

Domestic Market

- Cotton prices noticed a firm tone, through this week ended on 23rd March 2013. Prices plunged down on falling arrivals in market.
- 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 15 lakh bales of cotton in domestic market along with NAFED, which could auction 3.63 lakh bales, by first week of April. This move is likely to ease prices which are firm at Rs38,500 a candy.
- Cotton textile exports set to grow at 9 percent to \$9.56 billion in the current fiscal year.
- Domestic spot prices have hit highest of the current season with benchmark Shankar-6 candy at Rs.38, 500. This is due to rising demand from China, falling arrivals, holding of stocks by state agencies and stockiest. Chinese demand which has been growing, has allocated as much as 52.5 lakh bales of import quotas earlier in February 2013.

Weekly Outlook: Lower arrivals in market are making prices decline. Low arrivals are not enough to support prices. Prices are likely to decline in coming week.

International Market

- 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.
- 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.
- Net Upland sales of 114,100 running bales for the 2012/2013 marketing year were down 39 percent from the previous week and 31 percent from the prior.
- USDA projects global 2013-14 cotton production at 115.5 million bales, down 3% from 2012-13.
- China is expected to stockpile 588 lakh bales of cotton in current year 2012-13. Country is expected to off load around 176 lakh bales for current year i.e. 2012-13. Beijing has been selling cotton at 141 US cents a pound in domestic market, where international FOB from major exporters is in range of 90-99 US cents a pound. International markets were down on news of selling of cotton reserves by India and China. ICE futures US declined to 89.10 cents a pound.

Cotton Prices at Key Spot Markets:

Commodity	Centre & Variety	% Change Over Previous Week	Current Week 22/3/2013	Previous Week 15/3/2013
Cotton	Amravati–Vunni Mech-1#	-2%	4800	4900
	Kadi–Bt Cotton#	-2%	5000	5100
	Abohar–J-34*	-3%	4190	4300
	Muktsar–J-34 *(Cotton)	-2%	4200	4290
	*(Kapas BT Cotton)	-5%	4850	5100
	Ahmedabad–Shankar-6#	Unch	5050	5050
	Fajlika *(Cotton New)	-2%	4175	4245
	*(Kapas BT Cotton)	-3%	4950	5111
	Khandwa-(M.P)	-3%	4850	5025
	Khargaon-(M.P)	-3%	4850	5025
	Gondal	-2%	4905	5000
	Rajkot-(B.T)	-1%	4960	4995
	Sri-Ganganagar	Unch	4070	4080
	Patan(B.T. Cotton)	2%	5000	4900

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Centre	Weekly Arrival		% Change
	Current Week 22/03/2013	Previous Week 15/03/2013	
Amravati –Vunni Mech-1#	6400	12500	-49%
Kadi –Bt Cotton	100000	145000	-31%
Abohar–J-34*	4300	3100	39%
Muktsar–J-34#(Kapas BT Cotton)	1950	1750	11%
Ahmedabad – Shankar-6#	121000	126000	-4%
Fajlika#(Kapas BT Cotton)	8500	5925	43%
Khandwa (M.P)	3900	1600	144%
Khargaon-(M.P)	18600	8000	133%
Gondal	5046	7154	-29%
Rajkot-(B.T)	16950	20150	-16%
Sri-Ganganagar	89924	81360	11%
Patan(B.T. Cotton)	32312	43153	-25%

(Amravatai, Fajlika = Quintal,) (Kadi- Motors=100 quintals,) (Ahmadabad, Abohar and Muktsar-Bales)

Cotton Association of India Spot Rates

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (21/03/2013)	Rs. Per Candy (014/03/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35400	36100	-2%
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36400	37100	-2%
J-34(202)	26mm	3.5 - 4.9	23	37800	38400	-2%
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	38300	37800	1%
Shankar-6(105)	29mm	3.5 - 4.9	28	38700	38500	1%
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39900	39400	1%
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	-	-
DCH-32(107)	34mm	3.0 - 3.8	33	48000	47800	Unch

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness sideways to bullish tone in the coming days. Downside could be limited amid increasing demand in the near –term.

State-Wise Arrivals

As on 17 March 2013

(Quantity in lakh bales of 170 kgs)

States	2012-13*		2011-12*	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	23-01-2013	17-3-2013	23-01-2013	17-3-2012
1. Punjab	19	14.08	18.5	14.74
2. Haryana	24	19.55	26	15.8
3. Rajasthan	16	13.92	17.5	13.43
A. North Total (1+2+3)	59	47.55	62	43.97
4. Gujarat	85	54.77	120	76.72
5. Maharashtra	74	55.74	74	50.38
6. Madhya Pradesh	18	14.58	18	14.77
B. Central Total (4+5+6)	177	125.09	212	141.87
7. Andhra Pradesh	72	51.74	56	41.03
8. Karnataka	12	7.93	14	8.16
9. Tamil Nadu	5	1.67	6.5	3.07
C. South Total (7+8+9)	89	61.34	76.5	52.26
10. Orissa	3	2.48	2.5	1.5
11. Others	2	1.1	2	1.61
D. Total (10+11)	5	3.58	4.5	3.11
Grand Total (A+B+C+D)	330	237.56	355	241.21

Source: CCI

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	4378.74	3916.61	3636.52	11.8	20.41
Gujarat	4780.46	4258.18	3983.23	12.27	20.01
Haryana	4776.8	4280.31	4005.6	11.6	19.25
Karnataka	4477.58	4139.02	3665.58	8.18	22.15
Madhya Pradesh	4578.12	4131.4	3710.08	10.81	23.4
Maharashtra	4560.01	4052.99	3633.4	12.51	25.5
Orissa	4066.69	3911.3	3357.69	3.97	21.12
Punjab	4826.6	4372.42	4180.09	10.39	15.47
Rajasthan	4768.65	4457.08	4032.12	6.99	18.27
Tamil Nadu	4645.07	4103.95	3762.59	13.19	23.45
Uttar Pradesh	4034.08	3876.48	-	4.07	-
West Bengal	-	-	3600	-	-
Average	4535.71	4136.34	3778.81	-	-

Source: Agmarket

Technical Analysis of Cotton Futures April 2013 contract at NCDEX

Support and Resistance:

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

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	900-930	Sideways to Bearish Momentum

Future Trend in International Markets; 23 March 2013 to 30 March 2013
ICE Cotton Futures (May 2013 Contract) Technical Analysis


March 2013 Contract of ICE futures closed on up side. Prices ranged between 88.30 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

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