

Domestic Market

- India's cotton production this season is likely to be 37 million bales (of 170 kg each), 9.4 % higher than season 2012-13
- Cotton area in Vidarbha, Maharashtra is declining as farmers are switching to soya crop from cotton due to higher cost, labour problems and poor outputs.
- According to Ministry of Agriculture Cotton area sown till date is 113.60 lakh hectares whereas it was 114.44 lakh hectare last year during the same period.
- The decision of levying 10% duty on export of cotton beyond a declared or revised exportable surplus has been taken by Group of Minister (GoM) including textile and commerce minister.
- New arrivals have started to arrive in the market, leading active trading activities and uptrend in the prices.
- **Weekly Outlook:** Cotton prices will remain sideways in near term due to sluggish trading activities ruling in the market but it is expected to decline in future as China imports are likely to decline and country is expecting higher production this year.

International Market

- World cotton production is expected to decline by 2.9 % as compared to season 2012-13, whereas estimates for this month are higher than previous month by 0.8 % amid good crop prospects in India.
- USA cotton production is likely to decline by 25.5% on Y-o-Y basis, as per the USDA September estimates.
- China, the largest importer of cotton, seems to lower its import by around 45% in coming season, which could lead to a fall in domestic prices.
- The exports from Egypt have increased sharply by 51.8 % in May-March '13 season
- Entrepreneurs of USA are seeking export potential for their cotton to Vietnam, as it has emerged as one of the major cotton importing nations

Cotton Prices at Key Spot Markets:

| Centre | Variety | Prices (Rs/Qtl) | | Change % |
|----------------|--------------------|-----------------|------------|----------|
| | | 20-Sep-13 | 13-Sep-13 | |
| Amravati | Mech-1 | No Arrival | No Arrival | - |
| 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 | 6210 | 6140 | 1.14 |
| Fazilika* | B.T. Cotton | 4600 | 4560 | 0.88 |
| Fazilika* | B.T. Cotton(Narma) | 5000 | 4800 | 4.17 |
| Bhiwani | B.T. Cotton | 4550 | 4750 | -4.21 |
| Bhiwani* | B.T. Cotton | 5200 | 5000 | 4.00 |
| Sirsa | B.T. Cotton | 4550 | 4850 | -6.19 |
| | | | | |
| Ahmedabad | Shankar-6 | No Arrival | No Arrival | - |
| Gondal | Shankar-6 | 5755 | 5875 | -2.04 |
| | | | | |
| Sri-Ganganagar | J-34 | No Arrival | No Arrival | - |
| Abohar* | J-34 | 4550 | 4600 | -1.09 |
| Muktsar | J-34 | No Arrival | No Arrival | - |

* New Crop

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change % |
|----------------|-------------|----------------|------------|----------|
| | | 20-Sep-13 | 13-Sep-13 | |
| Amravati | Mech-1 | No Arrival | No Arrival | - |
| 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 | 1415 | 1390 | 1.80 |
| Fazilika | B.T. Cotton | No Arrival | No Arrival | - |
| Fazilika* | B.T. Cotton | 430 | 40 | - |
| Bhiwani* | B.T. Cotton | 2700 | 500 | - |
| Sirsa | B.T. Cotton | 1000 | No Arrival | - |
| | | | | |
| Ahmedabad | Shankar-6 | No Arrival | No Arrival | - |
| Gondal | Shankar-6 | 311 | 338 | -7.99 |
| | | | | |
| Sri-Ganganagar | J-34 | No Arrival | No Arrival | - |
| Abohar* | J-34 | 735 | 200 | - |
| Muktsar | J-34 | No Arrival | No Arrival | - |

* New Crop

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change % |
|--|---------------|------------|------------------|------------------|------------------|--------------|
| | | | | 19-Sep-13 | 12-Sep-13 | |
| Bengal Deshi (RG)/ Assam Comilla(101) | Below 22mm | 5.0 - 7.0 | 15 | 38500 | 39400 | -2.28 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 39500 | 39900 | -1.00 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 42400 | 43600 | -2.75 |
| H-4/ MECH-1(105) | 28mm | 3.5 – 4.9 | 27 | 46400 | 47100 | -1.49 |
| Shankar-6(105) | 29mm | 3.5 – 4.9 | 28 | 46900 | 47400 | -1.05 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 47500 | 48100 | -1.25 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 48500 | 49200 | -1.42 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 57300 | 57500 | -0.35 |

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness bullish tone in the coming days.

State Wise Comparisons (in Rs/Qtl)

| State | Prices September, 2013 | Prices August, 2013 | Prices September, 2012 | % Change(Over Previous Month) | % Change(Over Previous Year) |
|----------------|------------------------------|------------------------|------------------------------|-------------------------------------|---------------------------------|
| Andhra Pradesh | 5277.41 | 5022.56 | 4204.5 | 5.07 | 25.52 |
| Gujarat | 5653.09 | 5478.11 | 3729.63 | 3.19 | 51.57 |
| Haryana | 5015.31 | 5190.11 | 3902.42 | -3.37 | 28.52 |
| Karnataka | 4990.23 | 4842.26 | 4240.64 | 3.06 | 17.68 |
| Madhya Pradesh | 5333.61 | | 3380.08 | — | 57.8 |
| Maharashtra | | | 3769.42 | — | — |
| Pondicherry | 2854.93 | 3149.51 | 3049.42 | -9.35 | -6.38 |
| Punjab | 4967.36 | | 3655.37 | — | 35.89 |
| Rajasthan | 4903.34 | 4900.51 | 3143.74 | 0.06 | 55.97 |
| Tamil Nadu | 5154.8 | 5472.14 | 3835.25 | -5.8 | 34.41 |
| Uttar Pradesh | 4404.34 | | 4440.81 | — | -0.82 |
| Average | 4855.44 | 4865.03 | 3759.21 | | |

*Report Generation: As per the data reported by APMCs

(Source: Agmarket)

Cotton Export and Import:
Cotton Exports

| Cotton Exports(In Lakh Bales) | | |
|-------------------------------|---------------|-------------|
| Month | 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 | 2.06 |
| Aug | 0.48 | 2.5 |
| Sep | 0.61 | - |
| Total | 126.65 | 91.9 |

Cotton Imports

| Cotton Imports(In Lakh Bales) | | |
|-------------------------------|-------------|--------------|
| Month | 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 | 1.1 |
| Aug | 0.63 | 1.01 |
| Sep | 1.98 | - |
| Total | 7.45 | 10.81 |

Export Break-Up by Major Countries in Month of August-2013

| Country | Quantity (In Lakh Bales) |
|------------|-----------------------------|
| Bangladesh | 1.10 |
| China | 0.71 |
| Pakistan | 0.16 |
| Vietnam | 0.15 |
| Indonesia | 0.04 |

(Source: IBIS)

Import Break-Up by Major Countries in Month of August-2013

| Country | Quantity (In Lakh Bales) |
|---------|-----------------------------|
| Mali | 0.35 |
| USA | 0.14 |

(Source: IBIS)

International Prices

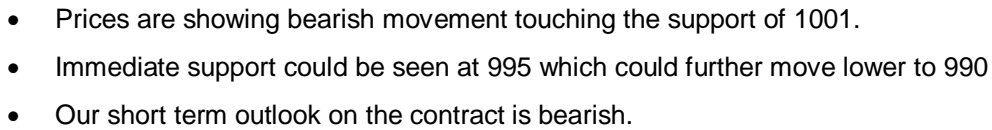
| World Monthly average Cotlook A Index (FE) in US Cent per pound | | |
|---|---------|---------|
| Month | 2012-13 | 2013-14 |
| August | 84.4 | 92.5 |
| September | 84.15 | |
| October | 82.17 | |
| November | 80.87 | |
| December | 83.37 | |
| January | 85.51 | |
| February | 89.71 | |
| March | 94.45 | |
| April | 94.94 | |
| May | 94.92 | |
| June | 93.35 | |
| July | 92.6 | |

Cotton Future Contracts on ICE (International Market)

| ICE Futures Cotton | | | | | |
|--------------------|------------|------------|------------|----------------|---------------|
| Contracts | 20/09/2013 | 20/08/2013 | 20/09/2012 | % Month change | %Y-o-Y change |
| Oct-13 | 36734.13 | 39127.82 | 34715.142 | -6.12 | 5.82 |
| Dec-13 | 37258.71 | 39171.90 | -- | -4.88 | |
| Mar-14 | 37210.22 | 38034.57 | -- | -2.17 | |
| May-14 | 37139.69 | 37465.90 | -- | -0.87 | |
| July-14 | 36976.59 | 36822.30 | -- | 0.42 | |
| Oct-14 | 35169.19 | 34706.33 | -- | 1.33 | |

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

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



| Support 2 | Support 1 | Resistance 1 | Resistance 2 |
|-----------|-----------|--------------|--------------|
| 990 | 995 | 1040 | 1045 |

| Markets | Expected Trading Band for the coming week | Expected Trend for coming week |
|---------|---|--------------------------------|
| NCDEX | 990-1045 | Bearish Momentum |

ICE Cotton Futures (October 2013 Contract) Technical Analysis



October 2013 Contract of ICE futures closed lower. Prices ranged 82 to 86 during the week. Immediate support level is at 82 which could move higher to 84

We expect price to remain sideways in near term.

| Support 2 | Support 1 | Resistance 1 | Resistance 2 |
|-----------|-----------|--------------|--------------|
| 82 | 84 | 86 | 88 |

All in cents/pound

Source: MRCI

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