

Source INVESTING 2023-11-03

Cotton gains as India's cotton production in 2023/24 is likely to fall 7.5%.



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Cotton prices rose by 0.48% to 58620 due to expectations of a 7.5% decrease in India's [cotton](#) production for 2023/24. Lower planting and El Nino weather are impacting productivity. Import projections for India indicate an increase to 2.2 million bales in the current marketing year, up from 1.25 million bales in the previous year, according to the Cotton Association of India (CAI). The USDA's October report suggests reduced cotton production in the U.S. due to lower yields in Texas.

Brazil is expected to surpass the U.S. in cotton production for the first time, and Australia's cotton exports to China have surged due to improving trade relations. The CAI's final estimate for the 2022-23 cotton crop in India is 31.8 million bales, slightly higher than their earlier estimate, but lower than the government's estimate. For the 2023-24 season, India anticipates producing 330-340 lakh bales. In the Rajkot spot market, cotton prices closed at 27278.1 Rupees with a 0.1% gain.

From a technical perspective, the market experienced short covering with a drop in open interest by 1.87% and a price increase of 280 rupees. Support for Cotton candy is around 58080, with the potential to test 57540 levels below, while resistance is expected at 59080, with a chance to reach 59540 on an upward price move.