

Monthly Research Report

Domestic Fundamentals

Cotton prices declined on falling demand from millers and exporters. Millers were not interested to make high payments for cotton.

India shipped 13 lakh bales of cotton in Month of March 2013, while imports stood at 0.5 lakh bales. Total Exports in current season 2012-13 stood at 79.25 lakh bales while imports are at 7.25 lakh bales

Largest exported country of Indian raw cotton was China at 3.66 lakh bales followed by Bangladesh bought 3.51 lakh bales in the month of March 2013. Highest importer country to India was USA at 0.15 lakh bales.

295 lakh bales have arrived in the market till date, according to market sources. State wise arrivals by CCI data shows 255 lakh bales reached market as on 31 March 2013.

Indian import projection may come down after cotton agencies are looking at the ways of selling fiber in open market which are likely to bring down the prices.

CCI is likely to offload around 10 lakh bales of cotton for exports. It is in consideration with DGFT and Ministry of Textile. This move is likely to ease prices in the near -term.

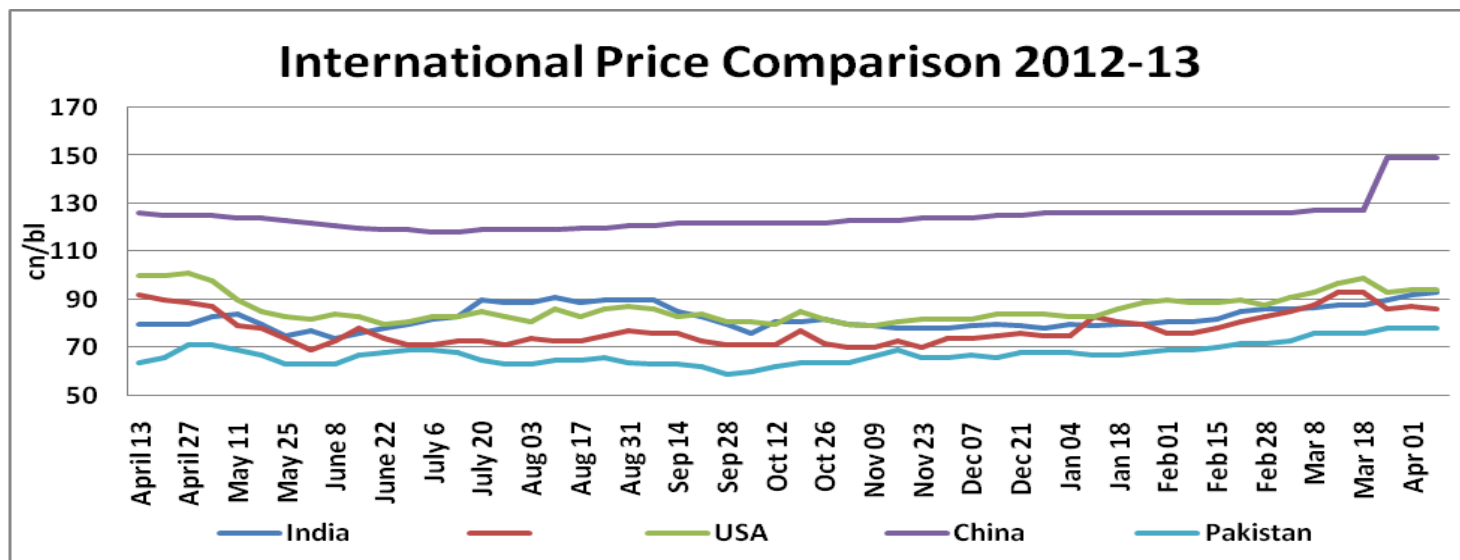
International Fundamentals

India and USA constituted 80% of total imports into China in the month of Feb 2013, according to China Cotton Association reports. China cotton production is expected to decline from 435 lakh bales to 429 lakh bales in 2012-13. China imported 22 lakh tons of cotton in Feb 2013. China kept volumes of cotton steady which are offered from its state reserves on April 1, defying expectations that it could ramp up sales to help ease tight domestic supplies after stockpiling most of the domestic crop reported Reuters. Pakistan levied 2 percent duty on imported cotton, which is likely to affect Indian exports to same. China imports is likely to rise to 223 lakh bales in 2012-13 as compared to earlier estimated 194 lakh bales, according to USDA. This is likely to lower global ending stocks which makes it likely to have lower global surplus in 2013-14.

USDA projects global 2013-14 cotton production at 115.5 million bales, down 3% from 2012-13. Recent hike in prices of cotton have encourage farmers in USA to sow more area under cotton as compared to project by USDA.

According to Pakistan agency PCGA, cotton production is likely to down by 11.7 % which are pushing up the prices.

Indian Cotton Prices Compared to International Prices (2012-13)



Source: *Indian ex-gin prices are from the Cotton Association of India., MRCI, China Cotton Index, USDA and Karachi

Market Association

Domestic Prices

Commodity	Centre & Variety	Prices (Rs/Qtl)		% Change
		March	Feb	
Cotton	Amravati-Vunni Mech-1#	4800	4700	-2.13
	Kadi-Bt Cotton#	5100	4800	-6.25
	Abohar-J-34*	4250	4100	-3.66
	Muktsar-J-34 *(Cotton)	4250	4100	-3.66
	*(Kapas BT Cotton)	5000	5030	0.60
	Ahmedabad-Shankar-6#	5050	4900	-3.06
	Fajlika *(Cotton New)	4210	4080	-3.19
	*(Kapas BT Cotton)	5090	5060	-0.59
	Khandwa-(M.P)	4850	4370	-10.98
	Khargaon-(M.P)	4850	4370	-10.98
	Gondal	4905	4910	0.10
	Rajkot-(B.T)	4955	4900	-1.12
	Sri-Ganganagar	4140	4020	-2.99
	Patan(B.T. Cotton)	5000	4920	-1.63

*-Rs/maund, #-Rs.qtl

Cotton Cumulative Arrivals in Key Centers

Centre	Cumulative Monthly Arrivals		% Change
	Current Month March	Previous Month February	
Amravati –Vunni Mech-1#	47700	66500	-28.27
Kadi –Bt Cotton	4075	8050	-49.38
Abohar–J-34*	12360	8300	48.92
Muktsar–J-34#(Kapas BT Cotton)	7425	1500	395.00
Ahmedabad – Shankar-6#	462000	830000	-44.34
Fajlika#(Kapas BT Cotton)	27225	23950	13.67
Khandwa (M.P)	13400	46800	-71.37
Khargaon-(M.P)	66600	119000	-44.03
Gondal	19616	25174	-22.08
Rajkot-(B.T)	83750	73290	14.27
Sri-Ganganagar	289043	316877	-8.78
Patan(B.T. Cotton)	132257	42288	212.75

Khandwa, Kadi, Fajlika-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmadabad, Abohar and Muktsar-Bales

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy March	Rs. Per Candy Feb	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35200	34600	1.7
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36000	35600	1.1
J-34(202)	26mm	3.5 - 4.9	23	37600	36900	1.9
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38100	35700	6.7
Shankar-6(105)	29mm	3.5 - 4.9	28	38600	36600	5.5
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39900	36900	8.1
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	-	-
DCH-32(107)	34mm	3.0 - 3.8	33	47300	45000	5%

Cotton Exports

Cotton Exports(In Lakh Bales)		
	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	-
May	7.90	-
Jun	4.99	-
Jul	5.14	-
Aug	0.48	-
Sep	0.61	-
Total	126.65	79.25

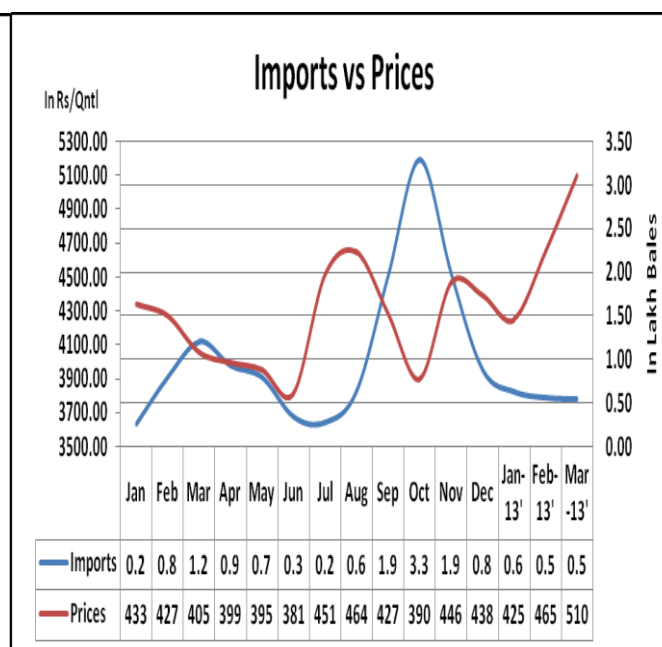
Cotton Imports

Cotton Imports(In Lakh Bales)		
	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	-
May	0.79	-
Jun	0.34	-
Jul	0.28	-
Aug	0.63	-
Sep	1.98	-
Total	7.45	7.89

Exports and Price movement in 2012-13



Imports and Price movement in 2012-13



Source: USDA, IBIS and Agmarknet

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

Mar-13

Country	Quantity (In Lakh Bales)
China	3.66
B'Desh	3.51
Pakistan	1.10
Vietnam	0.93
Indonesia	0.22
Hong Kong	0.20

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

Mar-13

Country	Quantity (In Lakh Bales)
USA	0.15
Egypt	0.10

State Wise Comparisons

All prices in Rs/Qtl

State	Prices March, 2013	Prices February, 2013	Prices March, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4378.91	3916.61	3636.52	11.8	20.41
Gujarat	4776.4	4258.18	3983.23	12.17	19.91
Haryana	4755.32	4280.31	4005.6	11.1	18.72
Karnataka	4503.99	4139.02	3665.58	8.82	22.87
Madhya Pradesh	4580.39	4131.82	3710.08	10.86	23.46
Maharashtra	4573.3	4052.99	3633.4	12.84	25.87
Orissa	4065.67	3911.3	3357.69	3.95	21.09
Punjab	4806.06	4377.82	4180.09	9.78	14.98
Rajasthan	4752.1	4457.08	4032.12	6.62	17.86
Tamil Nadu	4659.44	4103.95	3762.59	13.54	23.84
Uttar Pradesh	4035.6	3876.48	-	4.1	-
West Bengal	-	-	3600	-	-
Average	4535.2	4136.87	3778.81		

Source: Agmarket

Arrivals

As on 31 March 2013

States	2012-13*		2011-12*	
	Production as per CAB	Arrivals	Production as per CAB	Arrivals As on
		As on		
	23-01-2013	31-3-2013	23-01-2013	31-3-2012
1. Punjab	19	15	18.5	16.13
2. Haryana	24	20.64	26	17.14
3. Rajasthan	16	14.52	17.5	14.46
A. North Total (1+2+3)	59	50.16	62	47.73
4. Gujarat	85	59.66	120	80.98
5. Maharashtra	74	59.55	74	54.85
6. Madhya Pradesh	18	15.58	18	15.53
B. Central Total (4+5+6)	177	134.79	212	151.36
7. Andhra Pradesh	72	55.3	56	44.72
8. Karnataka	12	8.6	14	8.91
9. Tamil Nadu	5	1.87	6.5	3.25
C. South Total (7+8+9)	89	65.77	76.5	56.88
10. Orissa	3	2.6	2.5	1.57
11. Others	2	1.35	2	1.67
D. Total (10+11)	5	3.95	4.5	3.24
Grand Total (A+B+C+D)	330	254.67	355	259.21

* Inclusive of new crop arrivals in September 2012

Lint Prices (Rs/Candy)

Month	J-34		H-4		S-6	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
October	34795	29662	-	32795	39231	33517
November	30926	31581	34457	32845	37586	33592
December	30855	32453	33400	33044	34738	33799
January	33649	32681	35297	32923	36654	33759
February	32866	-	34251	-	35618	-
March	30883	-	32506	-	33930	-
April	30381	-	33069	-	34233	-
May	31652	-	32998	-	33909	-
June	30904	-	31317	-	32375	-
July	34265	-	36554	-	36269	-
August	35646	-	38085	-	38064	-
September	33275	-	35878	-	35717	-

Source: Textile Commissioner

Cotton Futures

Future Forecast in Domestic Markets; April 2013

Technical Analysis of Cotton Futures April 2013 contract at NCDEX



Rs/20 kgs

- April contract in NCDEX, denotes buying interest in the market.
- Prices are showing downward movement and breached strong support of Rs. 915
- Immediate support could be seen at 910 touching such level price could slide down to 900.
- Our short term outlook on the contract is sideways to bearish.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
900	910	963	970

Expected Price range of Cotton Prices for next week

Market	Expected Trading Band for the coming Month	Expected Trend in coming Month
NCDEX	900-940	Sideways to Bearish Momentum

Cotton Future Contracts on ICE (International Market)

ICE Futures Cotton					
Contracts	5/4/2013	5/3/2013	5/4/2012	% M-o-M Change	% Y-o-Y Change
May-13	38259.39	38343.15	39030.84	-0.22	-1.98
Jul-13	39044.07	38660.55	38964.72	+0.99	+0.20
Oct-13	38761.94	38144.78	39083.74	+1.62	-0.82
Dec-13	38224.13	37796.52	38590.01	+1.13	-0.95
Mar-14	38188.86	37576.11	39048.47	+1.63	-2.20
May-14	38166.82	-	39163.09	-	-2.54

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

ICE Cotton Futures (May 2013 Contract) Technical Analysis



March 2013 Contract of ICE futures closed on up side. Prices ranged between 92.27 to 86.54 during the week. Immediate resistance level is at 95.01 breaching this may touch 97 levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
77.30	78.40	95	97

All in cents/pound

Source: MRCI

Support 2	Support 1	Resistance 1	Resistance 2
34075.94	34560.85	41879	42760

All in Rs/Candy

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