **5.28%** price drop and a **19.52%** OI decrease.
- In January 2024, prices fell **10.39%**, while OI rose **12.74%** due to expected export incentives. February saw renewed demand, with prices rising **7.31%** and OI increasing **23.84%**.
- In March, prices **dropped 3.77%**, and OI declined by 16.19% due to oversupply. April saw stable prices with a slight **0.51% drop**, but OI plunged **92.11% due** to logistical issues.
- In May, delayed monsoons led to a **7.71%** price rise and a **112.96%** increase in OI. June prices rose **4.20%**, but OI dropped **24.02%** as traders took profits.
- In July, prices rose **1.23%**, while OI decreased by **2.59%** amid cautious sentiment. August saw a **21.84%** price surge due to extreme weather, but OI dropped 50.57% as traders locked in profits.
- In September, favourable weather conditions caused a **13.49%** price drop, and OI fell by **5.96%** as traders exited.

The Cocudakl OI movement throughout the year reflected the market's response to supply-demand dynamics, weather conditions, and global demand fluctuations. Record production in September 2023 caused oversupply, but traders positioned themselves for future recovery. Export enquiries, domestic demand, and government support led to periods of bullish sentiment, especially in February 2024. However, weak global demand, oversupply, and logistical issues caused significant price drops and OI declines in March-April 2024. Later in the year, delayed monsoons tightened supply, raising prices, but traders frequently exited positions, particularly during major price spikes in August due to profit-taking.

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Open Interest - Kapas

KAPAS OPEN INTEREST ANALYSIS								
Date	Open	High	Low	Close	% Change	Cumulative OI	% OI Change	
Sep-24	1615.0	1641.5	1607.0	1629.0	0.99	2133	49.47	
Aug-24	1597.0	1658.0	1565.0	1613.0	1.22	1427	25.62	
Jul-24	1607.0	1637.0	1563.0	1593.5	-1.18	1136	64.88	
Jun-24	1592.5	1631.0	1561.0	1612.5	1.16	689	99.71	
May-24	1582.0	1623.0	1551.0	1594.0	0.38	345	112.96	
Apr-24	1534.0	1623.0	1508.0	1588.0	4.51	162	-92.11	
Mar-24	1653.0	1674.0	1518.0	1519.5	-8.13	2054	-16.54	
Feb-24	1482.0	1663.0	1465.5	1654.0	11.79	2461	-9.46	
Jan-24	1553.0	1563.5	1476.5	1479.5	-4.92	2718	16.45	
Dec-23	1561.0	1599.0	1517.0	1556.0	-0.06	2334	6.43	
Nov-23	1615.0	1631.5	1534.0	1557.0	-3.98	2193	27.28	
Oct-23	1629.5	1671.5	1592.0	1621.5	-0.64	1723	67.61	
Sep-23	1580.0	1646.0	1560.0	1632.0	3.72	1028	35.09	

- In September 2023, OI increased by **35.57%** and price rose by **1.40%** due to global cotton production decline and Indian textile industry demand from US & China. In October, OI surged by **67.48%** and prices rose by **4.05%**.
- In November 2023, OI increased by **27.28%** due to China's easing of export restrictions, while December saw a **6.43%** rise and **1.14%** price increase due to strong domestic demand and favorable export conditions.
- In January 2024, OI fell **16.45%** due to lower prices, while prices dropped **4.92%**. In February, OI declined **9.46%** due to profit-taking from export orders from Pakistan and Vietnam. In March, prices dropped **8.13%** and OI decreased 16.19% due to weakened Chinese demand.
- In April 2024, OI dropped by **92.11%** due to profit-taking and domestic textile mill demand. In May, it rebounded by **112.96%**, despite marginal price increase, due to concerns over reduced cotton output due to a delayed monsoon.
- In June 2024, OI increased by **99.71%** due to concerns about cotton acreage reduction due to the late monsoon. In July, OI surged by **64.88%** despite a **1.18%** price decline, driven by speculative positions and potential supply shortfalls in major cotton-producing regions.
- In August 2024, OI increased by **25.62%** and prices rose by **1.22%** due to increased export demand from China and Bangladesh, while market projections showed a 5-7% global production decline. In September, OI rose **49.47%** and prices increased **0.99%**.

The Kapas Open Interest data shows fluctuating market sentiment. February 2024 saw a strong price rise, but traders exited positions, indicating profit-taking. March was bearish with price and OI declines, but the market recovered in April, although OI remained low. June 2024 saw renewed interest with rising prices and a large OI jump. July-September 2024 showed growing optimism, with rising prices and increasing OI, signalling a more bullish outlook by traders as the year progressed.

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Weather

STATE RAINFALL MAP

Period: 01-06-2024 to 19-09-2024



IMD issues Yellow alert for several districts in Telangana
 IMD issues Yellow Alert for Madhya Pradesh
 IMD Issues Heavy Rains Alert For Mumbai, Other Parts Of Maharashtra Over Next 4-5 Days



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Weather

Kadi , Gujarat

September 2024						
15	16	17	18	19	20	21
33° 25°	33° 25°	34° 25°	34° 26°	N/A	37° 26°	35° 27°
22	23	24	25	26	27	28
36° 27°	36° 27°	36° 27°	37° 27°	35° 28°	35° 27°	37° 25°
29	30	1	2	3	4	5
37° 25°	37° 25°	37° 24°	37° 25°	36° 25°	36° 25°	37° 25°

October 2024						
S	M	T	W	T	F	S
29	30	1	2	3	4	5
37° 25°	37° 25°	37° 24°	37° 25°	36° 25°	36° 25°	37° 25°
6	7	8	9	10	11	12
37° 25°	37° 25°	37° 24°	37° 25°	37° 25°	37° 25°	36° 24°
13	14	15	16	17	18	19
36° 24°	37° 24°	37° 24°	37° 24°	37° 23°	37° 23°	37° 23°
20	21	22	23	24	25	26
36° 23°	36° 23°	35° 22°	35° 23°	35° 23°	35° 23°	36° 23°
27	28	29	30	31	1	2
36° 23°	36° 23°	37° 23°	37° 22°	36° 22°	35° 17°	34° 18°

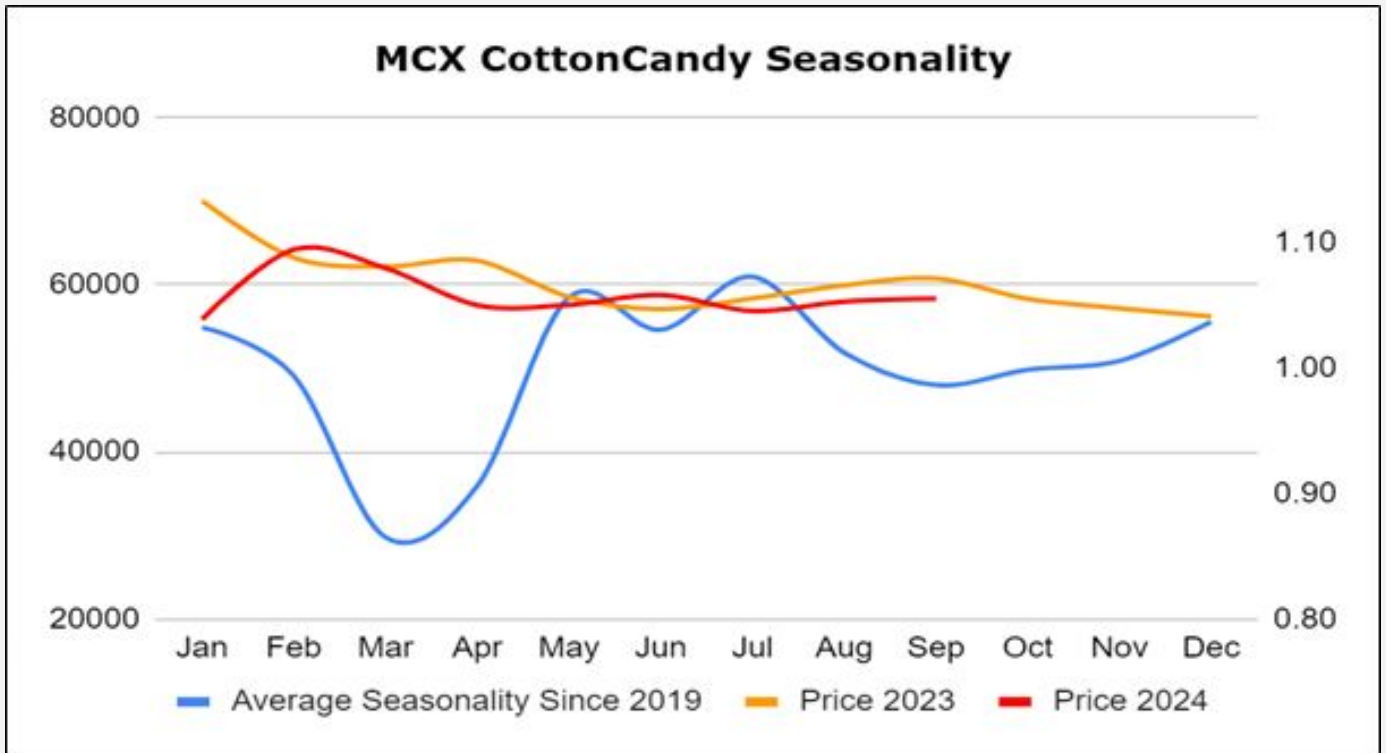
Rajkot, Gujarat

September 2024						
15	16	17	18	19	20	21
35° 25°	35° 25°	36° 24°	36° 24°	N/A	35° 25°	35° 25°
22	23	24	25	26	27	28
35° 25°	35° 26°	35° 25°	34° 24°	33° 27°	33° 26°	32° 26°
29	30	1	2	3	4	5
30° 25°	32° 24°	35° 23°	36° 23°	34° 23°	35° 23°	36° 23°

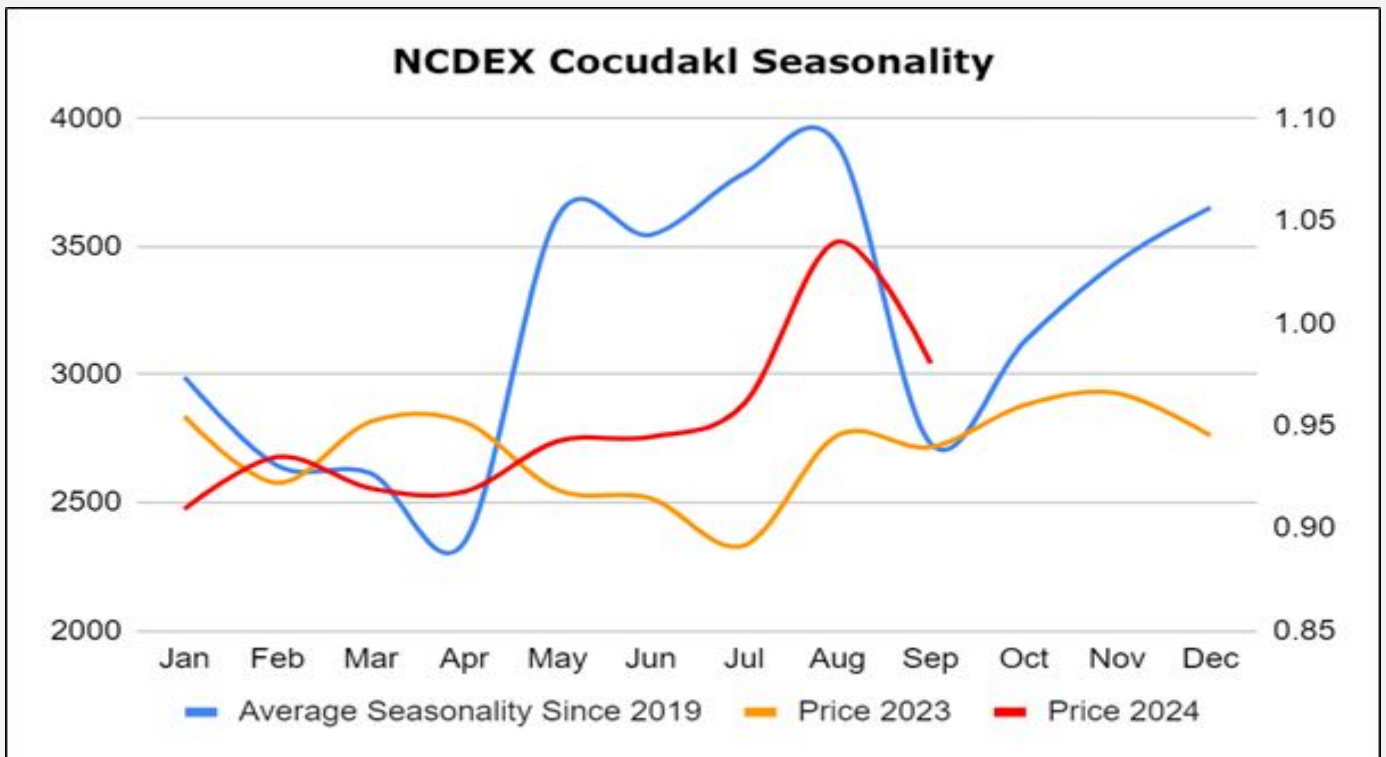
October 2024						
S	M	T	W	T	F	S
29	30	1	2	3	4	5
30° 25°	32° 24°	35° 23°	36° 23°	34° 23°	35° 23°	36° 23°
6	7	8	9	10	11	12
36° 23°	37° 23°	37° 22°	36° 23°	37° 23°	37° 22°	36° 23°
13	14	15	16	17	18	19
36° 22°	36° 22°	37° 22°	37° 21°	37° 22°	37° 21°	36° 21°
20	21	22	23	24	25	26
36° 21°	36° 21°	35° 21°	35° 21°	35° 21°	35° 21°	36° 21°
27	28	29	30	31	1	2
35° 21°	36° 21°	36° 20°	36° 20°	36° 20°	35° 16°	35° 17°

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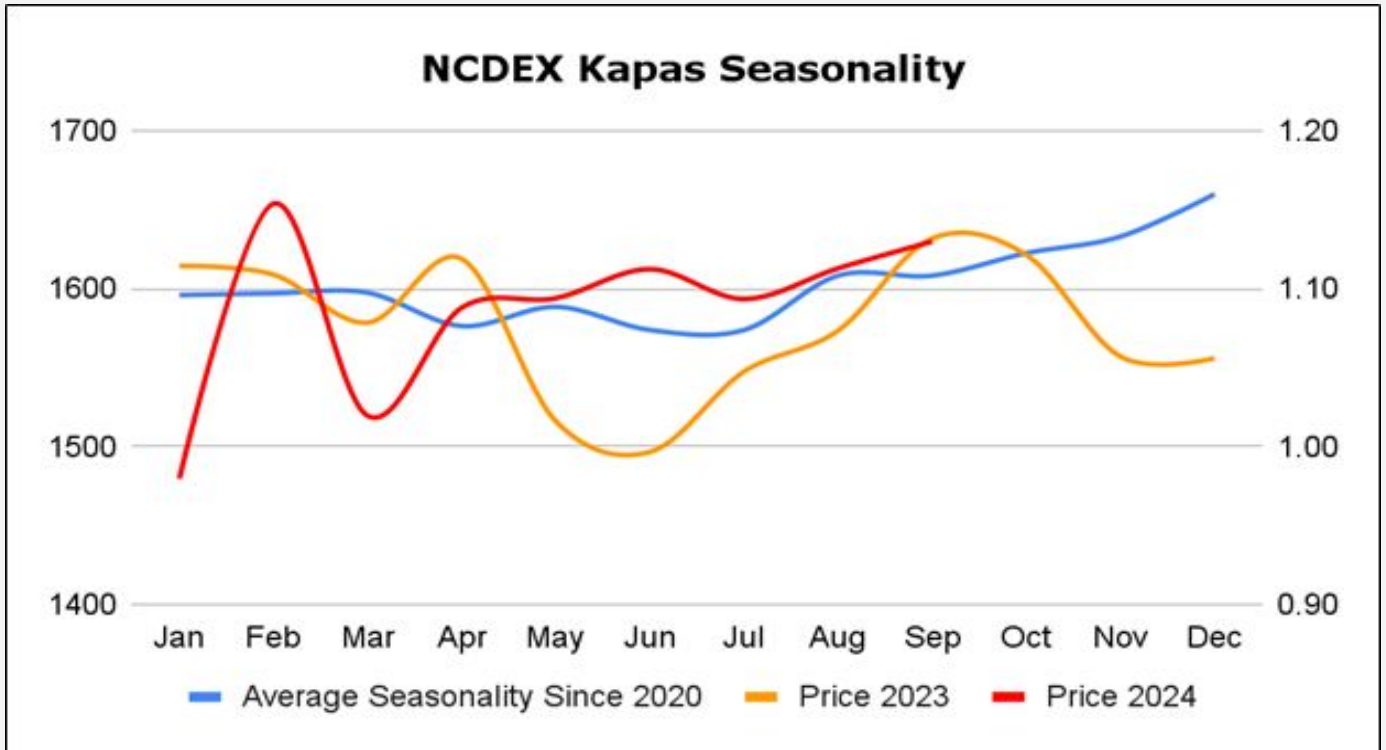
Seasonality - CottonCandy



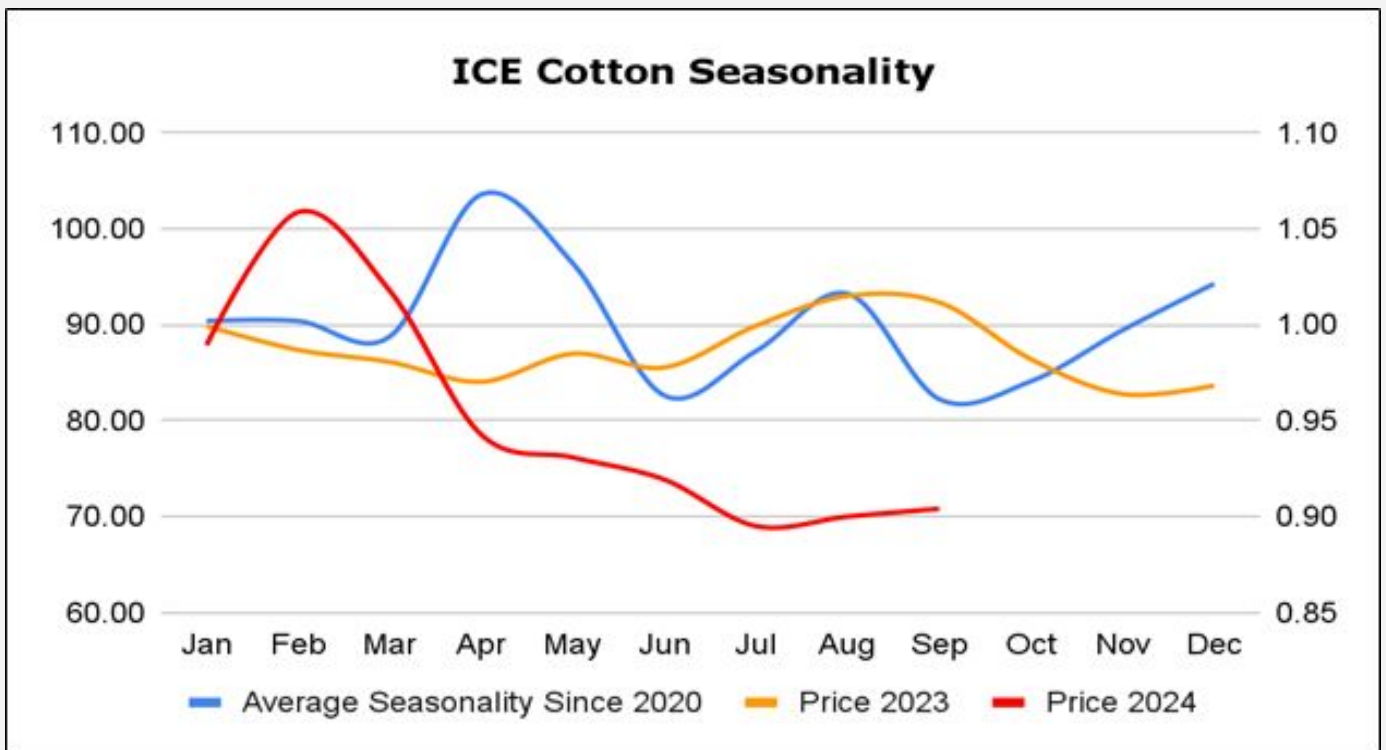
Seasonality - Cocudaki



Seasonality - Kapas



Seasonality - Cocudaki



Technical - MCX CottonCandy



The weekly chart of Cotton reveals a bullish setup as the price breaks out of a falling channel pattern, signaling the potential for an upward rally. The RSI is currently at 53, suggesting that the uptrend is gaining strength, and traders should avoid short positions at this level. Instead, the chart encourages a bullish stance, as Cotton is trading at 58410, above both the 50 simple moving average of 58400 and the 200 simple moving average. These moving averages serve as strong support levels, offering confidence that the price will continue its bullish momentum. Investors are advised to square off short positions and consider creating new long positions.

Additionally, the MACD is trending above the baseline, further indicating bullish momentum. The bullish crossover, where the MACD crosses above the signal line, highlights a strengthening uptrend, with the price likely to continue extending gains. This presents traders with a clear opportunity to seek out buying opportunities, while the Choppiness Index at 40 signals that Cotton is emerging from a range-bound phase into a more volatile, upward trend.

The outlook remains firm for target 61500 levels followed by 65000 levels while support will be at 55000.

Technical - NCDEX Cocudakl



The weekly chart of Cocudakl reveals a promising bullish outlook. The breakout from the triangle pattern signals a potential rally in the upcoming sessions. RSI, trading at 64, though traditionally indicating bearish strength, could be signaling a temporary pullback, offering excellent buying opportunities on dips. The price is currently trading at 3017, comfortably above the 50 and 200 simple moving averages of 2700 and 2530 respectively, both of which are strong support levels. This adds further confidence in the potential for an extended bullish rally. Investors should consider squaring off any short positions and positioning themselves on the buy side, capitalizing on these levels of support.

Moreover, the MACD is currently trading above the baseline and showing a bullish crossover, which reinforces the idea that the bullish momentum is gaining strength. The uptrend in MACD indicates that gains may extend, presenting traders with profitable buying opportunities. Additionally, the Choppiness Index at 41 suggests that Cocudakl is transitioning out of a range-bound phase into a more volatile, upward-moving trend.

The outlook remains firm, a drop towards 2850-2900 will be good to buy for target 3250 levels followed by 3500 levels while support will be at 2750.

Technical - NCDEX Kapas



The weekly chart of Kapas presents a bullish outlook with a falling wedge pattern, a key reversal signal, indicating that prices may soon resume their upward trend. Currently, the RSI is trading at 51, suggesting that the asset is in a zone where the uptrend is likely to continue. At this level, traders are encouraged to avoid short positions and adopt a more bullish stance. With the current price at 1622, Kapas is trading below the 50-day simple moving average (SMA) of 1650 and above the 200-day SMA of 1515. This places the price between two critical levels: while the 200-day SMA provides strong support, the 50-day SMA serves as resistance. Until the price breaks through either of these levels, the market may remain range-bound, but the overall sentiment suggests that the trend is gearing up for an upside move.

Moreover, the MACD is trending above the baseline, signalling to increase bullish momentum. A bullish crossover, where the MACD crosses above the signal line, is a positive indicator that strengthens the case for continued upward movement. Traders should look for buying opportunities and avoid short positions as the price is expected to extend gains. The Choppiness Index, currently at 62, suggests that volatility is about to rise, implying that strong momentum could soon re-enter the market. While this calls for some caution, it also opens the door for significant upward movement.

The outlook remains firm for target 1700 levels followed by 1780 levels while support will be at 1565.

Technical - ICE Cotton



The weekly chart of ICE Cotton reveals a bullish harmonic pattern, signaling a potential upward rally in the coming sessions. The RSI is currently at 48, indicating that the market is entering a zone of bullish strength. This suggests that fresh buying may be seen, as the RSI is approaching levels where an extended upside is possible. If the RSI sustains its current position, it will continue to support bullish sentiment, encouraging traders to look for opportunities to buy. Although ICE Cotton is currently trading at 73, below the 50-day simple moving average (SMA) of 79 and the 200-day SMA of 85, these moving averages act as strong resistance levels. While the price remains below these levels, some may interpret this as a bearish signal, yet the overall analysis favors a bullish outlook, with potential buying opportunities emerging.

Moreover, the MACD is trending above the baseline, reinforcing the bullish momentum. The bullish crossover, where the MACD moves above the signal line, is a positive sign, suggesting that prices may extend their gains in the near future. Traders should avoid short positions and instead focus on the opportunities to buy, as the technical indicators suggest that the price action could push higher in the coming sessions. The Choppiness Index, trading at 59, points to low volatility, indicating that prices may remain in a sideways range in the near term. However, this calmness could eventually lead to a more significant breakout.

The outlook remains firm for the target 75 levels followed by 80 levels while support will be at 67.

Conclusion

Key Highlights Cotton Price Outlook

Cotton prices are likely to be bullish in the short term, with a positive bias.

- **Weather Impact:** Lower production figures due to weather-related issues in several countries.
- **Ample Supply:** Global cotton supply remains ample despite production cuts.
- **Sluggish Demand:** Weak demand persists due to inflation concerns and rising interest rates.
- **Interest Rates:** Slowing inflation in the U.S. and Europe may lead to interest rate cuts, possibly boosting demand.
- **Chinese Imports:** Last year's demand was driven by China's reserve policy, not consumer demand.
- **India's MSP:** India's higher Minimum Support Prices may tighten domestic supply temporarily.
- **Indian Government Purchases:** The government may purchase and store cotton, affecting local supply temporarily.
- **Global Mill Demand:** No significant signs of improvement in mill-driven demand yet.
- **Policy Effects:** India's stockpile is likely to re-enter the market within months, unlike China's long-term reserves.

Price Projection

Cotton prices are expected to remain stable with upward momentum over the next 2-3 months. Weather-related production cuts may offer some support, but global supply remains ample, and sluggish mill demand is likely to keep prices capped. Potential interest rate cuts in the U.S. and Europe could boost market sentiment, but the impact may not be significant enough to drive a strong price rally. India's MSP-related supply tightening may lend temporary support, but global market prices are projected to trade within a tight range until clear signs of stronger demand emerge.

Recommendation

Commodity	Exchange	CMP	Support	Target	Aggressive	Trend
Cotton Candy	MCX	58340	55000	61500	65000	Positive
Cocudaki	NCDEX	3045	2750	3250	3500	
Kapas	NCDEX	1629	1565	1700	1780	
Cotton	ICE	70.80	67	75	80	

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Market Outlook, please
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