



COMMTRENDZ RESEARCH

COTTON MARKETS PRICE OUTLOOK



**CONSUMPTION IS THE KEY AND GLOBAL MACRO
SITUATION WEAK AND HOPES OF ECONOMIC RECOVERY
COULD BOOST DEMAND IN A OVERSUPPLIED COTTON
MARKET**

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COTTON S&D



USDA Cotton December 2023 Supply & Demand Report

	Dec-23	Average Estimate	Range Estimate	Nov-23	2022-23	Chng vs. Nov-23	Chng vs. Average
2023-24 (Aug-Jul)							
US Production	12.78	13.08	12.9-13.2	13.09	14.47	-0.31	-0.30
US Exports	12.20	12.10	12-12.2	12.20	12.77	0.00	0.10
US Ending Stocks	3.10	3.26	3-3.45	3.20	4.25	-0.10	-0.16
World Production	112.92	113.43	113.16-113.60	113.46	116.64	-0.54	-0.51
World Consumption	113.73	115.26	115.1-115.5	115.30	111.52	-1.57	-1.53
World Ending Stocks	82.40	81.42	81-81.60	81.50	82.83	0.90	0.98
World Ending Stocks (Ex-China)	43.59				45.43		



COTTON ASSOCIATION OF INDIA

INDIAN COTTON BALANCE SHEET FOR THE SEASON 2022-23 AND 2023-24

Estimated as on 30th November 2023

All Figures in Lakh Bales of 170 Kg

Season	2023-24		2022-23	Change	
	Oct-23	Nov-23		Monthly	Yearly
Supply					
Opening Stock	28.90	28.90	24.00		4.90
Crop	294.10	294.10	318.90		-24.80
Imports	22.00	22.00	12.50		9.50
Total Supply	345.00	345.00	355.40		-10.40
Demand					
Mill Consumption	280.00	280.00	280.00		
Consumption by SSI Units	15.00	15.00	15.00		
Non-Mill Consumption	16.00	16.00	16.00		
Total Domestic Demand	311.00	311.00	311.00		
Available Surplus	34.00	34.00	44.40		-10.40
Exports	14.00	14.00	15.50		-1.50
Closing Stock	20.00	20.00	28.90		-8.90



COTTON- BULLISH FACTORS



- U.S. carryover of 3.0-3.2 million bales
- World carryover of 81-83 million bales
- Mill business at bottom of cycle
- U.S. production will be 16.5 million bales or lower
- 76-77 cent support is very strong
- U.S. will remain the supplier of high-quality cotton
- FED indications that we are at peak of rate cycle
- Domestic prices supported by CCI buying



COTTON- BEARISH FACTORS



- On-Call purchases high compared to On-Call purchases
- U.S. is losing export share to Brazil as it hits record production
- Cotton losing market share to manmade fibres
- Southern hemisphere moisture projects another big crop
- World consumption continues to fall
- Middle East War will continue to boost inflation
- U.S. border crisis will require more unfunded spending for migrants
- U.S. inflation problem continues
- Technical indications are not supportive



CHARTS OF ICE COTTON AND MCX COTTON





COTTON WOES TO CONTINUE TILL 2H 2024. RECOVERY LOOKS LIKELY POST THAT

**CONCLUSION: FUNDAMENTAL AND TECHNICAL PICTURE
DOES NOT SOUND FAVOURABLE FOR ANY MAJOR UPSIDE TILL
2H 2024.**

**MACRO-ECONOMIC STRENGTH COULD IMPROVE AND RESULT
IN BETTER DEMAND FROM MID 2024**



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THANK YOU!

Contact:

gnanasekar.t@commtrendz.com

Hand phone no. +919820548092