

DOMESTIC MARKET

- Cotton production this season (2013-14) would be 353 lakh bales according to the DAC (Department of Agriculture and Cooperation) first estimates.
- Around 10 lakh acre of crop has been destroyed by Cyclone Helen in Andhra Pradesh, majorily affecting Krishna and Godavari delta.
- Gujarat is likely to produce 11.5 million bales of cotton this season (2013-14) whereas it was 8.7 million bales last season.
- According to the market participants, consumption this year is likely to increase to 300 lakh bales, compared to 287 lakh bales last year.
- Yield of cotton though initially gained significantly, but it is likely to decline during the consequences in later stages. The factors for the yield loss include excess rain in Punjab and Gujarat, cyclone in Andhra Pradesh and pest attack in few districts of Gujarat.
- According to Ministry of Agriculture, Area under the cotton cultivation stood 114.67 lakh hectares this season (2013-14), compared to 117.29 lakh hectares last season. Reason for the decline in the same is high labor cost, low yield and high risk associated with the crop.

INTERNATIONAL MARKET

- Brazil is likely to produce 1.63 million tons of cotton during the season 2013-14 and it will export around 540 thousand tons.
- World cotton stockpiles next year would be around 19.81 million tones, 7% bigger than what was estimated in July this year, as reported by ICAC.
- Cotton production in China during the year 2013-14 would be 6.678 million tones, 12.3% lesser than previous year.
- China, the largest importer in the world, is likely to show sharp decline in imports this season as it posses almost 62% of the world cotton stock and this year it is likely to utilize it, besides that import policy of china is quite restrictive and quota based.
- During the initial 10 months of the year, China has imported around 3.37 million tons of fiber, 21.7% lesser than the import during the same period last year.
- According to the USDA estimates, United States, India and Australia followed by Uzbekistan, Brazil, Burkina and Greece would be the major exporter this year.
- Production of cotton in Pakistan this season till 15 November stood around 9.51 million bales, compared to 8.519 million bales during the same period last season

Cotton Prices at Key Spot Market:

Centre	Variety	Prices (Rs/Qtl)		Change %
		22-Nov-13	15-Nov-13	
Amravati	Mech-1	4500	4400	2.27
Khandwa	Mech-1	4850	Closed	-
Khargaon	Mech-1	4850	Closed	-
Mahesana(Kadi)	B.T. Cotton	5025	5000	0.50
Muktsar	B.T. Cotton	4955	5280	-6.16
Patan	B.T. Cotton	4880	4500	8.44
Rajkot	B.T. Cotton	5300	5000	6.00
Fazilika*	B.T. Cotton	5100	5215	-2.21
Bhiwani	B.T. Cotton	4230	4200	0.71
Bhiwani*	B.T. Cotton	4450	5270	-15.56
Sirsa	B.T. Cotton	5250	4250	23.53
Ahmedabad	Shankar-6	4900	4950	-1.01
Gondal	Shankar-6	4895	Closed	-
Sri-Ganganagar	J-34	4230	4250	-0.47
Abohar*	J-34	4330	4360	-0.69
Muktsar	J-34	4335	4375	-0.91
Fazilika*	J-34	4350	4390	Unch
Bhatinda	J-34	4335	4345	-0.23
Mansa	J-34	4330	4375	-1.03

* New Crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		22-Nov-13	15-Nov-13	
Amravati	Mech-1	34000	26000	30.77
Khandwa	Mech-1	3500	5000	-30.00
Khargaon	Mech-1	50000	17000	66.00
Mahesana(Kadi)	B.T. Cotton	250000	325000	-23.08
Muktsar	B.T. Cotton	1615	1955	-17.39
Patan	B.T. Cotton	98806	116260	-15.01
Rajkot	B.T. Cotton	44200	39750	11.19
Fazilika*	B.T. Cotton	6900	6300	9.52
Sirsa	B.T. Cotton	7480	7650	-2.22
Bhiwani*	B.T. Cotton	3700	6800	-45.59
Ahmedabad	Shankar-6	414800	323000	28.42
Gondal	Shankar-6	16704	8679	48.04
Sri-Ganganagar	J-34	17000	17850	-4.76
Abohar*	J-34	4590	7820	-41.30
Bhatinda	J-34	140250	144500	-2.94
Mansa	J-34	3825	4080	-6.25

* New Crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				21-Nov-13	14-Nov-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	41600	-4.09
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	42600	-3.99
J-34(202)	26mm	3.5 - 4.9	23	NQ	NQ	--
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39200	39800	-1.51
Shankar-6(105)	29mm	3.5 – 4.9	28	40100	40500	-0.99
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40400	40900	-1.22
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40600	41200	-1.46
DCH-32(107)	34mm	3.0 - 3.8	33	55000	54000	1.85

Fundamental Cotton Price Outlook for Coming Week

We expect cotton prices to witness bearish to sideways momentum.

State Wise Comparisons (in Rs/Qtl)

State	Prices November, 2013	Prices October, 2013	Prices November, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4168.32	4502.84	3884.7	-7.43	7.3
Gujarat	4662.53	4639.95	4187.52	0.49	11.34
Haryana	5186.82	5062.21	4397.54	2.46	17.95
Karnataka	4590.82	4792.02	4101.42	-4.2	11.93
Madhya Pradesh	4674.38	4703.7	4089.82	-0.62	14.29
Maharashtra	4531.6	4404.9	3992.22	2.88	13.51
Orissa		4030.3	3871.3	—	—
Pondicherry			2229	—	—
Punjab	4805.03	4734.16	4264.08	1.5	12.69
Rajasthan	5086.04	5085.74	4601.95	0.01	10.52
Tamil Nadu	4816.43	4550.41	4960.44	5.85	-2.9
Uttar Pradesh	5392.86	4639.9	4618.6	16.23	16.76
Uttrakhand		10357		—	—
Average	4791.48	5125.26	4099.88		

(Source: Agmarket)

Cotton Export and Import:

Cotton Exports

Cotton Exports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	2.29	1.43
Nov	7.68	
Dec	15.83	
Jan	19.71	
Feb	20.67	
Mar	13.07	
Apr	2.50	
May	2.58	
Jun	3.01	
Jul	2.06	
Aug	2.5	
Sep	1.22	
Total	93.12	

Cotton Imports

Cotton Imports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	3.30	1.16
Nov	1.98	
Dec	0.88	
Jan	0.63	
Feb	0.56	
Mar	0.55	
Apr	0.76	
May	0.80	
Jun	0.05	
Jul	1.1	
Aug	1.01	
Sep	0.99	
Total	12.61	

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

Country	Quantity (In Lakh Bales)
China	0.68
Bangladesh	0.52
Hong Kong	0.06
Pakistan	0.03
Indonesia	0.02

(Source: IBIS)

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

Country	Quantity (In Lakh Bales)
Mali	0.27
Cote D Ivoir	0.20

(Source: IBIS)

International Prices

World Monthly average Cotlook A Index (FE) in US Cent per pound		
Month	2012-13	2013-14
August	84.4	92.58
September	84.15	90.09
October	82.17	89.49
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	92.62	

Cotton Future Contracts on ICE (International Market)

ICE Futures Cotton					
Contracts	01/11/2013	01/10/2013	01/11/2012	% Month change	%Y-o-Y change
Dec-13	33154.61	36346.20	33762.95525	-8.78	-1.80
Mar-14	34045.08	36906.05	0.00	-7.75	
May-14	34243.46	37183.77	0.00	-7.91	
July-14	34477.10	37280.76	0.00	-7.52	
Oct-14	33635.12	35517.45	0.00	-5.30	
Dec-14	33441.15	35125.11	0.00	-4.79	

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

Cotton Futures:

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



- NCDEX April contract remained weak as there is demand slack due to higher availability.
- Price range during the week was Rs. 921-945.5(per 20 kg.).
- Immediate support could be seen at 920 which could further slide down to 910.
- Resistance would be at 945 which could further move up to 955.

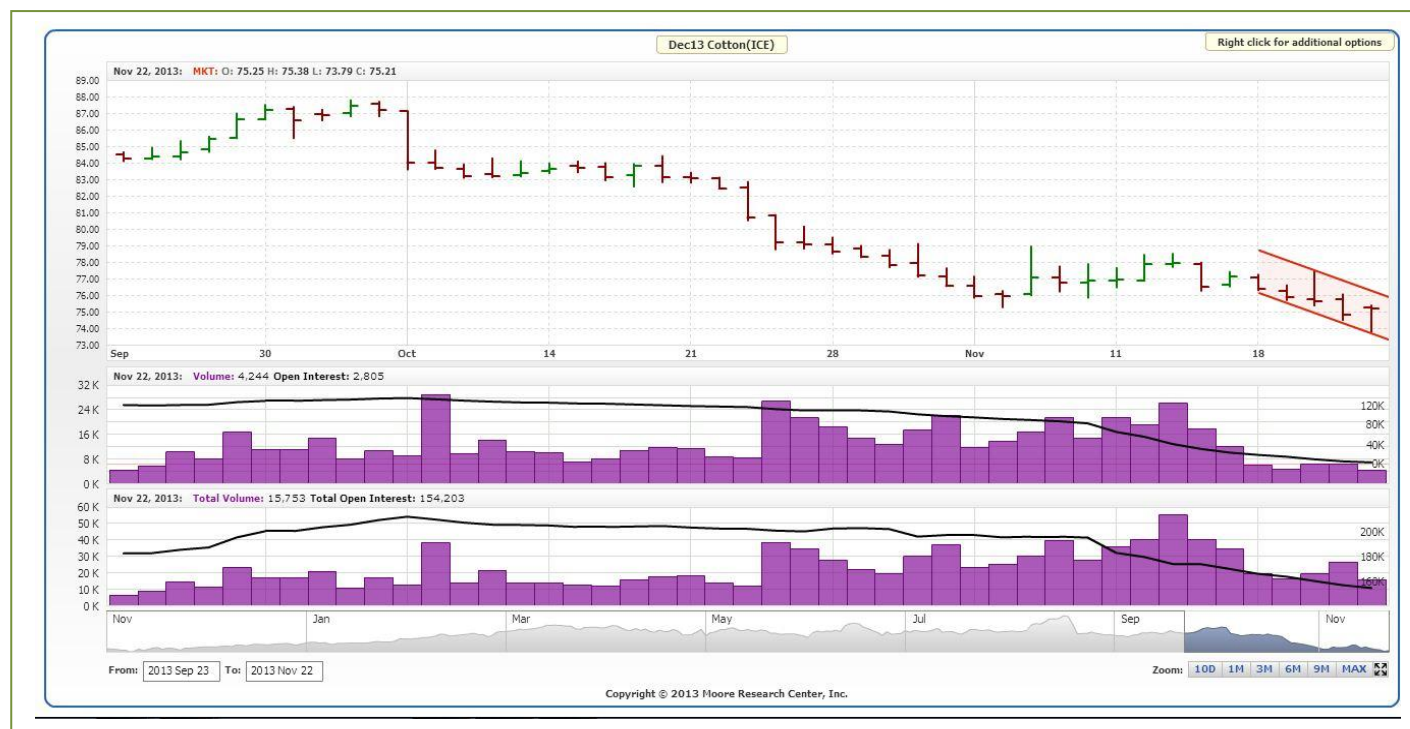
Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
910	920	945	955

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	910-955	Bearish to Sideways Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis



- ICE October 2013 future contract closed weak.
- Prices ranged 73.79-77.5 cents/pound during the week.
- Immediate support level is at 75 which could further move down to 73.
- We expect price to rule bearish to sideways.

Support 2	Support 1	Resistance 1	Resistance 2
71	73	78	80

All in cents/pound

Source: MRCI

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