

Domestic Market

- Cotton season begun with delayed arrival, currently picking up the pace, which will create the buying pressure in the market.
- Cotton production is expected to be around 37 million bales this season, whereas Gujarat traders expect it to be 40 million bales due to surplus rain, which has enhanced the yield.
- Cotton and cotton yarn have been withdrawn from the duty credit scrip eligibility under focus market scheme (FMS), w.e.f. 25th September, making cotton export less competitive.
- According to Ministry of Agriculture Cotton area sown till date is 114.37 lakh hectares whereas it was 116.04 lakh hectare last year during the same period
- The prices of cotton reached highest in three year amid domestic and international demand of Indian cotton, said cotton association of India (CAI)
- **Weekly Outlook:** Cotton prices will remain sideways to bullish in near term as traders, ginner and millers are likely to buy. Prices could move down after a saturation level of buying arrived, as there would not be any supply shortage.

International Market

- Global cotton prices are above their long term average, as China keeps its domestic prices 50 percent above the current international prices.
- Production of cotton in Pakistan is estimated to be 14 million bales in FY 2012-13
- China cotton import quota declared for year 2014 is 89400 tones.
- A MoU has been signed by Chinese buyer with Indian companies for procurement of cotton and cotton yarn worth USD 93 million, beckoning higher domestic prices of cotton in future.
- World cotton production is expected decline by 2.9 % as compare season 2012-13, whereas estimates for this month are higher than previous month by 0.8 % amid good crop prospects in India.

Cotton Prices at Key Spot Markets:

Centre	Variety	Prices (Rs/Qtl)		%Change
		04.10.13	28.09.13	
Amravati	Mech-1	No Arrival	No Arrival	-
Khandwa	Mech-1	No Arrival	No Arrival	-
Khargaon	Mech-1	No Arrival	No Arrival	-
Mahesana(Kadi)	B.T. Cotton	No Arrival	No Arrival	-
Muktsar	B.T. Cotton	No Arrival	No Arrival	-
Patan	B.T. Cotton	No Arrival	No Arrival	-
Rajkot	B.T. Cotton	6550	6125	6.94
Fazilika	B.T. Cotton	4640	4600	0.87
Fazilika*	B.T. Cotton	5250	5250	0
Bhiwani	B.T. Cotton	4650	4650	0
Bhiwani*	B.T. Cotton	5300	5350	-0.93
Sirsa	B.T. Cotton	4660	4630	0.65
Ahmedabad	Shankar-6	5750	No Arrival	-
Gondal	Shankar-6	6405	No Arrival	-
Sri-Ganganagar	J-34	4640	4620	0.43
Abohar	J-34	4650	4625	0.54
Muktsar	J-34	4650	No Arrival	-

* New Crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		%Change
		04.10.13	28.09.13	
Amravati	Mech-1	No Arrival	No Arrival	-
Khandwa	Mech-1	No Arrival	No Arrival	-
Khargaon	Mech-1	No Arrival	No Arrival	-
Mahesana(Kadi)	B.T. Cotton	No Arrival	No Arrival	-
Muktsar	B.T. Cotton	3485	No Arrival	-
Patan	B.T. Cotton	No Arrival	No Arrival	-
Rajkot	B.T. Cotton	4955	1825	171.5
Fazilika	B.T. Cotton	No Arrival	No Arrival	-
Fazilika*	B.T. Cotton	1800	1130	59.29
Bhiwani	B.T. Cotton	7500	3700	102.7
Sirsa	B.T. Cotton	3570	2506	42.45
Ahmedabad	Shankar-6	8700	No Arrival	-
Gondal	Shankar-6	877	271	223.6
Sri-Ganganagar	J-34	No Arrival	No Arrival	-
Abohar	J-34	3740	3060	22.22
Muktsar	J-34	3485	No Arrival	-

* New Crop

Cotton Association of India Spot Rates:

Variety Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Oct-13	27-Sep-13	
Bengal Deshi (RG)/ Assam Comilla(101)	<22mm	5.0 - 7.0	15	38000	38000	--
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39000	39000	--
J-34(202)	26mm	3.5 - 4.9	23	43400	42400	1000
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	47500	47500	--
Shankar-6(105)	29mm	3.5 - 4.9	28	48200	48100	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48600	48700	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49200	49300	-100
DCH-32(107)	34mm	3.0 - 3.8	33	57500	57500	--

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness sideways to bullish tone in the coming days.

State Wise Comparisons (in Rs/Qtl)

State	Prices October, 2013	Prices September, 2013	Prices October, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	3900	5239.88	3909.23	-25.57	-0.24
Gujarat	4861.22	5432.62	4080.84	-10.52	19.12
Haryana	5300	5084.69	4391.7	4.23	20.68
Karnataka	3750	4914.59	3988.83	-23.7	-5.99
Madhya Pradesh		4991.51	3852.78	—	—
Maharashtra			3768.74	—	—
Pondicherry		2854.93	2531.93	—	—
Punjab	5045	5014.19	4324.3	0.61	16.67
Rajasthan		5071.19	4576.46	—	—
Tamil Nadu	4786.05	5084.37	3835.19	-5.87	24.79
Uttar Pradesh		4426.19	4394.31	—	—
Average	4607.04	4811.42	3968.57		

*Report Generation: As per the data reported by APMCs

(Source: Agmarket)

Cotton Export and Import:

Cotton Exports

Cotton Exports(In Lakh Bales)		
Month	2011-12	2012-13
Oct	16.41	2.29
Nov	18.37	7.68
Dec	12.92	15.83
Jan	19.71	19.71
Feb	23.30	20.67
Mar	3.57	13.07
Apr	13.26	2.50
May	7.90	2.58
Jun	4.99	3.01
Jul	5.14	2.06
Aug	0.48	2.5
Sep	0.61	1.22
Total	126.65	93.12

Cotton Imports

Cotton Imports(In Lakh Bales)		
Month	2011-12	2012-13
Oct	0.05	3.30
Nov	0.14	1.98
Dec	0.06	0.88
Jan	0.26	0.63
Feb	0.80	0.56
Mar	1.20	0.55
Apr	0.93	0.76
May	0.79	0.80
Jun	0.34	0.05
Jul	0.28	1.1
Aug	0.63	1.01
Sep	1.98	0.99
Total	7.45	12.61

Export Break-Up by Major Countries in Month of September-2013

Country	Quantity (In Lakh Bales)
Bangladesh	0.74
China	0.17
Pakistan	0.08
Hong Kong	0.06
Vietnam	0.04

(Source: IBIS)

Import Break-Up by Major Countries in Month of September-2013

Country	Quantity (In Lakh Bales)
Pakistan	0.238
Mali	0.149

(Source: IBIS)

International Prices

World Monthly average Cotlook A Index (FE) in US Cent per pound		
Month	2012-13	2013-14
August	84.4	92.5
September	84.15	89.9
October	82.17	
November	80.87	
December	83.37	
January	85.51	
February	89.71	
March	94.45	
April	94.94	
May	94.92	
June	93.35	
July	92.6	

Cotton Future Contracts on ICE (International Market)

ICE Futures Cotton					
Contracts	04/10/2013	04/09/2013	04/10/2012	% Month change	%Y-o-Y change
Oct-13	37836.20	36513.72	33348.57768	3.62	13.46
Dec-13	38431.32	36478.45	0.00	5.35	
Mar-14	38409.27	36288.90	0.00	5.84	
May-14	38387.23	36310.94	0.00	5.72	
July-14	38210.90	36315.34	0.00	5.22	
Oct-14	36271.26	34327.21	0.00	5.66	

*PRICE UNIT-Rs/Candy (1Candy=356kg)

Cotton Futures:

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



- Price range during the week was 982-1021.
- Prices are going upward seeking support of 993 which could further move up to 998.
- RSI is moving in neutral region depicting recovery towards uptrend.
- Our short term outlook on the contract is sideways to bullish.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
993	998	1020	1025

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	993-1025	Bullish Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis



- October 2013 Contract of ICE futures closed higher.
- Prices ranged 82 to 86 during the week. Immediate support level is at 83 which could move higher to 84
- We expect price to remain sideways to bullish in near term.

Support 2	Support 1	Resistance 1	Resistance 2
82	84	86	88

All in cents/pound

Source: MRCI

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