



PARADIGM COMMODITIES ADVISORS

Cotton Outlook- 20th May 2022

Wild ride in ICE cotton: Erratic swings in Jul-Dec basis: China rate cut is not a surprise

Please Read this before you trade: We strongly recommend traders to use own discretion on entry and exit points based on product volatility and multiplier. For the gold, flexibility in entry or exit could be marginally 0.025-0.05% of suggest level. Target 1 is conservative objective were part pro fit may be booked. Target 2 is best case profit objective and full profit may be taken. Entry is valid usually for same day and SL is valid until that level triggered.

India Cotton

Commodity	Strategy	Entry	Target 1	Target 2	Stop loss	Tech Range	Tec. trend
MCX May cotton	No call	NA	NA	NA	NA	47200-49500	Volatility expansion

Outlook: Cotton futures are trading nervous amid wilder roller coaster ride in ICE cotton and heightened policy intervention, intense tug of war between various stakeholders pushing own agenda resulting in to tug of war. Sentiment is nervous amid lot of rumors, fear of unpredictable govt intervention, high decibel reports about weather -at home and also US Texas weather. Demand destruction, jittery fixation in outstanding on call in ICE July, and rumors of some import relaxations. It is high time to stay sideline and watch the show. The stakeholders meeting failed to deliver any concrete solution to the ecosystem. A cotton council is being set up to promote yield and quality seeds, productivity boost. Just a leap service. Now our focus will be shift to domestic factors such as onset of monsoon, fertilizer situation, heatwave and ongoing acreage patterns. Next few weeks is focus to ignore the noise and catch the signal.

Strategy: We are entering into climate currency and credit (bond market) volatility. Now our focus is shifted to domestic cotton, weather and monsoon. Given disconnect between local and global market, we need to watch ICE, China and MCX in an isolated manner.

Commodity	Strategy	Entry	Target 1	Target 2	Stop loss	Tech Range	Tec. Trend
NCDX Jun cocud	No call	NA	NA	NA	NA	2770-2920	Fragile

Outlook: Cotton cake is a bear market. A bounce is likely, but its not for buy side trade.

Strategies: Distressed market.

ICE Cotton

Commodity	Strategy	Entry	Target 1	Target 2	Stop loss	Tech Range	Tec. Trend
ICE Dec cotton	No call	NA	NA	NA	NA	123-131	Chaotic

Outlook: ICE cotton posted wild ride in July cotton as well as wild fluctuation in July-Dec basis. Amid acute supply side liquidity crunch, basis is showing wild move since last few months. Jul-Dec basis witnessed wild swings ranged from 11-29 cents. Recently basis touched to 14, but bounced back to 19. An intense tug of war between mills and specs. Yesterday volume in Jul was decent. May be sizable fixation happened. July contract shown wild price swing- 141.12 to 148.65. Today some sell off emerged. Short term range for July is 140-148, for July it is 123-131. Time to say sideline. Some time no view is best view.

Strategy: No call. Time to stay sidelined.