

Domestic Market

- Cotton production is expected to be around 382 lakh bales (of 170 kg each) this season (Oct-Sep), with Gujarat contributing 120 lakh bales.
- 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 bearish to sideways in coming days due to sluggish buying amid low demand and arrivals of new crops in the market.

International Market

- Consumption of cotton will increase significantly in Bangladesh in FY 2013-14, due to consistent export growth of readymade garments and yarn.
- In Australia, cotton sowing area is expected to decline by 2% in season 2013-14.
- 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 %
		18-Oct-13	11-Oct-13	
Amravati	Mech-1	3800	No Arrival	-
Khandwa	Mech-1	No Arrival	No Arrival	-
Khargaon	Mech-1	No Arrival	No Arrival	-
Mahesana(Kadi)	B.T. Cotton	5500	5750	-4.35
Muktsar	B.T. Cotton	No Arrival	No Arrival	-
Patan	B.T. Cotton	6260	6255	0.08
Rajkot	B.T. Cotton	5275	5925	-10.97
Fazilika*	B.T. Cotton(Narma)	5350	5225	2.39
Bhiwani	B.T. Cotton	4700	4650	1.08
Bhiwani*	B.T. Cotton	5500	5325	3.29
Sirsa	B.T. Cotton	4610	4570	0.88
Ahmedabad	Shankar-6	5250	5000	5.00
Gondal	Shankar-6	5875	3005	95.51
Sri-Ganganagar	J-34	4600	4560	0.88
Abohar*	J-34	4685	4630	1.19
Muktsar	J-34	4700	4600	2.17

* New Crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		18-Oct-13	11-Oct-13	
Amravati	Mech-1	1000	No Arrival	-
Khandwa	Mech-1	No Arrival	No Arrival	-
Khargaon	Mech-1	No Arrival	No Arrival	-
Mahesana(Kadi)	B.T. Cotton	89	28	217.86
Muktsar	B.T. Cotton	No Arrival	No Arrival	-
Patan	B.T. Cotton	22402	8182	173.80
Rajkot	B.T. Cotton	28200	24750	13.94
Fazilika*	B.T. Cotton	3200	3500	-8.57
Bhiwani*	B.T. Cotton	9000	9900	-9.09
Sirsa	B.T. Cotton	4420	7650	-42.22
Ahmedabad	Shankar-6	10900	43000	-74.65
Gondal	Shankar-6	20243	10825	87.00
Sri-Ganganagar	J-34	6500	8000	-18.75
Abohar*	J-34	4760	6970	-31.71
Muktsar	J-34	1063	1488	-28.56

* New Crop

Cotton Association of India Spot Rates:

Variety Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Oct-13	10-Oct-13	
Bengal Deshi (RG)/ Assam Comilla(101)	<22mm	5.0 - 7.0	15	37000	37500	-500
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38000	38500	-500
J-34(202)	26mm	3.5 - 4.9	23	NQ	NQ	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44600	45500	-900
Shankar-6(105)	29mm	3.5 - 4.9	28	45100	45500	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46000	46500	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NQ	NQ	-
DCH-32(107)	34mm	3.0 - 3.8	33	56500	56500	Unch

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness bearish to sideways momentum in 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	4876.66	5225.77	3909.23	-6.68	24.75
Gujarat	4556.86	5426.68	4080.84	-16.03	11.66
Haryana	5108.23	5121.06	4391.7	-0.25	16.32
Karnataka	4926.06	4900.78	3988.83	0.52	23.5
Madhya Pradesh	4660.88	4895.13	3852.78	-4.79	20.97
Maharashtra	4550		3768.74	—	20.73
Pondicherry		2854.93	2531.93	—	—
Punjab	5039.23	5025.03	4324.3	0.28	16.53
Rajasthan	5091.02	5059.57	4576.46	0.62	11.24
Tamil Nadu	4537.1	5067.28	3835.19	-10.46	18.3
Uttar Pradesh	4615.06	4426.19	4394.31	4.27	5.02
Uttrakhand	10357			—	—
Average	5301.65	4800.24	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	90.8
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	18/10/2013	18/09/2013	18/10/2012	% Month change	%Y-o-Y change
Oct-13	36637.15	37792.12	34252.27344	-3.06	6.96
Dec-13	37170.55	37708.36	34578.49	-1.43	7.50
Mar-14	37430.64	37532.03	0.00	-0.27	
May-14	37465.90	37417.41	0.00	0.13	
July-14	35724.64	37219.04	0.00	-4.02	
Oct-14	35297.03	35367.57	0.00	-0.20	

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

Cotton Futures:

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



- Price range during the week was 990-1013.
- Prices are moving downward seeking support of 990 which could further move down to 985.
- RSI is moving in neutral region supporting steady to weak tone.
- Our short term outlook on the contract is sideways to bearish.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
985	990	1010	1015

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	985-1010	Bearish Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis



- October 2013 Contract of ICE futures closed sideways.
- Prices ranged 83 to 85 during the week. Immediate support level is at 83 which could move lower to 82.
- We expect price to remain sideways to bearish in near term.

Support 2	Support 1	Resistance 1	Resistance 2
82	83	85	86

All in cents/pound

Source: MRCI

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