

### Domestic Market

- Cotton production is expected to be around 37-37.5 million bales in season 2013-14, according to Union Textile Minister K.S. Rao.
- According to Ministry of Agriculture, production of cotton this year was 35.3 million bales.
- Textile Minister K.S.Rao would soon take up with the Ministry of Commerce the issue of restoration of export incentives given to cotton and cotton yarn under Focus Market Scheme (FMS).
- According to Ministry of Agriculture Cotton area sown till date is 114.67 lakh hectares whereas it was 117.29 lakh hectare last year during the same period.
- The recent Telangana issue has severely affected the Gujarat textile makers, causing the chances for cotton price to move down.
- **Weekly Outlook:** Cotton prices will remain sideways to bullish in near term as traders, ginnners and millers are likely to buy. Prices could move down after a saturation level of buying arrived, as there would not be any supply shortage.

### International Market

- Vietnam has emerged as fifth largest cotton Importer, with import sentiments of 6 lakh tons in year 2013.
- In Australia, cotton sowing area is expected to decline by 2% in season 2013-14.
- USA cotton farmer are seeking aid from bank as government shutdown stretches.
- China cotton import quota declared for year 2014 is 89400 tones.
- A MoU has been signed by Chinese buyer with Indian companies for procurement of cotton and cotton yarn worth USD 93 million, beckoning higher domestic prices of cotton in future.

- World cotton production is expected decline by 2.9 % as compare season 2012-13, whereas estimates for this month are higher than previous month by 0.8 % amid good crop prospects in India.

### Cotton Prices at Key Spot Markets:

Centre	Variety	Prices (Rs/Qtl)		%Change
		11.10.13	4.10.13	
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	5750	No Arrival	-
Muktsar	B.T. Cotton	No Arrival	No Arrival	-
Patan	B.T. Cotton	6255	No Arrival	-
Rajkot	B.T. Cotton	5925	6550	-0.48
Fazilika	B.T. Cotton	3980	4640	-14.22
Fazilika*	B.T. Cotton	5225	5250	0.47
Bhiwani	B.T. Cotton	4650	4650	-1.93
Bhiwani*	B.T. Cotton	5325	5300	-0.48
Sirsa	B.T. Cotton	4570	4660	-1.93
Ahmedabad	Shankar-6	5000	5750	-13.04
Gondal	Shankar-6	3005	6405	-53.08
Sri-Ganganagar	J-34	4560	4640	-1.72
Abohar	J-34	4630	4650	-0.43
Muktsar	J-34	4600	4650	-1.08

\* New Crop

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		%Change
		11.10.13	4.10.13	
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	10	No Arrival	-
Muktsar	B.T. Cotton	No Arrival	3485	-
Patan	B.T. Cotton	2590	No Arrival	-
Rajkot	B.T. Cotton	3600	4955	-27.35
Fazilika	B.T. Cotton	No Arrival	No Arrival	-
Fazilika*	B.T. Cotton	2000	1800	11.11
Bhiwani	B.T. Cotton	850	7500	-88.67
Sirsa	B.T. Cotton	850	3570	-76.19
Ahmedabad	Shankar-6	6000	8700	-31.03
Gondal	Shankar-6	640	877	-27.02
Sri-Ganganagar	J-34	1500	No Arrival	-
Abohar	J-34	1020	3740	-72.73
Muktsar	J-34	255	3485	-92.68

\* New Crop

### Cotton Association of India Spot Rates:

Variety Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Oct-13	3-Oct-13	
Bengal Deshi (RG)/ Assam Comilla(101)	<22mm	5.0 - 7.0	15	37500	38000	-500
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38500	39000	-500
J-34(202)	26mm	3.5 - 4.9	23	-	43400	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45500	47500	-2000
Shankar-6(105)	29mm	3.5 - 4.9	28	45500	48200	-2700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46500	48600	-2100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	49200	-
DCH-32(107)	34mm	3.0 - 3.8	33	56500	57500	-1000

### **Fundamental Cotton Price Outlook for Coming Week**

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

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

State	Prices October, 2013	Prices September, 2013	Prices October, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4865.01	5225.82	3909.23	-6.9	24.45
Gujarat	4543.74	5425.09	4080.84	-16.25	11.34
Haryana	5081.64	5121.06	4391.7	-0.77	15.71
Karnataka	4916.65	4900.78	3988.83	0.32	23.26
Madhya Pradesh	4693.24	4934.45	3852.78	-4.89	21.81
Maharashtra	4550		3768.74	—	20.73
Pondicherry		2854.93	2531.93	—	—
Punjab	5025.11	5025.03	4324.3	0	16.21
Rajasthan	5056.08	5059.57	4576.46	-0.07	10.48
Tamil Nadu	4527.13	5067.28	3835.19	-10.66	18.04

Uttar Pradesh	4611.43	4426.19	4394.31	4.19	4.94
Average	4787	4804.02	3968.57		

\*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	1.22
Total	126.65	93.12

### 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	0.99
Total	7.45	12.61

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

Country	Quantity (In Lakh Bales)
Bangladesh	0.74
China	0.17
Pakistan	0.08
Hong Kong	0.06
Vietnam	0.04

(Source: IBIS)

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

Country	Quantity (In Lakh Bales)
Pakistan	0.238
Mali	0.149

(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	89.9
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	04/10/2013	04/09/2013	04/10/2012	% Month change	%Y-o-Y change
Oct-13	36751.76	37382.15	32788.72714	-1.69	12.09
Dec-13	37126.47	37183.77	33070.86	-0.15	12.26
Mar-14	37267.53	36980.99	0.00	0.77	
May-14	37205.82	36791.44	0.00	1.13	
July-14	35442.51	36548.98	0.00	-3.03	

<b>Oct-14</b>	35063.40	34732.78	0.00	0.95	
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\*PRICE UNIT-Rs/Candy (1Candy=356kg)

## Cotton Futures:

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



- Price range during the week was 987-1015.
- Prices are moving sideways seeking support of 993 which could further move up to 995.
- RSI is moving in neutral region supporting weak to steady tone.
- Our short term outlook on the contract is bearish to sideways.

#### Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
995	993	1010	1015

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

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
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<b>NCDEX</b>	<b>995-1010</b>	<b>Sideways Momentum</b>
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### ICE Cotton Futures (October 2013 Contract) Technical Analysis



- October 2013 Contract of ICE futures closed lower.
- Prices ranged 83 to 88 during the week. Immediate support level is at 83 which could move lower to 82.
- We expect price to remain bearish to sideways in near term.

<b>Support 2</b>	<b>Support 1</b>	<b>Resistance 1</b>	<b>Resistance 2</b>
<b>82</b>	<b>83</b>	<b>87</b>	<b>88</b>

All in cents/pound

Source: MRCI

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