

DOMESTIC MARKET OUTLOOK

Union textile minister K.S. Rao said that textile ministry will try to get export incentive restored for cotton.

Export of cotton from India during November was 43% higher than previous year's export during the same period.

Gujarat is likely to produce 11.5 million bales of cotton this season (2013-14) whereas it was 8.7 million bales last season.

Area under the cotton cultivation, according to Ministry of Agriculture, stood 114.67 lakh hectares this season (2013-14), compared to 117.29 lakh hectares last season. Reason for the decline in the same is high labor cost, low yield and high risk associated with the crop.

Production of cotton this season (2013-14) would be 353 lakh bales according to the DAC (Department of Agriculture and Cooperation) first estimates.

Yield this season is likely to be around 523 kg. per hectare, though earlier it was expected bigger than current but consequences in later stages has affected it drastically.

INTERNATIONAL MARKET OUTLOOK

WTO agrees to discuss about transparency and monitoring measure for cotton trade and related developments. The discussion would be held twice in a year and would cover the issues of export subsidies and export measures.

China cotton import tariff is in range of 1%-40% depending on Qouta category, China state will adjust the sliding import tariff for cotton in 2014.

As per the USDA estimates, following Sentiments are available as on global forefront:

Global Production is likely to be around 25.43 million tones, with China's contribution of 6.96 million tones.

Total consumption would be around 23.88 million tones, major consumer would be China, India, Pakistan, Turkey and Brazil.

Export would stand around 8.38 million tones, majorly contributed by United States, India, Australia followed by Uzbekistan and Brazil.

Import figure would be around 8.32 million tones, major importing nations would be China, Turkey, Bangladesh followed by Vietnam and Indonesia.

Ending Stock is likely to be around 20.99 million tones with China ending stock of 12.47 million tones.

COTTON PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change %
		13-Dec-13	6-Dec-13	
	Kapas	(Rs./Qtl.)		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	NR	4750	-
Khargaon	Mech-1	NR	4750	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4900	4925	-0.51
Rajkot	B.T. Cotton	4900	4850	1.03
Patan	B.T. Cotton	4865	4810	1.14
Muktsar	B.T. Cotton	5100	5100	Unch
Fazilika	B.T. Cotton	5070	5100	-0.59
Bhiwani	B.T. Cotton	5100	5100	Unch
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4900	4825	1.55
Gondal	Shankar-6	4830	4790	0.84
	Lint	(Rs./Maund Unchf 37.32kg each)		
Abohar	J-34	4130	4180	-1.20
Muktsar	J-34	4125	4185	-1.43
Fazilika	J-34	5070	4140	22.46
Bhatinda	J-34	4130	4200	-1.67
Mansa	J-34	4130	4175	-1.08
Sirsa	J-34	4040	4085	-1.10
Sri-Ganganagar	J-34	3817	3854	-0.96

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		13-Dec-13	6-Dec-13	
Amravati	Mech-1	60000	47500	26.32
Khandwa	Mech-1	NR	8500	-
KhargaUnchn	Mech-1	NR	34000	-
Mahesana(Kadi)	B.T. Cotton	235000	445400	-47.24
Rajkot	B.T. Cotton	27300	45200	-39.60
Patan	B.T. Cotton	54828	78195	-29.88
Muktsar	B.T. Cotton	2465	2465	Unch
Fazilika	B.T. Cotton	5900	4600	28.26
Bhiwani	B.T. Cotton	3000	2700	11.11
Ahmedabad	Shankar-6	467500	445400	4.96
Gondal	Shankar-6	8224	11919	-31.00
Abohar	J-34	7990	5780	38.24
Bhatinda	J-34	153000	141950	7.78
Mansa	J-34	5100	5270	-3.23
Sirsa	J-34	14450	13260	8.97
Sri-Ganganagar	J-34	23800	17000	40.00

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				12-Dec-13	5-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	39000	39000	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	40000	40000	Unch
J-34(202)	26mm	3.5 - 4.9	23	37400	37600	-0.53
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	38000	38300	-0.78
Shankar-6(105)	29mm	3.5 – 4.9	28	38800	39000	-0.51
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39300	39600	-0.76
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41300	40200	2.74
DCH-32(107)	34mm	3.0 - 3.8	33	64000	59500	7.56

STATE WISE PRICES AND ARRIVALS

State-wise Prices (Rs./Qtl)

State	Prices December, 2013	Prices November, 2013	Prices December, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4164.78	4150.35	3847.93	0.35	8.23
Chattisgarh	4607.97			—	—
Gujarat	4632.99	4653.82	4158.12	-0.45	11.42
Haryana	4985.44	5144.15	4247.03	-3.09	17.39
Karnataka	4995.23	4815.38	4169.13	3.73	19.81
Madhya Pradesh	4615.83	4673.97	4053.51	-1.24	13.87
Maharashtra	4510.47	4541.23	3951.67	-0.68	14.14
Orissa	4172.9	4135	3902.21	0.92	6.94
Punjab	4802.34	4877.22	4182.12	-1.54	14.83
Rajasthan	5045.12	5084.4	4336.51	-0.77	16.34
Tamil Nadu	4398.47	4796.42	4453.29	-8.3	-1.23
Uttar Pradesh		5392.86	4192.73	—	—
Average	4630.14	4751.35	4135.84		

*Report Generation: As per the data reported by APMCs

(Source: Agmarket)

State-wise Arrivals (in Quintals)

States	2012-13*	2012-13	
	Arrivals As on	Production as per CAB	Arrivals As on
	10-11-2013	17-04-2013	10-11-2012
1. Punjab	2.24	20	2.6
2. Haryana	2.14	24	2.5
3. Rajasthan	1.17	16	1.51
A. North Total (1+2+3)	5.55	60	6.61
4. Gujarat	6.54	87	5.34
5. Maharashtra	3.77	74	3.19
6. Madhya Pradesh	1.32	18	1.51
B. Central Total (4+5+6)	11.63	179	10.04
7. Andhra Pradesh	5.52	76	2.87
8. Karnataka	1.17	13	0.53
9. Tamil Nadu	0	6	0
C. South Total (7+8+9)	6.69	95	3.4
10. Orissa	0	4	0.02
11. Others	0.12	2	0.16
D. Total (10+11)	0.12	6	0.18
Grand Total (A+B+C+D)	23.99	340	20.23

* Inclusive of new crop arrivals in September 2013

COTTON EXPORT AND IMPORT

Cotton Exports

Cotton Exports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	2.29	1.43
Nov	7.68	9.06
Dec	15.83	
Jan	19.71	
Feb	20.67	
Mar	13.07	
Apr	2.50	
May	2.58	
Jun	3.01	
Jul	2.06	
Aug	2.5	
Sep	1.22	
Total	93.12	10.49

Cotton Imports

Cotton Imports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	3.30	1.16
Nov	1.98	0.24
Dec	0.88	
Jan	0.63	
Feb	0.56	
Mar	0.55	
Apr	0.76	
May	0.80	
Jun	0.05	
Jul	1.1	
Aug	1.01	
Sep	0.99	
Total	12.61	1.4

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

Country	Quantity (In Lakh Bales)
China	7.83
Bangladesh	0.57
Hong Kong	0.24
Vietnam	0.21
Thailand	0.05

(Source: IBIS)

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

Country	Quantity (In Lakh Bales)
USA	0.03
Cote D Ivoire	0.05
Tanzania	0.03
Pakistan	0.03
Burkina Faso	0.03

(Source: IBIS)

INTERNATIONAL PRICES

World Monthly Average Cotlook A Index (FE) in US cents per pound

Month	2012-13	2013-14
August	84.4	92.58
September	84.15	90.09
October	82.17	89.49
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	92.62	

Cotton Future Contracts on ICE (International Market)

ICE Futures Cotton					
Contracts	29/11/2013	29/10/2013	29/11/2012	% Month change	%Y-o-Y change
Mar-14	36685.64	34644.61	34450.64568	5.89	6.49
May-14	36544.57	34909.11		4.68	
Jul-14	36266.85	35138.34		3.21	
Oct-14	34574.08	34080.35		1.45	
Dec-14	33842.30	34036.27		-0.57	
Mar-15	34159.70	0.00		0.00	

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

Cotton Futures:

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



Weekly Outlook:

- NCDEX April contract noticed a sharp breakout at the end of week.
- Price range during the week was Rs. 916.5-954 (per 20 kg.).
- We expect prices to remain sideways to firm.
- Immediate support could be seen at 925 which could further slide down to 915.
- Resistance would be at 990 which could further move up to 1000.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
915	925	990	1000

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	915-1000	Sideways to Bullish Momentum

Technical Analysis of Cotton Futures December 2013 contract at MCX



Weekly Outlook:

- MCX December'13 contract noticed uptrend during the week.
- Price range during the week was Rs. 18780-19640 (per bale of 170 kg each)
- We expect prices to remain sideways to firm.
- Immediate support could be seen at 18800 which could further slide down to 18000.
- Resistance would be at 19800 which could further move up to 20000.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
18000	18800	19800	20000

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
MCX	18000-20000	Sideways to Bullish Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis:



Weekly Outlook:

- ICE October 2013 future contract closed bullish.
- Prices ranged 78.5-83.5 cents/pound during the week.
- We expect price to rule sideways to weak.
- Immediate support level is at 76 which could further move down to 75.
- Resistance would be at 78 which could move high up to 80.

Support 2	Support 1	Resistance 1	Resistance 2
75	76	78	80

All in cents/pound

Source: MRCI

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