

## Monthly Research Report

### Domestic Fundamentals

Cotton prices declined on stagnant export to China and falling demand from millers and exporters. Ginners are not releasing stock in market; they are speculating prices rise due to shortage.

Cotton Corporation of India (CCI) has started to off load Cotton from last Friday through e-auction. It offered to sell 25,000 bales. This is likely to increase prices as millers have yet to procure for whole year and arrivals are already short.

Export demand is less on China announcement to sell some of cotton reserve also low buying from millers which are putting pressure on prices.

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.

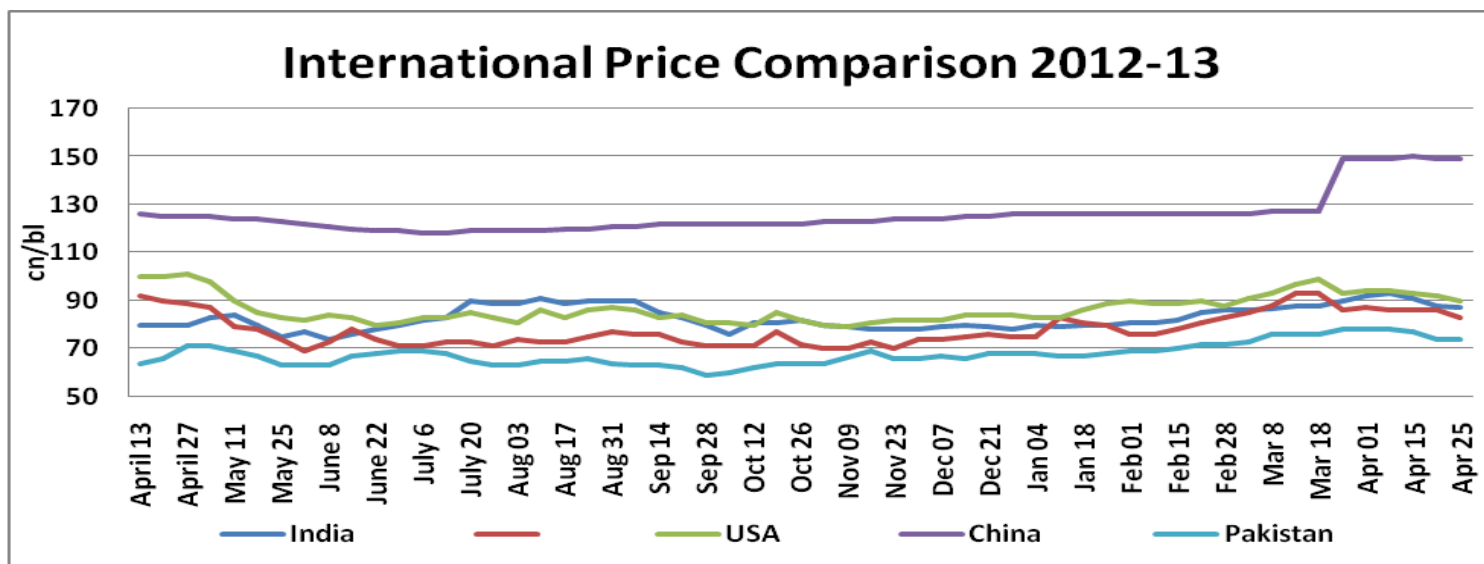
CCI is likely to offload around 10 lakh bales of cotton for exports. It is in consideration with DGFT and Ministry of Textile. This move is likely to ease prices in the near -term.

### International Fundamentals

The International Cotton Advisory Committee (ICAC) said in a statement that the world production was predicted to drop by another six percent to 24.6 MMT during 2013-14. From 2012-13 to 2013-14, cotton production in China and the United States is each forecast to fall by 700,000 tonne to 6.7 MMT and three MMT respectively, and production in India is also forecast to decline by 170,000 tonne to 5.7 MMT as farmers continue to switch out cotton for more profitable alternatives. China's production decline is also attributed to labour shortages as farm workers migrate to cities searching for urban employment. However, global cotton mill use was rising at an estimated seven percent from 22.1 MMT in last season to 23.7 MMT in 2012-13. Mill use in China is falling to an estimated 8.3 million tonne in 2012-13 as the national cotton policy remains unclear, and another drop of 3 lakh tonne to 8.0 million tonne in 2013-14 is expected, the lowest in 10 years. Meanwhile, world cotton stocks were set to rise to 18 MMT by July 2014, which would represent approximately nine months of world mill use.

USA export has reached to 2.37 lakh bales (1 bales=218kg), mainly to China which is higher than previous month. Also, 14% of US cotton plantation progress has been completed.

### 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
		April	March	
Cotton	Amravati-Vunni Mech-1#	30-04-13	30-03-13	
	Kadi-Bt Cotton#	4450	4800	-7.29
	Abohar-J-34*	4750	5100	-6.86
	Muktsar-J-34 *(Cotton )	4115	4250	-3.18
	*(Kapas BT Cotton)	4115	4250	-3.18
	Ahmedabad-Shankar-6#	4700	5000	-6.00
	Fajlika *(Cotton New)	5000	5050	-0.99
	*(Kapas BT Cotton)	4070	4210	-3.33
	Khandwa-(M.P)	4750	5090	-6.68
	Khargaon-(M.P)	-	4850	-
	Gondal	-	4850	-
	Rajkot-(B.T)	4845	4905	-1.22
	Sri-Ganganagar	4975	4955	0.40
	Patan(B.T. Cotton)	4010	4140	-3.14
	Bhiwani- *(Cotton )	3970	-	-
	*(Kapas BT Cotton)	4625	-	-

\*-Rs/maund, #-Rs.qtl

**Cotton Cumulative Arrivals in Key Centers**

Centre	Cumulative Monthly Arrivals		% Change
	Current Month 30/04/13	Previous Month 30/03/13	
Amravati –Vunni Mech-1#	33300	47700	<b>-30.19</b>
Kadi –Bt Cotton	2410	4075	<b>-40.86</b>
Abohar–J-34*	9712	12360	<b>-21.42</b>
Muktsar–J-34#(Kapas BT Cotton)	4115	7425	<b>-44.58</b>
Ahmedabad – Shankar-6#	340000	462000	<b>-26.41</b>
Fajlika#(Kapas BT Cotton)	18200	27225	<b>-33.15</b>
Khandwa (M.P)	11500	13400	<b>-14.18</b>
Khargaon-(M.P)	32500	66600	<b>-51.20</b>
Gondal	11888	19616	<b>-39.40</b>
Rajkot-(B.T)	45150	83750	<b>-46.09</b>
Sri-Ganganagar	93778	289043	<b>-67.56</b>
Patan(B.T. Cotton)	55493	132257	<b>-58.04</b>

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./Candy (April)	Rs./Candy (March)	% Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33700	35200	<b>-4.26</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34600	36000	<b>-3.89</b>
J-34(202)	26mm	3.5 - 4.9	23	36100	37600	<b>-3.99</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36700	38100	<b>-3.67</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	37300	38600	<b>-3.37</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38800	39900	<b>-2.76</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39700	-	-
DCH-32(107)	34mm	3.0 - 3.8	33	48000	49500	<b>-3.03</b>

## Cotton Exports

Cotton Exports(In Lakh Bales)		
	2011-12	2012-13
<b>Oct</b>	16.41	2.29
<b>Nov</b>	18.37	7.68
<b>Dec</b>	12.92	15.83
<b>Jan</b>	19.71	19.71
<b>Feb</b>	23.30	20.67
<b>Mar</b>	3.57	13.07
<b>Apr</b>	13.26	-
<b>May</b>	7.90	-
<b>Jun</b>	4.99	-
<b>Jul</b>	5.14	-
<b>Aug</b>	0.48	-
<b>Sep</b>	0.61	-
<b>Total</b>	<b>126.65</b>	<b>79.25</b>

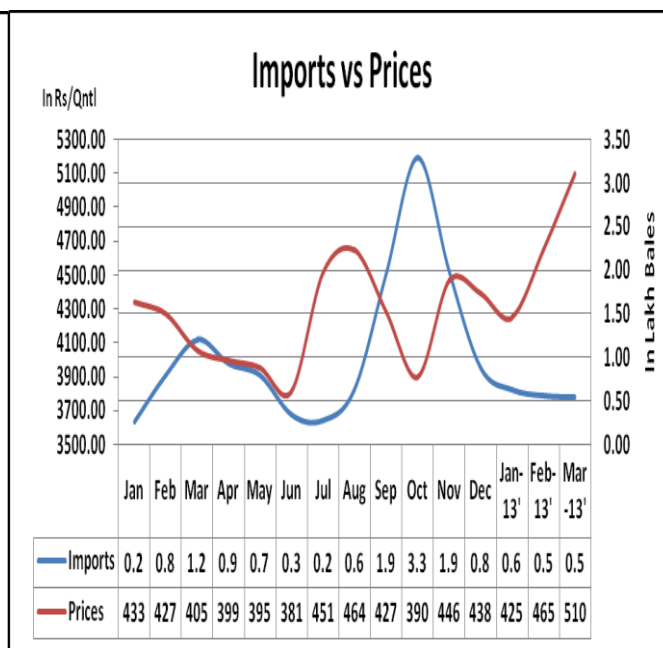
## Cotton Imports

Cotton Imports(In Lakh Bales)		
	2011-12	2012-13
<b>Oct</b>	0.05	3.30
<b>Nov</b>	0.14	1.98
<b>Dec</b>	0.06	0.88
<b>Jan</b>	0.26	0.63
<b>Feb</b>	0.80	0.56
<b>Mar</b>	1.20	0.55
<b>Apr</b>	0.93	-
<b>May</b>	0.79	-
<b>Jun</b>	0.34	-
<b>Jul</b>	0.28	-
<b>Aug</b>	0.63	-
<b>Sep</b>	1.98	-
<b>Total</b>	<b>7.45</b>	<b>7.89</b>

## 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 April, 2013	Prices March, 2013	Prices April, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	3800	3868.52	3747.19	-1.77	1.41
Gujarat	4629	4740.5	3827.48	-2.35	20.94
Haryana	4715.72	4628.81	4088.94	1.88	15.33
Karnataka	4055.87	4470.64	3666.08	-9.28	10.63
Madhya Pradesh	4592.74	4654.22	3728.31	-1.32	23.19
Maharashtra	4170.6	4594.15	3659.92	-9.22	13.95
Orissa	-	4108.72	2838.19	-	-
Punjab	-	2501	2578.92	-	-
Rajasthan	-	4270.17	4270.05	-	-
Tamil Nadu	4499.26	4669.57	4096.63	-3.65	9.83
Uttar Pradesh	3836.42	4668.61	3889.81	-17.83	-1.37
West Bengal	-	4144	-	-	-
Average	4287.45	4276.58	3671.96	-	-

Source: Agmarket

## Arrivals

As on 07 April 2013

States	2012-13*		2011-12*	
	Production as per CAB	Arrivals	Production as per CAB	Arrivals As on
		As on		
	23-01-2013	07/4/2013	23-01-2013	07/4/2012
1. Punjab	19	15.44	18.5	16.79
2. Haryana	24	21.14	26	17.71
3. Rajasthan	16	14.87	17.5	15.03
<b>A. North Total (1+2+3)</b>	<b>59</b>	<b>51.45</b>	<b>62</b>	<b>49.53</b>
4. Gujarat	85	61.57	120	82.95
5. Maharashtra	74	61.05	74	57.21
6. Madhya Pradesh	18	16.05	18	15.9
<b>B. Central Total (4+5+6)</b>	<b>177</b>	<b>138.67</b>	<b>212</b>	<b>156.06</b>
7. Andhra Pradesh	72	56.64	56	46.61
8. Karnataka	12	8.98	14	9.37
9. Tamil Nadu	5	2.03	6.5	3.59
<b>C. South Total (7+8+9)</b>	<b>89</b>	<b>67.65</b>	<b>76.5</b>	<b>59.57</b>
10. Orissa	3	2.67	2.5	1.61
11. Others	2	1.5	2	1.72
<b>D. Total (10+11)</b>	<b>5</b>	<b>4.17</b>	<b>4.5</b>	<b>3.33</b>
<b>Grand Total (A+B+C+D)</b>	<b>330</b>	<b>261.94</b>	<b>355</b>	<b>268.49</b>
* 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	35166	34251	34333	35618	35052
March	30883	37950	32506	37665	33930	38320
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; May 2013

### Technical Analysis of Cotton Futures April 2014 contract at NCDEX



#### Rs/20 kgs

- April contract in NCDEX, denotes buying interest in the market.
- Prices are showing upward movement and touched strong resistance of Rs. 1075
- Immediate resistance could be seen at 1070 touching such level price could slide up to 1080.
- Our short term outlook on the contract is sideways to bullish.

#### Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
1020	1030	1075	1080

#### Expected Price range of Cotton Prices for next week

Market	Expected Trading Band for the coming Month	Expected Trend in coming Month
NCDEX	1030-1080	Sideways to Bullish Momentum

### Cotton Future Contracts on ICE (International Market)

ICE Futures Cotton					
Contracts	2/5/2013	2/4/2013	2/5/2012	% M-o-M Change	% Y-o-Y Change
May-13	36954.54	39176.31	41049.83	-5.67	-9.98
Jul-13	37770.07	39824.33	41248.20	-5.16	-8.43
Oct-13	37267.53	39167.50	40930.81	-4.85	-8.95
Dec-13	37236.67	38590.01	40005.07	-3.51	-6.92
Mar-14	37263.12	38493.03	40313.65	-3.20	-7.57
May-14	37223.45	38409.27	40269.56	-3.09	-7.56

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

### ICE Cotton Futures (July 2013 Contract) Technical Analysis





March 2013 Contract of ICE futures closed on up side. Prices ranged 87.62 to 82.95 during the month. Immediate support level is at 83 breaching this may touch 78 levels during upcoming month.

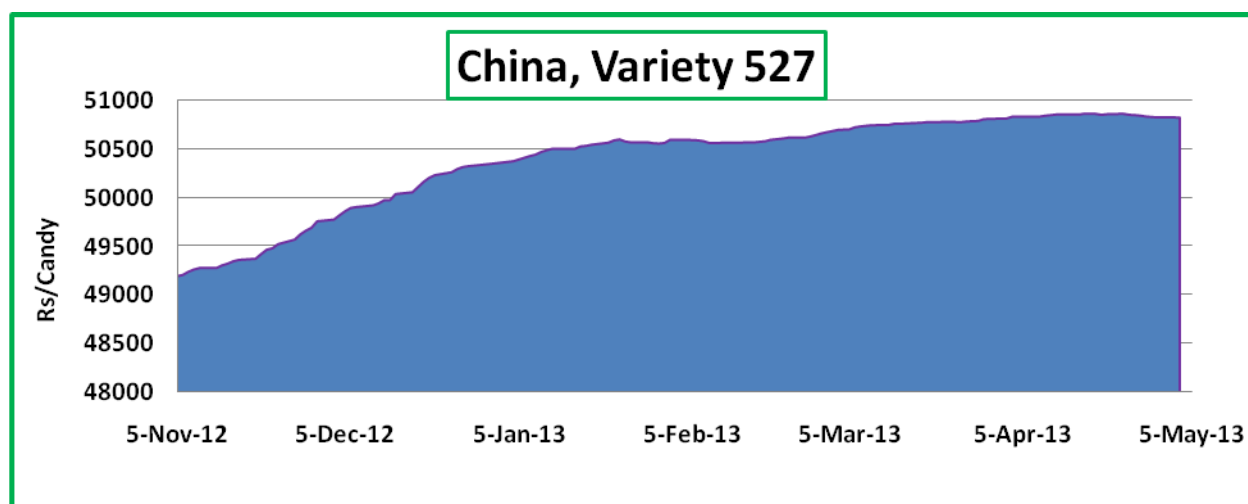
Support 2	Support 1	Resistance 1	Resistance 2
77.30	78.40	95	97

All in cents/pound

Source: MRCI

## China Domestic Lint prices

### Graph of Daily Lint Prices



Source: Base grade cotton variety (527). China Cotton Index

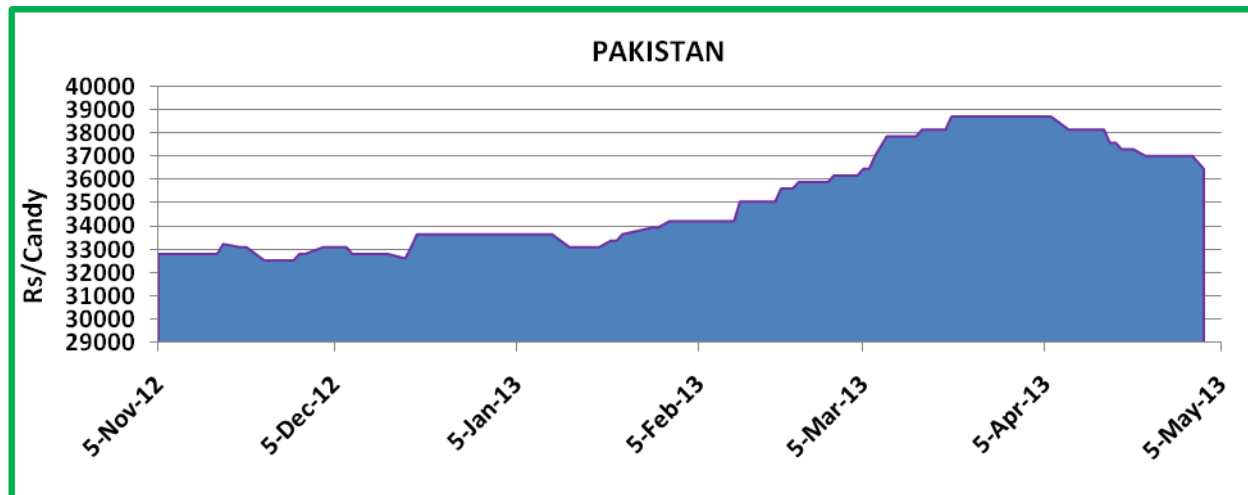
### China Cotton Index (Rs/Candy)

Index	03/05/2013	03/04/2013	03/05/2012	% M-o-M change	%Y-o-Y change
CCIndex(328)	57888.16	57962.92	57804.43	-0.13	0.14
CCIndex(527)	50830.82	50839.79	50271.61	-0.02	1.11
CCIndex(229)	60017.33	60044.24	61757.74	-0.04	-2.82

\*In Indian Rupees

### Pakistan daily domestic Spot Lint prices

Pakistan price has been steady throughout this month, on higher arrivals.



Spot Rate Ex-Karachi Tax @ 15%, for base grade 3 staple length 1-1/32" micronaire value between 3.8 to 4.9 ncl.

#### Pakistan Cotton Spot rates: As on 02/05/2013 (Rs/Candy)

Product	Rate for	Ex-Gin Price	Month Change	Spot Rate Karachi
Cotton	37.32 Kgs	34029.41	-2094.1	36123.53
Equivalent	40 Kgs	36469.06	-2245.9	38715

\*In Indian Rupees

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