



PARADIGM COMMODITIES ADVISORS

Cotton updates- 22nd December 2023

Asia-Europe frights skyrocketing: Mild recovery bounce in ICE and ZCE cotton

Please Read this before you trade: Trade Set up levels are indicative and valid for 2-3 working sessions unless specified as positional or directional. Target 1 is conservative objective, target 2 is optimistic objective. Stoploss 1 is conservative SL for risk averse traders. SL 2 is little aggressive SL. Given increased HFT/ML trading we suggest to avoid placing SL well in advance. SL may be placed when prices are too close for SL limits- Profit and loss may be booked in 2 steps to fine tune amid noise trading. Modest discretion in entry or exit may be applied based on prevailing prices or data-news reactions.

ICE Cotton

Commodity	Strategy	Target 1	Target 2	Stoploss 1	Stop loss 2	Tech Range	Tech. Trend
ICE Mar cotton	Bought @ 78.90 on 20 Dec.**	79.75-85	80.40-80.50	Trail SL 78.90	Aggressive sl 77.15	78.40-82.20	Choppy

Outlook: ICE Mar cotton futures is locked in a choppy range of 77.70-82.20. Market looks well supplied. Forward curve is a carry market. Meanwhile ICE certified stock reduced further to 3600 around. Export data is impressive- relatively impressive.

Strategy: Bought @ 78.90. Low risk trader may not add extra. High risk trader may buy extra around 77.80. SL for low risk is 78.90- trailing SL. SL for High-risk trader is 77.15. Cotton may produce one more head fake around 80.80-81.30. STILL A CHOPPY MKT. tightly captivated in 77.70-82.20.

India Cotton complex

Commodity	Strategy	Target1	Target2	Stoploss1	Stoploss2	Tech range	Tech trend
MCX Jan cotton	Stay away	NA	NA	NA	NA	54400-57200	Trendless

Outlook: MCX cotton futures improved due to recovery bounce in ICE and ZCE cotton. Light demand noticed in physical market ahead of long weekend. China-Europe freights jumped from 500-700 usd to 2400-3300 usd per container.

Strategy: Stay away. It's a still an illiquid market.

Commodity	Strategy	Target 1	Target 2	Stoploss 1	Stop loss 2	Tech Range	Tec. Trend
NCDEX Jan cotton cake	Sold @ 2745 yday	2710-15	2695-2700	Given 4.30 pm	NA	2688-2812	Technical correction

Outlook: Cotton cake market looks like a stealth bear market. Jobbers and spread traders are active amid low margin and relatively liquidity play.

Strategy: Sell on spike with scale up selling. Prefeed bias is jobbing and swing trade.

Commodity	Strategy	Entry	Target 1	Target 2	Stop loss	Tech Range	Tec. Trend
NCDEX April Kapas	No call	NA	NA	NA	NA	1544-1589	Recovery bounce

Outlook: Kapas's futures seen volatile. Retail traders are active in kapas as a proxy hedge. Volume is relatively OK compare to MCX cotton.

Strategy: Some thing is better than nothing kind of jobbing play. A circular product.

Trends- Macro Picture

India cotton	Mild recovery in ICE and ZCE cotton prompted light buying from mills. USDA export data was relatively impressive. Cotton prices shown mild rebound. Ginners are reluctant to sell. Textile industry is pushing hard to lower import duty. Such lobbying and pressure tactics are proactive in southern area. Demand and supply both are in sub normal. Expected range for S 6 FAQ 55000-58000, ex Gujarat/Maha.
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ZCE Cotton	Mild recovery bounce ahead of long weekend. Big banks in China reportedly cut deposit rates. China-Europe freight rates skyrocketed amid Red sea war risk. Many shippers have suspended Suez Canal route. China and Asia bound ships are using cape of good hope route. ZCE Mar cotton range is 15000-15600.
Brazil	Brazil rains are beneficial for developing cotton crop. Brazil may produce record cotton crop in 2023-2024 season. Recent rains may be benefited for standing soybean crop as well.

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