

20th June 2019

COMMODITY INSIGHT

COTTON & CORIANDER SEED



COTTON



News & Development

MCX Cotton Futures initially traded lower during the month of June owing to ongoing US china trade tensions where U.S President Donald Trump had imposed higher duties on \$250 billion chinese goods. This eventually reduced the demand for cotton and various other goods from China and various global buyers, as ongoing trade tensions did not showcase any conclusion date. However, MCX Cotton prices witnessed pullback during the second week of June owing to further delay in monsoon in the major states of Maharashtra, Gujarat and Telangana. This has led to delay in cotton sowing in the above states. By 17th June, MCX Cotton July futures price closed at Rs.21770/bale, lower by -1.40% compared to Rs.22080/bale reported on 31st May.

For the month ahead, we expect MCX Cotton futures to continue to trade mixed owing to lower carry forward stocks from the last year (2018-19) due to lower production and higher sowing forecasts for the current year 2019-20. As per USDA data, closing stocks of 7775 thousand bales (1 bale = 170 kgs) has been reported for the year 2018-19, lower by -15.72% compared to 9225 thousand bales reported in the preceding year. Correspondingly, though IMD has forecasted that monsoon could witness further delays, however major state Gujarat has received good showers and thunderstorms in the last couple of days. Rainfall are also currently being witnessed in small patches in Madhya Maharashtra and Telangana regions. Farmers could immediately pick up sowing pace and cover major acreage of sowing by mid-July in the above state. With rainfall showing improvements, sowing is expected to pick up pace in the above major states and cap major upside in prices. Hence ,we are sideways trend on MCX Cotton Futures for the coming month.



On a weekly chart, MCX Cotton has pulled back after taking a support at lower “**Bollinger Band**” formation and 100 weeks Simple Moving Average, which intimates bullish strength in the counter. Moreover, price has also sustained above 50 weeks Double Exponential Moving Average, which may support the uptrend for near term. Furthermore, a momentum indicator RSI (14) reading is at 52.67 with positive crossover on a weekly scale, which may keep the prices upward. For short term prospect, one can initiate a long position in MCX Cotton (July) at CMP 21980 or fall in the prices till 21700 should be used as buying opportunity for the upside target of Rs.23300 levels. However, the bullish view can be reversed MCX Cotton (July) close below the support of Rs.21000. **Overall, we maintain our bullish view in Cotton (July) for the next one month.**



CORIANDER SEED

News & Development

NCDEX Coriander Future price has traded weak during the current month June owing to lower buying and steady supplies in the major spot market Kota. Moreover, traders are still having carry forward stocks from the last 2-3 years in their respective warehouses which has led to decline in both spot and future prices. In addition, increased imports from Russia and Bulgaria has also weakened the spot and future prices. India usually import coriander seed from Russia and Bulgaria during the current period due to higher oil content and higher medicinal value as compared with the Indian coriander seeds. By 17th June, NCDEX Coriander July Futures closed at Rs.6969/quintal, lower by -6.52% compared to Rs.7455/quintal reported on 31st May. On the other hand, NCDEX Coriander spot price closed at Rs.7521/quintal by 17th June, lower by -3.11% compared Rs.7762.85/quintal reported on 31st May.

Fundamentally for the coming month, we are expecting NCDEX Coriander futures to witness pullback as lower prices are more likely to attract fresh buying in the market. Moreover, the basis (Spot-Active July Futures) is positive at Rs.552 till 17th July, which also indicates greater buying in the futures over the spot market. Similarly, lower new crop production of the year 2018-19 is also forecasted to cushion prices from the lower level. Furthermore, seasonal rise in export demand from India during the current period is projected to support prices. Export demand are expected to peak by till Mid-August which is also a bullish indication for the spot and future prices. In consideration with the above factors, we are bullish on NCDEX Coriander futures for the month ahead.



On a weekly timeframe, NCDEX Coriander price has been moving in **Rising Channel** with higher highs higher lows formation. Moreover, price has sustained below Middle **"Bollinger Band"** formation and 21 weeks Simple Moving Averages, which indicates further correction for near term. On the daily chart, price has shifted below 100 days EMA, which may keep the price downward for medium term. Additionally, Weekly RSI has shown **Negative Divergence** as momentum indicator has made lower low against higher in the price action. Volume activity has also declined in last few weeks, which suggest pessimistic biasness among the trades. For short term prospect, one can initiate a short position in NCDEX Coriander (July) at CMP 6887 or rise in the prices till 6950 should be used as selling opportunity for the downside target of Rs.6300 levels. However, the bearish view can be reversed if NCDEX Coriander (July) close above the resistance of Rs.7260. **Overall, we maintain our bearish view in Coriander (July) for the next one month.**

COMMODITY INSIGHT



Commodity	LTP	WoW (%)	MoM (%)	Open Interest (weekly change)
ICE Cotton (cents/pound)	65.36	-0.35	-0.95	-47353
ZCE Cotton (Yuan/Metric ton)	13410	3.43	-5.53	-9256
MCX Cotton (Rs./bales)	21980	1.49	0.27	909
NCDEX Coriander (Rs./quintal)	6887	-1.38	-9.74	1040

Commodity (Stock Position)	Valid Stocks	Pledged	Quantity in Process	Rejected Stocks
MCX Cotton (Bales)	149500	1300	0	600
NCDEX Coriander (Metric tonnes)	5790	1507	199	-

Commodity	Country	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cotton	India	Green	Green	White	Blue	Blue	Blue	Blue	Red	Red	Green	Green	Green
	China	Blue	Blue	Red	Red	Red	Red	Red	Green	Green	White	White	White
	USA	White	White	Blue	Blue	Blue	Red	Red	Green	Green	Green	Green	Green
	Pakistan	White	White	White	Blue	Blue	Blue	Blue	Red	Red	Green	Green	Green
	Sowing	White	White	White	White	White	White	White	White	White	White	White	White
Growth	White	White	White	White	White	White	White	White	White	White	White	White	
Harvesting/ Arrivals	White	White	White	White	White	White	White	White	White	White	White	White	

Commodity	Country	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Coriander Seed	India	Red	Green	Green	Green	White	White	White	White	White	Blue	Blue	Red
	Sowing	White	White	White	White	White	White	White	White	White	White	White	White
	Growth	White	White	White	White	White	White	White	White	White	White	White	White
	Harvesting/ Arrivals	White	White	White	White	White	White	White	White	White	White	White	White



Contact Us

Mr. Sumeet Bagadia, Executive Director

sumeet.bagadia@choiceindia.com

Technical & Advisory Team

Kkunal Parar

Sr. Research Associate

kkunal.parar@choiceindia.com

Sachin Gupta

Sr. Research Associate

sachin.gupta@choiceindia.com

Palak Kothari

Research Associate

palak.kothari@choiceindia.com

Diksha Mhatre

Research Advisor

diksha.mhatre@choiceindia.com

Sunand Subramaniam

Sr. Research Associate

sunand.subramaniam@choiceindia.com

Surendra Bhaskar

Research Associate

surendra.bhaskar@choiceindia.com

Harsha Sharma

Research Associate

harsha.sharma@choiceindia.com

Karan Bhatt

Research Advisor

karan.bhatt@choiceindia.com

 www.choicebroking.in

 customercare@choiceindia.com



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