

## DOMESTIC MARKET OUTLOOK

---

Cotton production this season (2013-14) would be 353 lakh bales according to the DAC (Department of Agriculture and Cooperation) first estimates, whereas it was 340 lakh bales last season.

CCI (Cotton Corporation of India) offers 10500 bales of cotton to sell, through E-auction.

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

Degraded quality of cotton has been reported in crop of Madhya Pradesh and Maharashtra, fetching lower prices

Yield of cotton though initially gained significantly, but it is likely to decline during the consequences in later stages. The factors for the yield loss include excess rain in Punjab and Gujarat, cyclone in Andhra Pradesh and pest attack in few districts of Gujarat.

According to Ministry of Agriculture, Area under the cotton cultivation 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.

## INTERNATIONAL MARKET OUTLOOK

---

Due to decline in production in China and USA, World production during the current season would be on the weaker side of around 25.52 million tones.

Ending stock of China, would be around 11-12 million tons during season 2013-14, according to ICAC.

China, the largest importer in the world, is likely to show sharp decline in imports this season as it possesses almost 62% of the world cotton stock and this year it is likely to utilize it, besides that import policy of China is quite restrictive and quota based.

According to the USDA estimates, United States, India and Australia followed by Uzbekistan, Brazil, Burkina and Greece would be the major exporter this year.

China has sold cotton from its inventory, putting pressure on the International Prices.

Fall in prices due to decline in import from China would be compensated slightly by the global production deficit, which would maintain the international prices at moderate to higher level.

### Domestic Cotton Prices and Arrivals

#### Cotton Prices at Key Spot Markets:

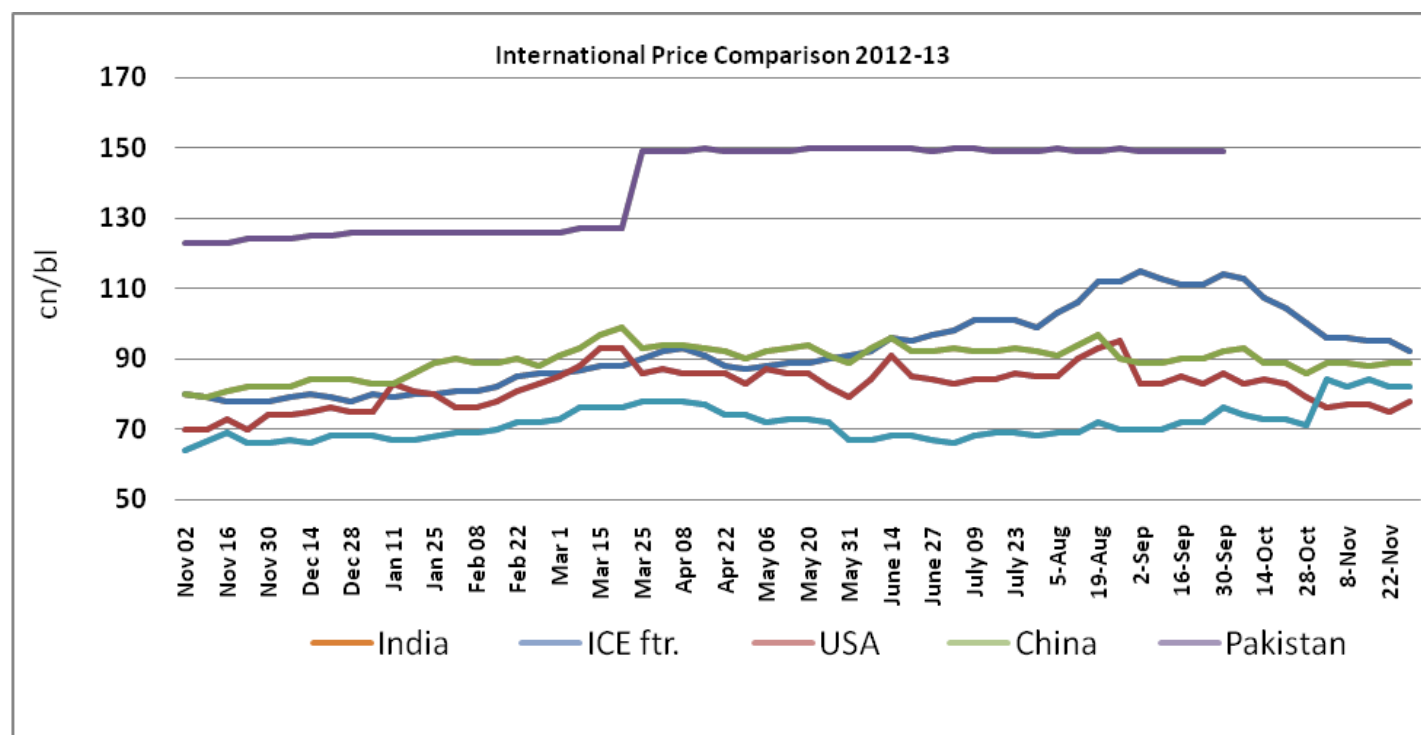
Centre	Variety	Prices (Rs/Qtl)		%Change
		30.11.13	30.10.13	
Amravati	Mech-1	4300	4300	Unch
Khandwa	Mech-1	4700	No Arrival	-
Khargaon	Mech-1	4700	No Arrival	-
Mahesana(Kadi)	B.T. Cotton	4850	5000	-3.00
Muktsar	B.T. Cotton	5050	5425	-6.91
Patan	B.T. Cotton	4535	5300	-14.43
Rajkot	B.T. Cotton	4810	5175	-7.05
Fazilika*	B.T. Cotton	4925	5450	-9.63
Fazilika	B.T. Cotton	4100	4625	-11.35
Bhiwani*	B.T. Cotton	5000	5350	-6.54
Bhiwani	B.T. Cotton	4100	4510	-9.09
Ahmedabad	Shankar-6	4750	5125	-7.32
Gondal	Shankar-6	4735	5155	-8.15
Sri-Ganganagar	J-34	4050	4500	-10.00
Abohar	J-34	4175	4630	-9.83
Muktsar	J-34	4180	4635	-9.82

#### Cotton Cumulative Arrivals in Key Centers:

Centre	Variety	Arrivals		%Change
		30.11.13	30.10.13	
Amravati	Mech-1	130000	32000	306.25
Khandwa	Mech-1	13800	No Arrival	-
Khargaon	Mech-1	103000	No Arrival	-
Mahesana(Kadi)	B.T. Cotton	1095000	223700	389.49
Muktsar	B.T. Cotton	4220	7480	-43.58
Patan	B.T. Cotton	342272	181222	88.87
Rajkot	B.T. Cotton	151050	131020	15.29
Fazilika	B.T. Cotton	24000	22400	7.14
Bhiwani*	B.T. Cotton	23300	17900	30.17
Ahmedabad	Shankar-6	1322600	272200	385.89
Gondal	Shankar-6	43421	66293	-34.50
Sri-Ganganagar	J-34	59840	30700	94.92
Abohar	J-34	21590	30532	-29.29
Muktsar	J-34	7174	7480	-4.09

**Cotton Association of India Spot Rates:**

Variety Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				(29/11/2013)	29/10/2013)	
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	39600	40000	-1.00
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	40400	41000	-1.46
J-34(202)	26mm	3.5 - 4.9	23	NQ	NQ	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38100	42200	-9.72
Shankar-6(105)	29mm	3.5 - 4.9	28	38800	42500	-8.71
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39400	43600	-9.63
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39900	NQ	-
DCH-32(107)	34mm	3.0 - 3.8	33	56500	55000	2.73

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


Source: Agriwatch Research

\*China prices not available

### State-wise Prices and Arrivals

#### State Wise Comparisons (All prices in Rs/Qtl)

State	Prices November, 2013	Prices October, 2013	Prices November, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4150.35	4500.88	3884.7	-7.79	6.84
Gujarat	4651.36	4640.11	4187.52	0.24	11.08
Haryana	5146.54	5062.21	4397.54	1.67	17.03
Karnataka	4815.38	4792.02	4101.42	0.49	17.41
Madhya Pradesh	4676.03	4688.77	4089.82	-0.27	14.33
Maharashtra	4541.44	4404.9	3992.22	3.1	13.76
Orissa	4135	4030.3	3871.3	2.6	6.81
Pondicherry			2229	—	—
Punjab	4877.14	4734.16	4264.08	3.02	14.38
Rajasthan	5083.61	5085.74	4601.95	-0.04	10.47
Tamil Nadu	4796.42	4550.41	4960.44	5.41	-3.31
Uttar Pradesh	5392.86	4639.9	4618.6	16.23	16.76
Uttrakhand		10357		—	—
Average	4751.47	5123.87	4099.88		

\*Report Generation: As per the data reported by APMCs

#### State wise Arrivals (all in lakh bales of 170 kg each)

States	2012-13*	2012-13	
	Arrivals As on	Production as per CAB	Arrivals As on
	10-11-2013	17-04-2013	10-11-212
1. Punjab	2.24	20	2.6
2. Haryana	2.14	24	2.5
3. Rajasthan	1.17	16	1.51
<b>A. North Total (1+2+3)</b>	<b>5.55</b>	<b>60</b>	<b>6.61</b>
4. Gujarat	6.54	87	5.34
5. Maharashtra	3.77	74	3.19
6. Madhya Pradesh	1.32	18	1.51
<b>B. Central Total (4+5+6)</b>	<b>11.63</b>	<b>179</b>	<b>10.04</b>
7. Andhra Pradesh	5.52	76	2.87
8. Karnataka	1.17	13	0.53
9. Tamil Nadu	0	6	0
<b>C. South Total (7+8+9)</b>	<b>6.69</b>	<b>95</b>	<b>3.4</b>
10. Orissa	0	4	0.02
11. Others	0.12	2	0.16
<b>D. Total (10+11)</b>	<b>0.12</b>	<b>6</b>	<b>0.18</b>
<b>Grand Total (A+B+C+D)</b>	<b>23.99</b>	<b>340</b>	<b>20.23</b>

\* Inclusive of new crop arrivals in September 2013

## Lint Prices:

Prices in Rs/Candy

Month	J-34		H-4		S-6	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
October	29661.92	42980	32794.72	43923	33517.4	44970
November	31580.76		32844.56		33592.16	
December	32452.96		33043.92		33798.64	
January	32837.44		33008.32		33805.76	
February	35165.68		34332.64		35051.76	
March	37949.6		37664.8		38319.84	
April	36963.48		37565.12		38205.92	
May	36507.8		37490.36		37764.48	
June	38871.64		39825.72		39868.44	
July	41278.2		42278.56		42417.4	
August	43321.64		45621.4		45959.6	
September	43143.64		44891.6		47839.28	-

Source: Office of Textile Commissioner

### Cotton Export and Import:

#### Cotton Exports

COTTON EXPORTS (In Lakh Bales)		
	2012-13	2013-14
Oct	2.29	1.43
Nov	7.68	
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	

#### Cotton Imports

COTTON IMPORTS (In Lakh Bales)		
	2012-13	2013-14
Oct	3.30	1.16
Nov	1.98	
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	

(Source: IBIS)

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

Country	Quantity (In Lakh Bales)
China	0.68
Bangladesh	0.52
Hong Kong	0.06
Pakistan	0.03
Indonesia	0.02

(Source: IBIS)

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

Country	Quantity (In Lakh Bales)
Mali	0.27
Cote D Ivoir	0.20

(Source: IBIS)

### International Prices

World Monthly average Cotlook A Index (FE) in US Cent 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	84.65
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
Oct-13	34446.24	34534.40	33908.42822	-0.26	1.59
Dec-13	34979.64	35332.30	—	-1.00	
Mar-14	35200.05	35649.70	—	-1.26	
May-14	35398.42	35909.78	—	-1.42	
July-14	34336.03	34327.21	—	0.03	
Oct-14	33926.06	34093.58	—	-0.49	

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

### Cotton Futures

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

Commodity: Kapas

Exchange: NCDEX

Expiry Month: April'14



(Rs/20 kgs)

#### Monthly Outlook

- Prices during the month faced downtrend, with the range of Rs 906-969.5.
- We expect a slight recovery in the prices in near term.
- Our short term outlook on the contract is Sideways to Bullish.

#### Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
900	920	950	970

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

Markets	Expected Trading Band for the coming month	Expected Trend for coming week
NCDEX	900-970	Sideways to Bearish Momentum



### ICE Cotton Futures (December 2013 Contract) Technical Analysis:

Commodity: Cotton

Exchange: ICE

Expiry Month: December'13



### Monthly Outlook:

- October 2013 contract (ICE) closed sideways in the month of November.
- Prices ranged 74-79 cn/bl during the month.
- We expect prices to remain sideways to firm.

Support 2	Support 1	Resistance 1	Resistance 2
75	77	80	82

All in cents/pound  
Source: MRCI

#### 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.