

Monthly Research Report

Domestic Fundamentals

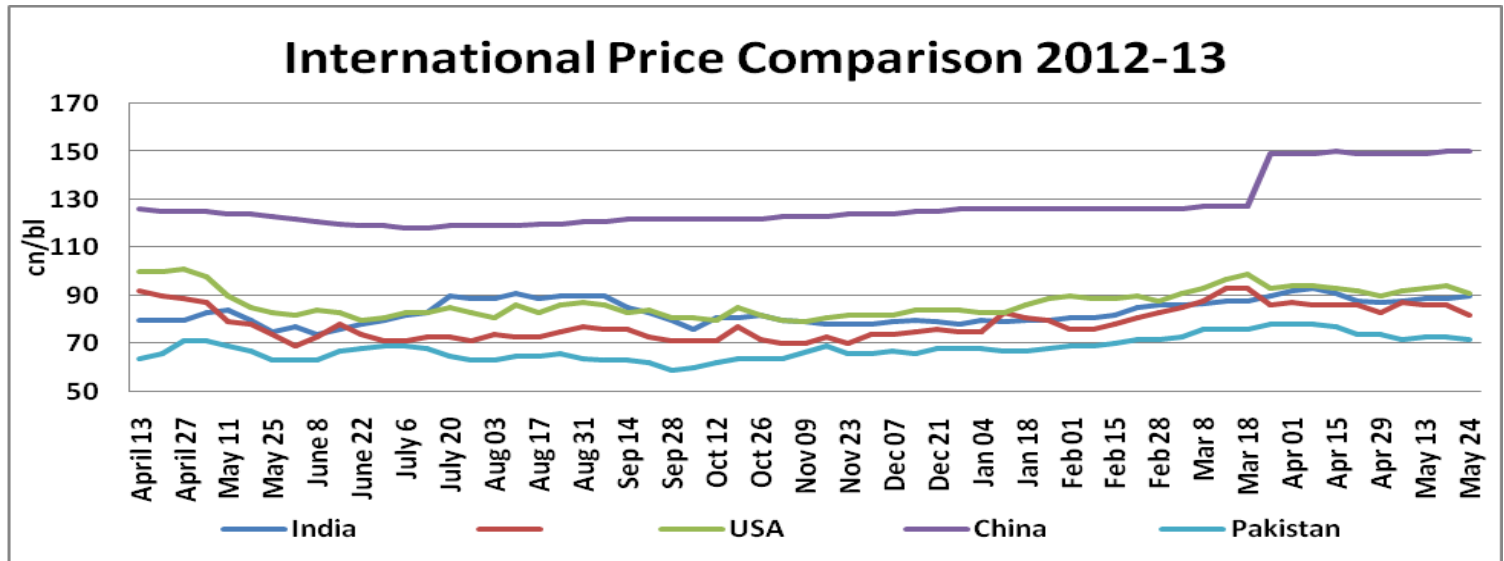
Cotton prices declined on stagnant export to China and falling demand from millers and exporters. Ginners are not releasing stock in market; they are speculating prices rise due to shortage.

Cotton prices were almost steady to weak. Overall price trend is negative and cotton prices may decline amid falling arrivals this week ended on 25th May 2013. Cotton plantation reached 11.86 lakh hectares in Northern India. This was 10.37 lakh hectares in same period last year. Punjab noticed higher acreage (1.19 Lakh hec.), Haryana (0.86 lakh hec), Rajasthan (0.45 lakh hec.) and Karnataka (0.10 lakh hec.). Exports of Cotton Yarn are projected to raise, 1150 million kg in current fiscal. Cotton plantation reached 11.70 lakh hectares in Northern India. Cotton acreage is pegged to drop by 5 percent this year as farmers are shifting to more lucrative crop of guar, after its ban was lifted on Forward markets.

International Fundamentals

US law maker are in pursuit of ending subsidy on US cotton that would make prices at par with developing countries. Planting had started across cotton growing region Mississippi, Oklahoma, Tennessee and Kansas, further delayed while major cotton growing state of Texas has picked up plantation to 49 percent. US weekly export data on cotton showed 1.01 lakh bales export in 2012-13, in which most of export was to China.

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



Source: Agriwatch Research

Domestic Prices

Centre & Variety	Prices (Rs/Qtl)		% Change
	31-05-13	30-04-13	
Amravati-Vunni Mech-1#	4650	4450	4.49
Kadi-Bt Cotton#	4750	4750	Unch
Abohar-J-34*	4170	4115	1.34
Muktsar-J-34 *(Cotton)	4200	4115	2.07
*(Kapas BT Cotton)	4800	4700	2.13
Ahmedabad-Shankar-6#	4950	5000	-1.00
Fajlika *(Cotton New)	4100	4070	0.74
*(Kapas BT Cotton)	4600	4750	-3.16
Khandwa-(M.P)	No Arrival	No Arrival	-
Khargaon-(M.P)	No Arrival	No Arrival	-
Gondal	4960	4845	2.37
Rajkot-(B.T)	4990	4975	0.30
Sri-Ganganagar	4050	4010	1.00
Patan(B.T. Cotton)	4575	4930	-7.20
Bhiwani- *(Cotton)	4040	3970	1.76
*(Kapas BT Cotton)	4800	4625	3.78

*-Rs/maund, #-Rs.qtl

Cotton Cumulative Arrivals in Key Centers

Centre	Cumulative Monthly Arrivals		% Change
	Current Month 31/05/13	Previous Month 30/04/13	
Amravati –Vunni Mech-1#	55300	33300	66.07
Kadi –Bt Cotton	1260	2410	-47.72
Abohar–J-34*	2130	9712	-78.07
Muktsar–J-34#(Kapas BT Cotton)	No Arrival	4115	-
Ahmedabad – Shankar-6#	182000	340000	-46.47
Fajlika#(Kapas BT Cotton)	950	18200	-94.78
Khandwa (M.P)	No Arrival	11500	-
Khargaon-(M.P)	No Arrival	32500	-
Gondal	13429	11888	12.96
Rajkot-(B.T)	31655	45150	-29.89
Sri-Ganganagar	5139	93778	-94.52
Patan(B.T. Cotton)	15536	55493	-72.00

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 (May)	Rs. Per Candy (April)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35000	33700	3.86
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35900	34600	3.76
J-34(202)	26mm	3.5 - 4.9	23	37100	36100	2.77
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37800	36700	3.00
Shankar-6(105)	29mm	3.5 - 4.9	28	38500	37300	3.22
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39700	38800	2.32
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40700	39700	2.52
DCH-32(107)	34mm	3.0 - 3.8	33	48500	48000	1.04

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	2.50
May	7.90	2.58
Jun	4.99	-
Jul	5.14	-
Aug	0.48	-
Sep	0.61	-
Total	126.65	84.33

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	0.76
May	0.79	0.80
Jun	0.34	-
Jul	0.28	-
Aug	0.63	-
Sep	1.98	-
Total	7.45	9.45

Export Break-Up by Major Countries in Month of May-2013
Mar-13

Country	Quantity (In Lakh Bales)
China	0.90
B'Desh	0.54
Pakistan	0.29
Vietnam	0.30
Indonesia	0.12

Import Break-Up by Major Countries in Month of May-2013
Mar-13

Country	Quantity (In Lakh Bales)
USA	0.21
Egypt	0.13

State Wise Comparisons

All prices in Rs/Qtl

State	Prices June, 2013	Prices May, 2013	Prices June, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4299.6	4041.36	3754.87	6.39	14.51
Gujarat	4679.55	4479.51	3726.21	4.47	25.58
Haryana	4719.27	4654.47	3935	1.39	19.93
Karnataka	4593.61	4357.92	3870.87	5.41	18.67
Madhya Pradesh	3926.31	4403.08	3673.56	-10.83	6.88
Maharashtra	4415.23	4236.72	3508.4	4.21	25.85
Orissa	-	4190.29	-	-	-
Punjab	3270	2882.33	2948.94	13.45	10.89
Rajasthan	-	2471.18	-	-	-
Tamil Nadu	4773.94	4438.21	3882.7	7.56	22.95
West Bengal	4825.82	4639.28	3624.42	4.02	33.15
Average	4389.26	4072.21	3658.33	-	-

Source: Agmarket

Arrivals

As on 26 May 2013

States	2012-13		2011-12	
	Production as per CAB	Arrivals	Production as per CAB	Arrivals As on
		As on		
		As on		
	17-April-2013	26-May-2013	23-Jan-2013	26-May-2012
1. Punjab	20	16.82	18.5	18.15
2. Haryana	24	22.95	26	20.54
3. Rajasthan	16	15.89	17.5	16.81
A. North Total (1+2+3)	60	55.66	62	55.5
4. Gujarat	87	77.2	120	99.33
5. Maharashtra	74	72.1	74	69.48
6. Madhya Pradesh	18	17.73	18	17.38
B. Central Total (4+5+6)	179	167.03	212	186.19
7. Andhra Pradesh	76	67.91	56	55.12
8. Karnataka	13	12.76	14	13.15
9. Tamil Nadu	6	3	6.5	6.89
C. South Total (7+8+9)	95	83.67	76.5	75.16
10. Orissa	4	2.81	2.5	2
11. Others	2	2	2	1.97
D. Total (10+11)	6	4.81	4.5	3.97
Grand Total (A+B+C+D)	340	311.17	355	320.82
* 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	37401	33069	38128	34233	38729
May	31652	36100	32998	36500	33909	37500
June	30904	34100	31317	37900	32375	38500
July	34265	-	36554	-	36269	-
August	35646	-	38085	-	38064	-
September	33275	-	35878	-	35717	-

Source: Textile Commissioner

Cotton Futures

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



Rs/20 kgs

- Prices are showing upward movement and touched strong support of Rs. 1050
- Immediate support could be seen at 1037 touching such level price could slide up to 1030
- Our short term outlook on the contract is sideways to bearish.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
1010	1015	1040	1050

Expected Price range of Cotton Prices for next week

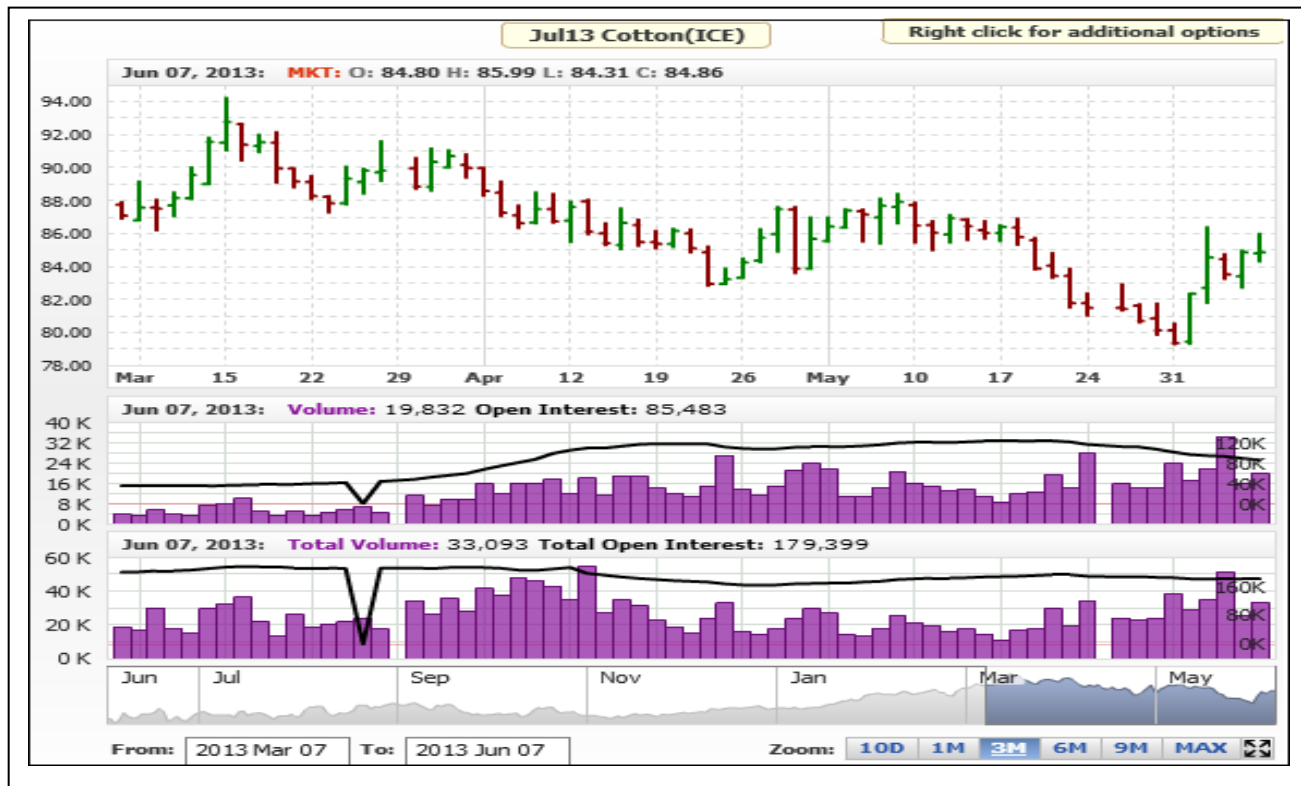
Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	1010-1045	Sideways to Bearish Momentum

Cotton Future Contracts on ICE (International Market)

ICE Futures Cotton					
Contracts	10/6/2013	10/5/2013	10/6/2012	% M-o-M Change	% Y-o-Y Change
Jul-13	37408.60	38122.74	33101.71	-1.87	13.01
Oct-13	37796.52	37986.08	30306.87	-0.50	24.71
Dec-13	37549.66	37831.79	30544.92	-0.75	22.93
Mar-14	37624.60	37809.75	31303.14	-0.49	20.19
May-14	37787.71	37743.62	31713.11	0.12	19.15
July-14	37972.86	37699.54	32034.91	0.72	18.54

*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.

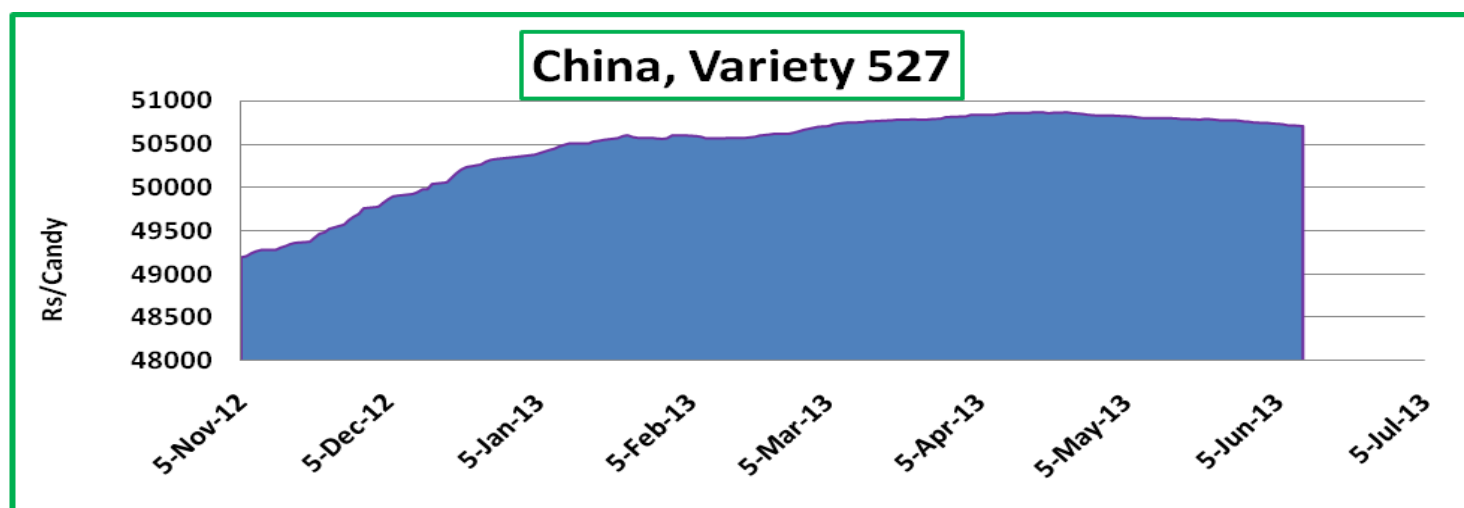
Support 2	Support 1	Resistance 1	Resistance 2
77.30	78.40	95	97

All in cents/pound

Source: MRCI

China Domestic Lint prices

Graph of Daily Lint Prices



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

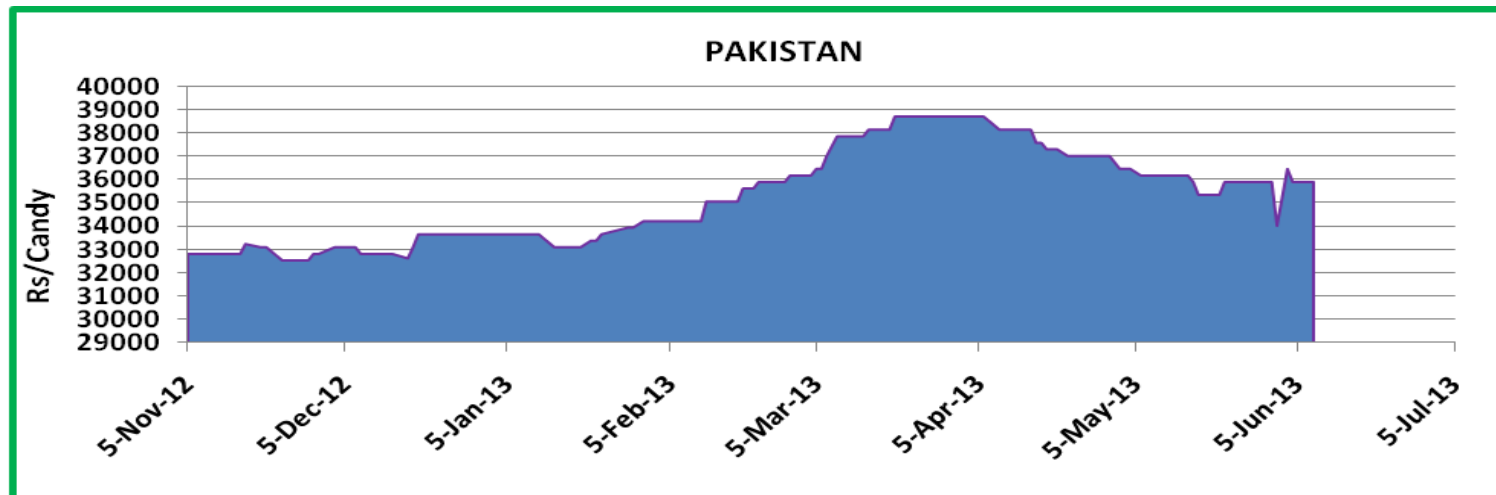
China Cotton Index (Rs/Candy)

Index	10/06/2013	10/05/2013	10/06/2012	% M-o-M change	% Y-o-Y change
CCIndex(328)	57777.52	57867.23	55223.72	-0.16	4.62
CCIndex(527)	50711.20	50803.91	48408.60	-0.18	4.76
CCIndex(229)	60014.34	60008.36	58534.09	0.01	2.53

*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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2013 Indian Agribusiness Systems Pvt Ltd.