

Monthly Research Report

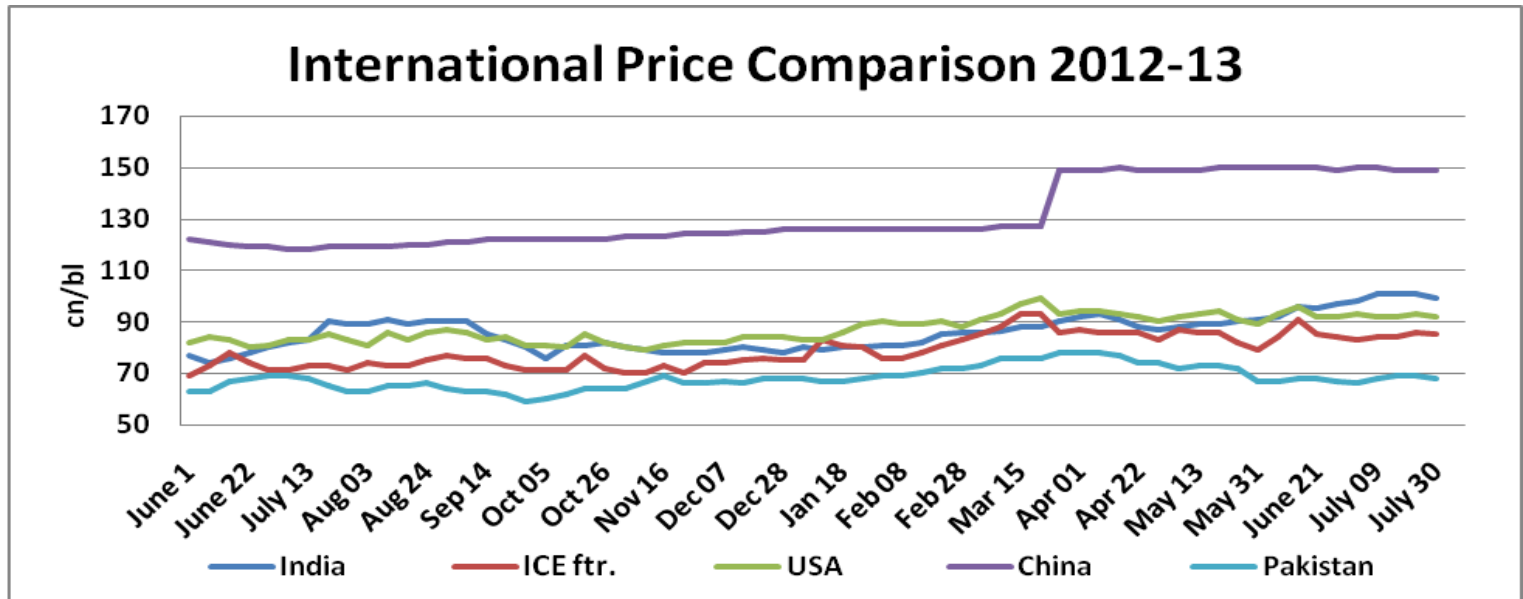
Domestic Fundamentals

- The government of India has relaxed the restriction on the export of cotton by Cotton Corporation of India.
- Cotton Area sown till date is approximately 108.52 hectares compared to previous year's 101.12 lakh hectares which are 7.3% higher than last year.
- Cotton prices are ruling flat amid nominal buying by mill, lesser export demand and higher area under production.
- Maharashtra and Andhra Pradesh may face decline in the cotton crop yield, due to excess rainfall in the month of July, whereas Punjab and Rajasthan has led with pest incidence due to below optimum rainfall.
- Higher exports due to relaxation in export policy by government of India and lesser yield in major cotton growing states may lead to appreciation of cotton price in future

International Fundamentals

- World cotton stockpiles in July 2014 would be 19.81 million metric tons, 7% above of 18.51 million, which was forecasted last month for the same period.
- ICE cotton future in July fell down due to forecast for much needed rain in dry cotton growing lands in Texas and lower demand due to the increased interest rates in India.
- In U.S, cotton output is expected to be lower compared to last year due to drop in acreage and unfavorable weather conditions in major growing areas.
- Cotton futures at NYMEX closed higher amid dry weather forecast in the cotton growing regions.
- Cotton trading in Pakistan remained stable as spinning mill-owners continued to buy commodity as per their requirements
- Eastern African countries including, Kenya and Tanzania, are focusing on cotton sector for the economic revival of the region.

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



Source: Agriwatch Research

Domestic Cotton Prices

Cotton Prices at Key Spot Markets:

Centre	Variety	Prices (Rs/Qtl)		%Change
		31.07.13	29.06.13	
Amravati	Mech-1	5600	5200	7.69
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	5360	5560	-3.60
Fazilika*	B.T. Cotton	4510	4430	1.81
Fazilika	B.T. Cotton	No Arrival	No Arrival	-
Bhiwani*	B.T. Cotton	4400	4450	-1.12
Bhiwani	B.T. Cotton	5300	5425	-2.30
Ahmedabad	Shankar-6	No Arrival	5500	-
Gondal	Shankar-6	5310	5555	-4.41
Sri-Ganganagar	J-34	4420	4400	0.45
Abohar	J-34	4520	4470	1.12
Muktsar	J-34	4515	4500	0.33

Cotton Cumulative Arrivals in Key Centers

Centre	Variety	Arrivals		%Change
		31.07.13	29.06.13	
Amravati	Mech-1	18850	26800	-29.66
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	1000	-
Patan	B.T. Cotton	No Arrival	No Arrival	-
Rajkot	B.T. Cotton	13185	19280	-31.61
Fazilika	B.T. Cotton	No Arrival	No Arrival	-
Fazilika*	B.T. Cotton	No Arrival	No Arrival	-
Bhiwani*	B.T. Cotton	No Arrival	No Arrival	-
Ahmedabad	Shankar-6	6500	150000	-95.67
Gondal	Shankar-6	5247	6699	-21.67
Sri-Ganganagar	J-34	No Arrival	No Arrival	-
Abohar	J-34	No Arrival	420	-
Muktsar	J-34	No Arrival	No Arrival	-

Cotton Association of India Spot Rates:

Variety Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (30/07/2013)	Rs. Per Candy (26/06/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	38700	39000	-0.77
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39700	39900	-0.50
J-34(202)	26mm	3.5 - 4.9	23	40700	40500	0.49
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41900	40600	3.20
Shankar-6(105)	29mm	3.5 - 4.9	28	42100	41100	2.43
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43200	41800	3.35
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44200	42600	3.76
DCH-32(107)	34mm	3.0 - 3.8	33	52000	51000	1.96

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	3.01
Jul	5.14	-
Aug	0.48	-
Sep	0.61	-
Total	126.65	87.34

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	0.05
Jul	0.28	-
Aug	0.63	-
Sep	1.98	-
Total	7.45	8.7

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

Country	Quantity (In Lakh Bales)
China	1.31
B'Desh	0.78
Pakistan	0.16
Vietnam	0.47
Indonesia	0.15

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

Country	Quantity (In Lakh Bales)
USA	0.18
Egypt	0.05

State Wise Comparisons

All prices in Rs/Qtl

State	Prices July, 2013	Prices June, 2013	Prices July, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4607.07	4340.64	4314.39	6.14	6.78
Gujarat	5358.11	4907.28	4479.73	9.19	19.61
Haryana	5184.76	4894.71	4342.17	5.93	19.4
Karnataka	4824.51	4699.13	4517.07	2.67	6.81
Madhya Pradesh		4054.32	3883.13	—	—
Maharashtra	3911.93	4458.92	3687.59	-12.27	6.08
Orissa	4000			—	—
Pondicherry	2788.25	2936.67	3126.86	-5.05	-10.83
Rajasthan	5011.65	4759.77	4438.54	5.29	12.91
Tamil Nadu	5028.65	4804.77	5227.98	4.66	-3.81
Average	4523.88	4428.47	4224.16		

Source: Agmarket

Cotton Arrivals

As on 14 JULY 2013

States	2012-13		2011-12	
	Production as per CAB 17-04-2013	Arrivals As on 14-07-2013	Production as per CAB 17-04-2013	Arrivals As on 14-07-2013
1. Punjab	20	16.2	20	18.5
2. Haryana	24	23.9	24	21.2
3. Rajasthan	16	16	16	17.1
A. North Total (1+2+3)	60	56.1	60	56.9
4. Gujarat	87	85.9	87	107.1
5. Maharashtra	74	73.9	74	71.8
6. Madhya Pradesh	18	18	18	18.0
B. Central Total (4+5+6)	179	177.9	179	197.0
7. Andhra Pradesh	76	73.2	76	57.8
8. Karnataka	13	13.9	13	13.3
9. Tamil Nadu	6	3.9	6	6.9
C. South Total (7+8+9)	95	91.1	95	78.1
10. Orissa	4	3.9	4	2
11. Others	2	2	2	1.9
D. Total (10+11)	6	5.93	6	3.9
Grand Total (A+B+C+D)	340	331.15	340	336.1
* 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	41700	36554	42200	36269	42900
August	35646	-	38085	-	38064	-
September	33275	-	35878	-	35717	-

Source: Textile Commissioner and Cotton Corporation of India

Cotton Futures

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



(Rs/20 kgs)

- Prices are showing downward movement and touched support of Rs. 952
- Immediate support could be seen at 945 touching such level price could slide up to 935
- Our short term outlook on the contract is sideways to bearish.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
935	945	985	1000

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	900-950	Sideways to Bearish Momentum

Cotton Future Contracts on ICE (International Market)

ICE Futures Cotton					
Contracts	26/7/2013	27/6/2013	26/7/2012	% Month change	%Y-o-Y change
Jul-13	-	36888.42	32061.36	-	-
Oct-13	37836.20	37598.15	33485.58	0.63	12.99
Dec-13	37523.21	36897.24	-	1.70	-
Mar-14	36464.99	36191.91	-	0.75	-
May-14	36526.94	35914.19	-	1.71	-
July-14	36372.65	35764.31	-	1.70	-

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

ICE Cotton Futures (December 2013 Contract) Technical Analysis



October 2013 contract (ICE) begins with bullish trend in the month of July. Prices ranged 82-92 during the month. Immediate support level is at 84 breaching this may touch 82 levels during upcoming week.

Support 2	Support 1	Resistance 1	Resistance 2
82	84	88	94

All in cents/pound

Source: MRCI

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