



# PARADIGM COMMODITIES ADVISORS

Cotton updates- 27th December 2023

## Asia Europe frights spike: Mild bargain hunting seen in ZCE and ICE 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	Profit booked on 24 <sup>th</sup> Dec. New buy limit @ 79.20	Given after entry	Given later	Given later	Given later	78.80-82.40	Choppy

Outlook: ICE Mar cotton seen mild upbeat amid Red sea shipping disruption and modest buying, positions squaring ahead of year end. Trading conditions seen dull.

Strategy: Bought @ 78.90. Both tgt 79.75 and 80.50 achieved. We have indicated that cotton may produce one more head fake around 80.80-81.30. Mkt hit the level on very same evening. (Those who are interested in historical parlance about such head fakes may check my tweeter time line.) New call will be given as and when we find a trade signal based on 60 min chart.

### India Cotton complex

Commodity	Strategy	Target1	Target2	Stoploss1	Stoploss2	Tech range	Tech trend
MCX Jan cotton	Stay away	NA	NA	NA	NA	55500-57500	Trendless

Outlook: Listless trading prevailed in cotton futures. Open int showing mild increase to 195 lots.

Strategy: Still an illiquid market but OI is showing some recovery.

Commodity	Strategy	Target 1	Target 2	Stoploss 1	Stop loss 2	Tech Range	Tec. Trend
NCDEX Jan cotton cake	Sold @ 2745 on 22 Dec	Exit @ cmp	NA	NA	NA	2730-2800	Irregular swing

Outlook: Cotton cake may show mild corrective bounce.

Strategy: Sold @ 2745 on 22<sup>nd</sup> Jan 2023. Exit @ mkt prices 2775-2780.

Commodity	Strategy	Entry	Target 1	Target 2	Stop loss	Tech Range	Tec. Trend
NCDEX April Kapas-Positional	Buy 50% @1555 50% @ 1540	NA	open	Open	Given later	1537-1597	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: A circular commodity.

### Trends- Macro Picture

India cotton	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 55300-56000, ex Gujarat.
ZCE Cotton	ZCE Mar cotton ruled stable. China cotton output is down 6.1% to 5.618 mln MT, acreage is lower by 7.1% to 2,7881 mln hectares. Modest bargain hunting seen in ZCE and ICE cotton.
Brazil	Brazil cotton markets ruled steady amid Christmas holidays.