

COTTON WEEKLY NEWSLETTER

Issue 37 | June 18, 2023 - Sunday

Cotton Year: 2022-23

Rajkot, Gujarat, India

1	Indian Cotton Overview	KAPAS Arrival This Week		5 Lac*	
		KAPAS Cumulative Arrival		273 Lac*	
		Cotton Consumption (Upto 263th Day)		213 Lac*	
As per number of state wise arrival		Export	12 Lac	Import	11.50 Lac*

**In Cotton Bales (All India Figure)*

**Figures in Lac Bales*

2	Indian Cotton Balance Sheet #	Op. Stock	25.0	Consumption	213.0
		(+) Import	11.50	(+) Export	12.00
		(+) Arrival	273.0	(-) Demand	225.00
		# Current Approx.	(=) Supply	309.50	Total Stock*

**Figures in Lac Bales*

3	Stock Summary #	Stock with Spinners	Stock with Government, MCX, MNC, Traders, Ginners, Etc..	Total
		47.00	37.50	84.50

Approx

4	Estimated Indian Cotton Balance Sheet#	Op. Stock	25.0	Consumption	226.0
		(+) Import	12.0	(+) Export	13.0
		(+) Arrival	288.0	(-) Demand	239.0
		# October 22 To June 23	(=) Supply	325.0	Total Stock*

**Figures in Lac Bales*

5	Monthly Arrival and Consumption	Arrival		Consumption	
		UP To May	260	UP To April	166
		June	25	May	31
		July	15	June	30
		August	15	July	31
		September	10	August	31
		Total	325	September	30
				Total	319

**Figures in Lac Bales*

6	Estimated Indian Cotton Balance Sheet#	Op. Stock	25.0	Consumption	319.0
		(+) Import	14.00	(+) Export	14.00
		(+) Arrival/Pressing	325.0	(-) Demand	333.00
		# October 2022-September 2023	(=) Supply	364.00	Ending Stock*

Cotton Sowing	120.69	Hectare	Per Acre Kapas Production	595.00	Kg
Per Hectare Yield	500.00	Kg	Coton Crop Estimate	355.00	Lac Bales
Per Acre Yield	202.34	Kg	Kapas C/Forward with Farmers	30.00	Lac Bales
			Arrival & Pressing Bales	325.00	Lac Bales

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7	Overall Cotton Scenario	<i>Your valuable feedback solicited to improve this newsletter at below contact detail</i>
		Whatsapp: +91-98244-82150 Email: aapopat@gmail.com
<p>Last week, the weather was predominantly cloudy with hot temperatures across various regions. Pre-monsoon rains were observed in many parts of North and Central India, while the monsoon officially began in Kerala.</p>		
<p>The daily arrivals of Kapas (seed cotton) ranged from 75,000 to 85,000 bales per day, totalling approximately 0.6 million bales for the week.</p>		
<p>The arrival of seed cotton is expected to continue until the end of the season as farmers have ample stocks. However, the total production of seed cotton will not be fully bought to the market this season, and farmers will carry forward some part of their seed cotton stock.</p>		
<p>The Minimum Support Price (MSP) of seed cotton has been increased by about eight per cent by the Government of India, which is beneficial for farmers but not for trade and industries. The higher MSP will push up the bottom prices of cotton, making it less favourable for exports.</p>		
<p>India's cotton production is more than double its total requirement, necessitating the compulsory export of fifty per cent of the cotton production as raw cotton, yarns, or textile products.</p>		
<p>The government aims to provide more benefits for exports, particularly for textile products. The inability to export would burden the entire textile sector. Therefore, there is a need for a comprehensive long-term policy that addresses all aspects of cotton and consolidates decision-making under a single entity, such as a Cotton Board.</p>		
<p>The ginning process is progressing slowly across the country, with many ginners holding stock of cotton bales in anticipation of a price uptrend. However, there is no support from the market, and the availability of Kapas can sustain ginners until the end of the season.</p>		
<p>Last week, the prices of cottonseed, wash oil, and oil cake witnessed an increase. It appears that prices have bottomed out and are expected to remain firm until the end of the season.</p>		
<p>Most spinners are reluctant to increase their inventory as demand for yarn is not growing. Yarn prices are stable, and Indian cotton and yarn prices are not higher than international prices. Therefore, it might be beneficial for spinners to increase their inventory at the current prices of cotton.</p>		



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Based on the Indian cotton balance sheet, it is estimated that the ending stock of cotton will not exceed 30 lakh bales, which is equal to the minimum requirement of the spinning industry. During the Tower talks, it has been observed that multinational companies have been diligently stockpiling cotton bales in substantial quantities. This trend suggests that these multinational companies are likely to become the primary holders of cotton during the final two months of the season.

The basis of Indian cotton remains stable at around 5 to 6 cents ON compared to ICE (Intercontinental Exchange) July futures. Considering the export sales report of US cotton and the USDA report, it is expected that ICE December futures will remain firm after the first notice day of July futures.

The Chinese cotton market is currently bullish, with ZCE (Zhengzhou Commodity Exchange) July futures trading at 21 cents higher than ICE July futures, and ZCE November futures trading at 26 cents higher than ICE December futures. Open interest in ZCE futures is increasing weekly, indicating a potential lower ending stock of cotton in China than previously estimated.

The basis of Indian cotton to ICE July futures has increased and reached 5.72 plus ON from 5.28 plus ON. However, this level is still lower than usual.

Last week, ICE July futures decreased by 2.01 cents (-2.34%) and closed at 84.04 cents, while ICE December futures decreased by 0.03 cents (-0.04%) and closed at 81.82 cents. The open interest decreased by 16,125 lots, reaching 183,411 lots (equivalent to 2,44,68,862 Indian bales), indicating a bearish trend.

Last week, ZCE May futures witnessed a significant increase of 450 Yuan (+2.78%) and closed at 16,640 Yuan. Open interest also saw a substantial rise, with an increase of 125,844 lots, reaching 1,136,601 lots (equivalent to 334,27,435 Indian cotton bales), indicating an upward trend.

On the other hand, MCX June Futures experienced a decrease of -1,480 ₹ (-2.58%) and closed at 58,700 ₹, while the August Futures decreased by -1,000 ₹ (-1.65%) and closed at 59,600 ₹. Additionally, open interest increased by 14 lots, reaching 503 lots (equivalent to 50,300 bales).

Based on the current market trend, it is expected that physical cotton prices will remain firm in the upcoming week, with the potential for long-term stability.

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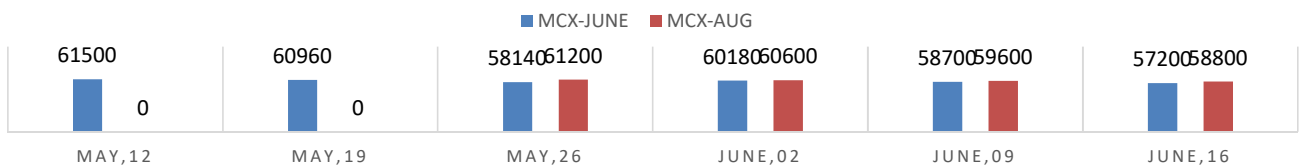
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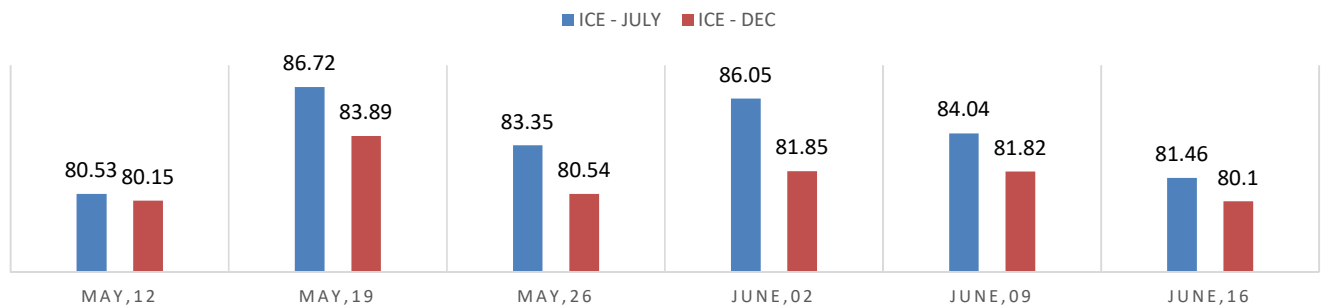
8.1 Cotton Future Changes		MCX COTTON CANDY FUTURES <i>#Weekly Changes</i>			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
Jun-23	USC/ Lbc	90.84	89.07	-1.77	-1.95%
	INR/Candy	58700	57200	-1500	-2.56%
Aug-23	USC/ Lbc	92.24	91.56	-0.68	-0.74%
	INR/Candy	59600	58800	-800	-1.34%

MCX COTTON FUTURE



8.2 Cotton Future Changes		ICE COTTON FUTURES <i>#Weekly Changes</i>			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
Jul-23	USC/ Lbc	84.04	81.46	-2.58	-3.07%
	INR/Candy	54304	52312	-1992	-3.67%
Dec-23	USC/ Lbc	81.82	80.10	-1.72	-2.10%
	INR/Candy	52870	51438	-1432	-2.71%

ICE COTTON FUTURE



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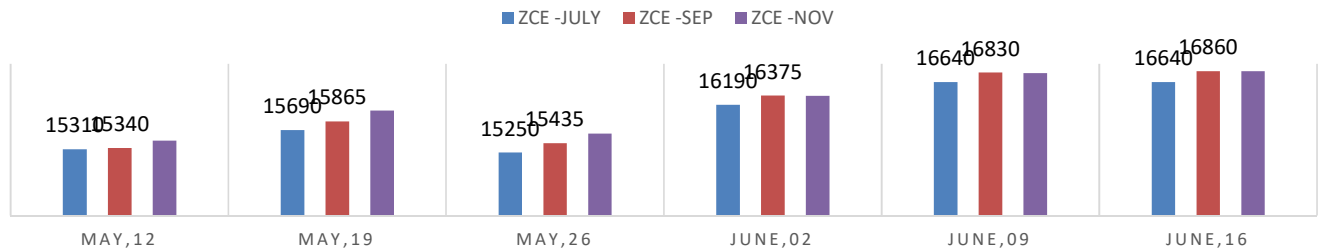
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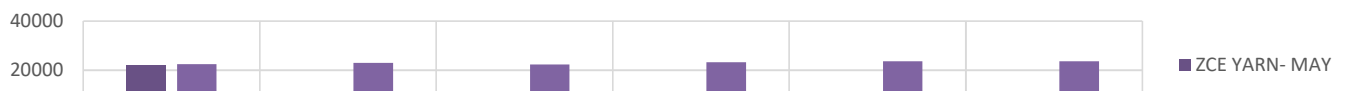
8.3 Cotton Future Changes		CHINA COTTON ZCE #Weekly Changes			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
Jul-23	YUAN/ Ton	16640	16640	0	0.00%
	USC/ Lbc	105.91	105.94	0.03	0.03%
	INR/Candy	68436	68035	-401	-0.59%
Sep-23	YUAN/ Ton	16830	16860	30	0.18%
	USC/ Lbc	107.12	107.35	0.23	0.21%
	INR/Candy	69218	68934	-284	-0.41%
Nov-23	YUAN/ Ton	16820	16855	35	0.21%
	USC/ Lbc	107.06	107.35	0.29	0.27%
	INR/Candy	69177	68934	-243	-0.35%

ZCE COTTON FUTURE



8.4 Cotton Future Changes		CHINA COTTON ZCE YARN #Weekly Changes			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
Sep-23	YUAN/ Ton	23705	23695	-10	-0.04%
	USC/ Lbc	3.3253	3.3250	-0.0003	-0.01%
	INR/Candy	274.07	272.35	-1.72	-0.63%

ZCE YARN

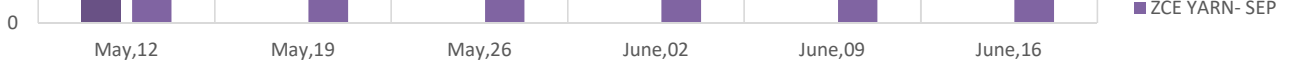


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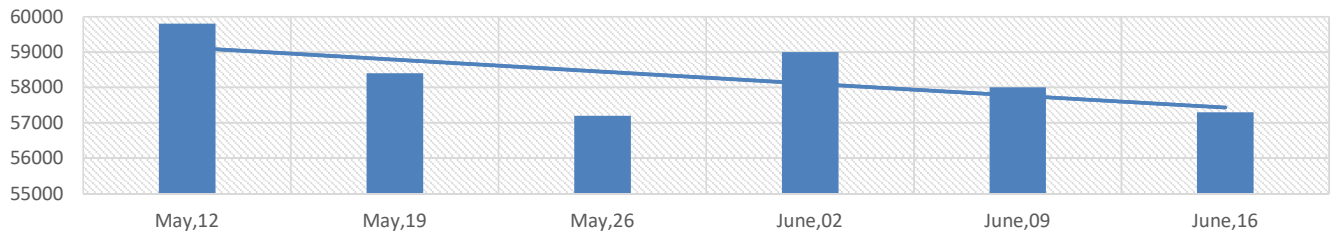
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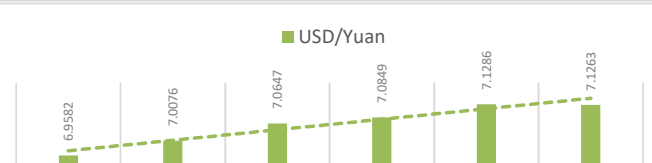
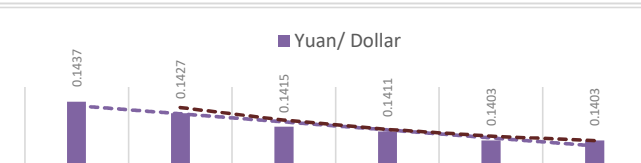
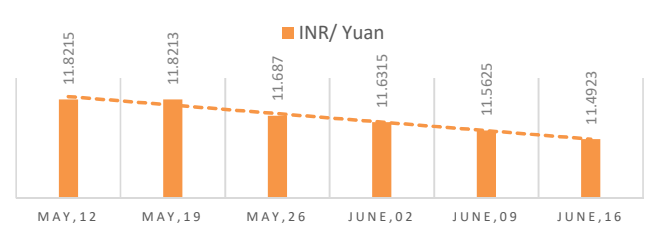
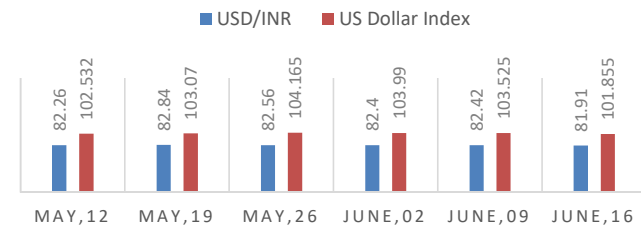


9 Indian Cotton Complex		#Weekly Changes			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
Shankar-6	Rs.	58000	57300	-700	-1.21%
	Usc	89.76	89.23	-0.53	-0.59%

Shankar-6 (75RD) NEW CROP Rs.



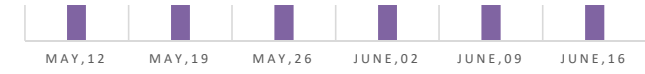
10 Currenices		#Weekly Changes			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
INR/USD		82.42	81.91	-0.51	-0.62%
Dollar Index		103.525	103.855	0.33	0.32%
INR/ Yuan		11.5625	11.4923	-0.0702	-0.61%
Yuan/ Dollar		0.1403	0.1403	0	0.00%
USD/Yuan		7.1286	7.1263	-0.0023	-0.03%



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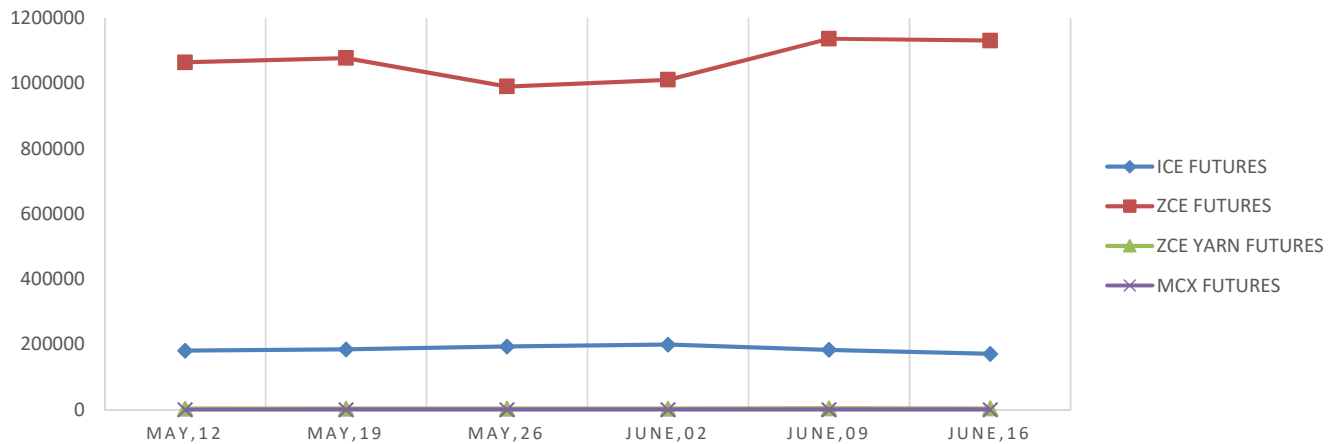
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11		Open Interest	#Weekly Changes		
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
ICE Future	LOT	183,411	171,169	(12,242)	-6.67%
	Indian bales	24,468,862	22,835,656	(1,633,206)	-6.67%
ZCE Future	LOT	1,136,601	1,131,171	(5,430)	-0.48%
	Indian bales	33,427,435	33,267,739	(159,696)	-0.48%
ZCE Yarn	LOT	4,174	4,201	27	0.65%
	M. Ton	20,870	21,005	135	0.65%
MCX Future	LOT	503	485	(18)	-3.58%
	Indian bales	50,300	48,500	(1,800)	-3.58%



12		Rate Comparison	INDIAN VS. INTERNATIONAL COTTON #Weekly Changes	
Indian Cotton Rate in USD	09, June 2023		16, June 2023	
	58,000 @ 82.42 USD/INR		57,300 @ 81.93 USD/INR	
	89.76 usc		89.23 usc	
ICE July Basic	84.04	+5.72	81.46	+7.77
ICE Dec Basic	81.82	+7.94	80.10	+9.13
Cotlook Index	94.15	-4.39	90.90	-1.67

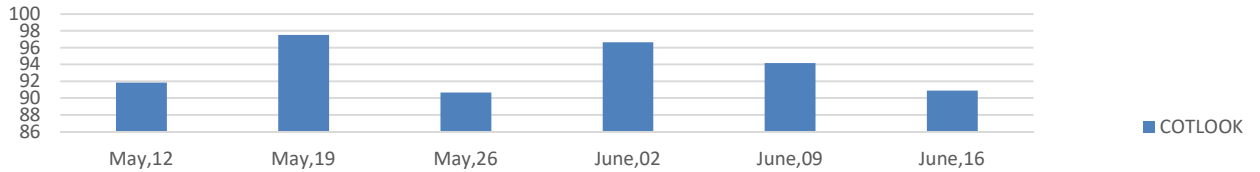
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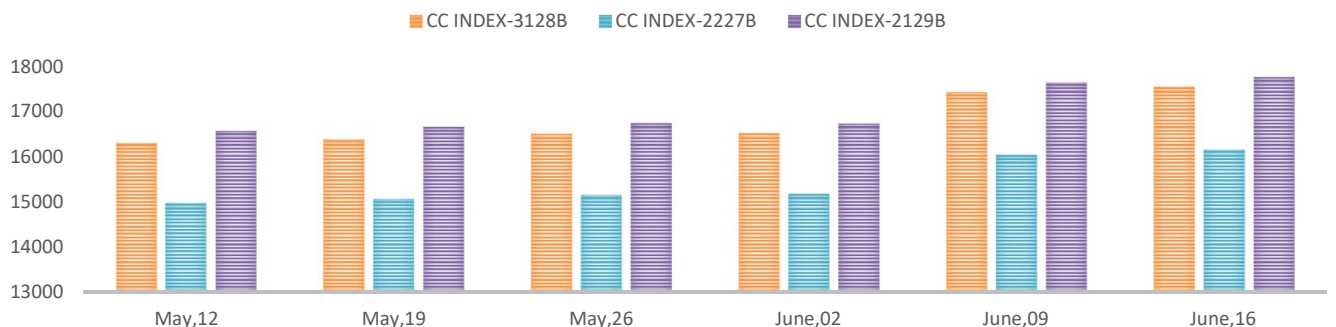
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13.1	International Price Index:Cotton & Yarn	COTLOOK 'A' #Weekly Changes		
Particular	09, June 2023	16, June 2023	Changes in Point	Changes in %
USC/LBS	94.15	90.90	-3.25	-3.45%
INR/CANDY	60837	58374	-2463	-4.05%



13.2	International Price Index:Cotton & Yarn	CHINA COTTON INDEX (CC INDEX) #Weekly Changes			
Particular	09, June 2023	16, June 2023	Changes in Point	Changes in %	
3128B	YUAN/ Ton	17414	17540	126	0.72%
	USC/ Lbc	110.84	111.67	0.83	0.75%
	INR/Candy	71620	71714	94	0.13%
2227B	YUAN/ Ton	16034	16157	123	0.77%
	USC/ Lbc	102.05	102.87	0.82	0.80%
	INR/Candy	65944	66060	116	0.18%
2129B	YUAN/ Ton	17630	17750	120	0.68%
	USC/ Lbc	112.21	113.01	0.80	0.71%
	INR/Candy	72508	72590	82	0.11%



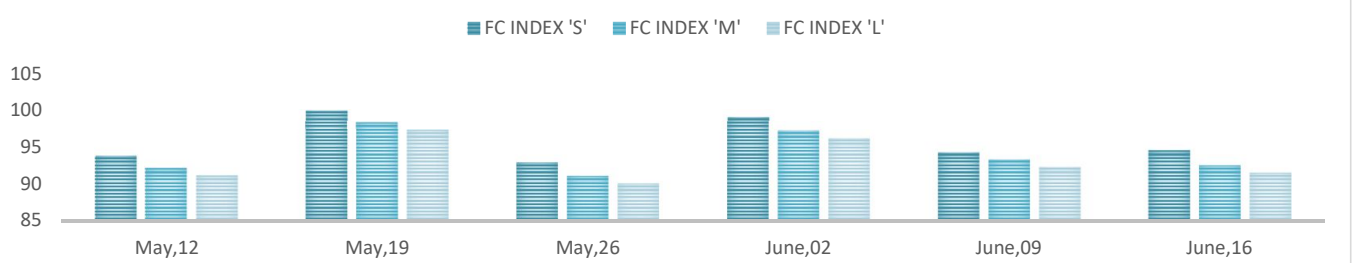
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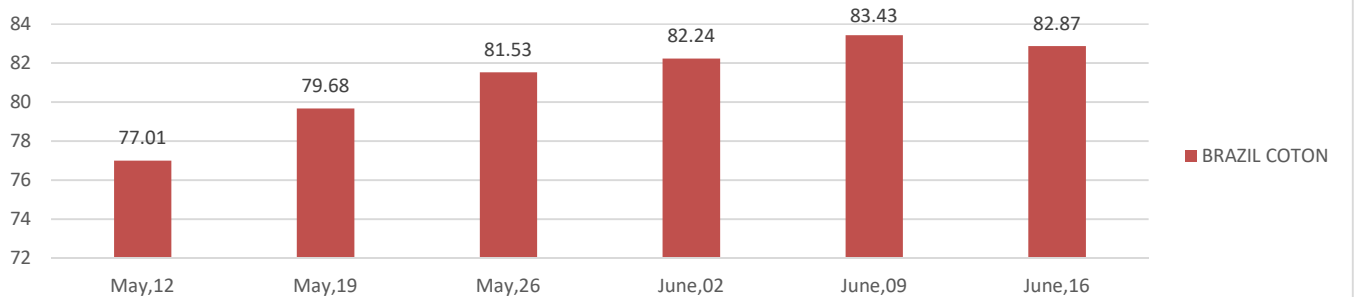
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13.3 International Price Index:Cotton & Yarn		FOREIGN COTTON INDEX (FC INDEX) #Weekly Changes			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
"S"	USC/ Lbc	94.20	94.53	0.33	0.35%
	INR/Candy	60,869	60,705	-164	-0.27%
"M"	USC/ Lbc	93.26	92.47	-0.79	-0.85%
	INR/Candy	60,262	59,382	-880	-1.46%
"L"	USC/ Lbc	92.25	91.48	-0.77	-0.83%
	INR/Candy	59,609	58,746	-863	-1.45%



13.4 International Price Index:Cotton & Yarn		BRAZIL COTTON PRICE INDEX #Weekly Changes			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
29-G5-M	USC/ Lbc	83.43	82.87	-0.56	-0.67%
	INR/Candy	53910	53217	-693	-1.29%



13.5 International Price Index:Cotton & Yarn		US UPLAND SPOT PRICE QUOTATION #Weekly Changes			
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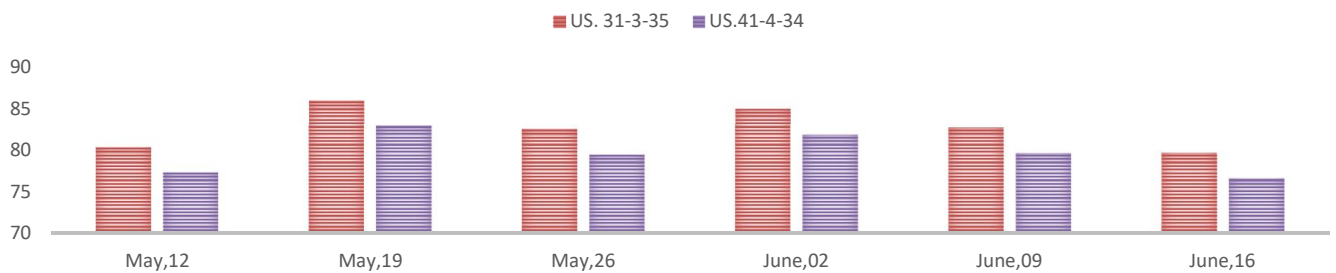
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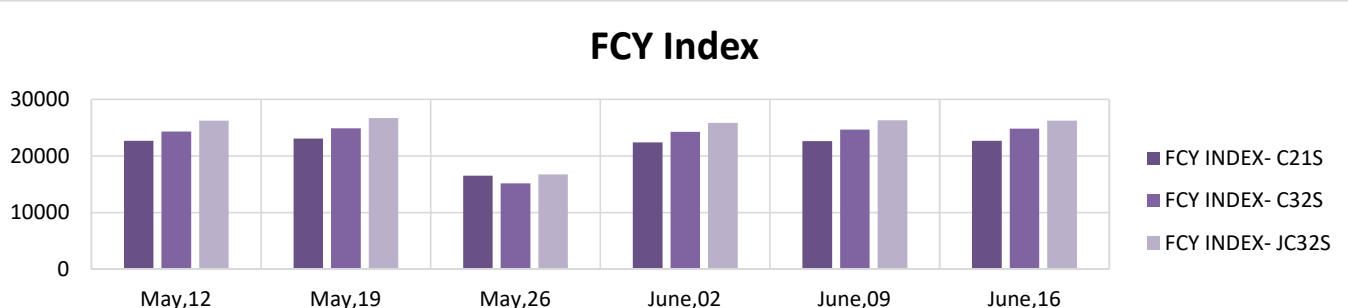
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Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
31-03-35	USC/ Lbc	82.63	79.64	-2.99	-3.62%
	INR/Candy	53393	51143	-2250	-4.21%
41-4-34	USC/ Lbc	79.58	76.59	-2.99	-3.76%
	INR/Candy	51422	49184	-2238	-4.35%



13.6 International Price Index:Cotton & Yarn		CHINA YARN FCY INDEX #Weekly Changes			
Particular		09, June 2023	16, June 2023	Changes in Point	Changes in %
C21S	YUAN/ Ton	22630	22671	41	0.18%
	USC/ Kg.	3.1745	3.1813	0.0068	0.21%
	INR/Kg.	261.45	260.58	-0.87	-0.33%
C32S	YUAN/ Ton	24647	24797	150	0.61%
	USC/ Lbc	3.4575	3.4796	0.0221	0.64%
	INR/Candy	284.97	288.02	3.05	1.07%
JC32S	YUAN/ Ton	26284	26237	-47	-0.18%
	USC/ Lbc	3.6871	3.6817	-0.0054	-0.15%
	INR/Candy	303.89	301.57	-2.32	-0.76%





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