

Domestic Market

- Cotton prices were almost firm on the back of lower arrivals. According to market sources, the overall trend is good and cotton prices increased this week ended on 05 May 2013.
- Cotton Corporation of India (CCI) has started to off load Cotton from last Friday through e-auction. It offered to sell 25,000 bales. In effort to make arrivals in market. 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.

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

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

Cotton Prices at Key Spot Markets:

Commodity	Center	Variety	% Change Over Previous Week	Current Week 03/5/2013	Previous Week 26/4/2013
Cotton	Amravati	Vunni Mech-1#	3.41	4550	4400
	Mahesana-Kadi	Bt Cotton#	0.00	4750	4750
	Abohar	J-34*	2.26	4080	3990
	Muktsar	J-34 *#(Cotton)	2.00	4080	4000
		#(Kapas BT Cotton)	2.22	4600	4500
	Ahmedabad	Shankar-6#	0.00	4950	4950
	Fajilka	#(Cotton New)	4.24	4055	3890
		#(Kapas BT Cotton)	6.86	4750	4445
	Khandwa	(29mm)	0.00	4300	4300
	Khargaon	(MECH-1 29 MM)	0.00	4300	4300
	Gondal	Sankar 6	9.00	4905	4500
	Rajkot	B.T. Cotton	-0.20	4930	4940
	Sri-Ganganagar	Cotton(J-34)	1.53	3970	3910
	Patan	(B.T. Cotton)	-1.23	4815	4875
	Bhiwani	Cotton	4.13	4030	3870
		Kapas-Narma	2.20	4650	4550

*-Rs/maund, #-Rs.qtl

Cotton Arrivals in Key Centers

Center	Variety	Weekly Arrival		% Change
		Current Week 03/5/2013	Previous Week 26/4/2013	
Amravati	Vunni Mech-1#	15800	9000	75.56
Mahesana-Kadi	Bt Cotton#	320	210	52.38
Abohar	J-34*	460	1200	-61.67
Muktsar	#(Kapas BT Cotton)	-	135	-
Ahmedabad	Shankar-6	74000	53000	39.62
Fajilka	#(Kapas BT Cotton)	1500	2200	-31.82
Khandwa	(29mm)	450	1900	-76.32
Khargaon	(MECH-1 29 MM)	3500	7500	-53.33
Gondal	Sankar 6	3243	1423	127.90
Rajkot	B.T. Cotton	10300	6260	64.54
Sri-Ganganagar	Cotton(J-34)	5139	9849	-47.82
Patan	(B.T. Cotton)	10400	4622	125.01
Bhiwani	Kapas-Narma	1200	1100	9.09

(Amravatai, Fajilka = 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 (02/5/2013)	Rs. Per Candy (25/4/2013)	% Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33700	33300	1.20
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34600	34200	1.17
J-34(202)	26mm	3.5 - 4.9	23	36200	35700	1.40
H-4/ MECH- 1(105)	28mm	3.5 - 4.9	27	36400	36200	0.55
Shankar- 6(105)	29mm	3.5 - 4.9	28	37000	36700	0.82
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38700	38400	0.78
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39600	39200	1.02
DCH-32(107)	34mm	3.0 - 3.8	33	48000	46500	3.23

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness sideways to bearish tone in the coming days. Downside could extend amid falling demand in the near –term.

State Wise Comparisons (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	-	-
Pondicherry	-	2501	2578.92	-	-
Punjab	-	4270.17	4270.05	-	-
Rajasthan	4499.26	4669.57	4096.63	-3.65	9.83
Tamil Nadu	3836.42	4668.61	3889.81	-17.83	-1.37
Uttar Pradesh	-	4144	-	-	-
Average	4287.45	4276.58	3671.96	-	-

*Report Generation: As per the data reported by APMCs

Source: Agmarket

International Prices

World Monthly average Cotlook A Index (FE) in US Cent per pound		
Month	2011-12	2012-13
August	114.1	84.4
September	116.9	84.15
October	110.61	82.17
November	104.75	80.87
December	95.45	83.37
January	101.11	85.51
February	100.75	89.71
March	99.5	94.45
April	100.1	94.94
May	88.79	94.92
June	82.18	-
July	83.97	-

Technical Analysis of Cotton Futures April 2013 contract at NCDEX


- Prices are showing upward movement and touched strong resistance of Rs. 1075
- Immediate resistance could be seen at 1055 touching such level price could slide up to 1070.
- 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

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	1030-1075	Sideways to Bullish Momentum

NCDEX 'Shankar Kaps' Futures

NCDEX Shankar Futures			
Contracts	2/5/2013	2/4/2013	Month Change
Oct-13	4987.50	-	-
Dec-13	5057.50	-	-

*PRICE UNIT-Rs/Quintal

International Markets
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 86.53 to 82.12 during the week. Immediate support level is at 80 breaching this may touch 78 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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