

DOMESTIC MARKET OUTLOOK

Cotton production this season (2013-14) would be 353 lakh bales according to the DAC (Department of Agriculture and Cooperation) first estimates.

Degraded quality of cotton has been reported in crop of Madhya Pradesh and Maharashtra, fetching lower prices.

CCI (Cotton Corporation of India) offers 10500 bales of cotton to sell, through E-auction.

Gujarat is likely to produce 11.5 million bales of cotton this season (2013-14) whereas it was 8.7 million bales last season.

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 OUTLOOK

China national cotton exchange announced that China will start selling cotton from its reserve from Nov.28 onwards at the floor price of 18000 Yuan/tones.

China cotton yarn import in October stood 182500 tonnes, 9.17% lower to the previous month import and 44.34% higher than previous year during the same period.

As per the NCMMS (National Cotton Market Monitoring System) report 94.2% of cotton crop in China has been harvested as on 22 Nov. 0.4% down on year on year basis.

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.

According to the USDA estimates, United States, India and Australia followed by Uzbekistan, Brazil, Burkina and Greece would be the major exporter this year.

Unfavorable weather condition in USA, where production is likely to fall this year, has provided support to the prices.

COTTON PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices (Rs/Qtl)		Change %
		29-Nov-13	22-Nov-13	
Amravati	Mech-1	4300	4500	-4.44
Khandwa	Mech-1	4700	4850	-3.09
Khargaon	Mech-1	4700	4850	-3.09
Mahesana(Kadi)	B.T. Cotton	4925	5025	-1.99
Muktsar	B.T. Cotton	5050	4955	1.92
Patan	B.T. Cotton	4890	4880	0.20
Rajkot	B.T. Cotton	4825	5300	-8.96
Fazilika*	B.T. Cotton	4964	5100	-2.67
Bhiwani*	B.T. Cotton	5100	4450	14.61
Sirsa	B.T. Cotton	4100	5250	-21.90
Ahmedabad	Shankar-6	4800	4900	-2.04
Gondal	Shankar-6	4765	4895	-2.66
Sri-Ganganagar	J-34	4100	4230	-3.07
Abohar*	J-34	4200	4330	-3.00
Muktsar	J-34	4200	4335	-3.11
Fazilika*	J-34	4215	4350	-3.10
Bhatinda	J-34	4200	4335	-3.11
Mansa	J-34	4190	4330	-3.23

* New Crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		29-Nov-13	22-Nov-13	
Amravati	Mech-1	43500	34000	27.94
Khandwa	Mech-1	2500	3500	-28.57
Khargaon	Mech-1	22000	50000	-56.00
Mahesana(Kadi)	B.T. Cotton	325000	250000	30.00
Muktsar	B.T. Cotton	2635	1615	63.16
Patan	B.T. Cotton	96196	98806	-2.64
Rajkot	B.T. Cotton	46950	44200	6.22
Fazilika*	B.T. Cotton	6400	6900	-7.25
Sirsa	B.T. Cotton	10540	7480	40.91
Bhiwani*	B.T. Cotton	5400	3700	45.95
Ahmedabad	Shankar-6	453900	414800	9.43
Gondal	Shankar-6	9686	16704	-42.01
Sri-Ganganagar	J-34	17000	17000	0.00
Abohar*	J-34	4930	4590	7.41
Bhatinda	J-34	142800	140250	1.82
Mansa	J-34	3995	3825	4.44

* New Crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change %
				28-Nov-13	21-Nov-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39600	39900	-0.75
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40900	-1.22
J-34(202)	26mm	3.5 - 4.9	23	NQ	NQ	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38300	39200	-2.30
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	40100	-2.74
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	40400	-1.98
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40100	40600	-1.23
DCH-32(107)	34mm	3.0 - 3.8	33	56500	55000	2.73

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	4150.59	4500.88	3884.7	-7.78	6.84
Gujarat	4644.89	4640.11	4187.52	0.1	10.92
Haryana	5152.46	5062.21	4397.54	1.78	17.17
Karnataka	4795.41	4792.02	4101.42	0.07	16.92
Madhya Pradesh	4684.12	4703.08	4089.82	-0.4	14.53
Maharashtra	4545.17	4404.9	3992.22	3.18	13.85
Orissa	4135	4030.3	3871.3	2.6	6.81
Pondicherry			2229	—	—
Punjab	4856.19	4734.16	4264.08	2.58	13.89
Rajasthan	5088.92	5085.74	4601.95	0.06	10.58
Tamil Nadu	4799.28	4550.41	4960.44	5.47	-3.25
Uttar Pradesh	5392.86	4639.9	4618.6	16.23	16.76
Uttrakhand		10357		—	—
Average	4749.54	5125.06	4099.88		

*Report Generation: As per the data reported by APMCs

(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 October-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	29/11/2013	29/10/2013	29/11/2012	% Month change	%Y-o-Y change
Dec-13	34446.24	34534.40	33908.43	-0.26	1.59
Mar-14	34979.64	35332.30		-1.00	
May-14	35200.05	35649.70		-1.26	
July-14	35398.42	35909.78		-1.42	
Oct-14	34336.03	34327.21		0.03	
Dec-14	33926.06	34093.58		-0.49	

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

Cotton Futures:

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



Weekly Outlook:

- NCDEX April contract remained in downtrend amid lackluster demand and sluggish buying activities.
- Price range during the week was Rs. 906-934 (per 20 kg.).
- We expect prices to remain weak to sideways.
- Immediate support could be seen at 900 which could further slide down to 890.
- Resistance would be at 930 which could further move up to 940.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
890	900	930	940

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	890-940	Bearish to Sideways Momentum

Technical Analysis of Cotton Futures December 2013 contract at MCX



Weekly Outlook:

- MCX December'13 contract remained weak amid low demand and higher production prospects.
- Price range during the week was Rs. 18260-18800 (per bale of 170 kg each)
- We expect prices to remain weak to sideways.
- Immediate support could be seen at 18200 which could further slide down to 18000.
- Resistance would be at 18800 which could further move up to 19000.

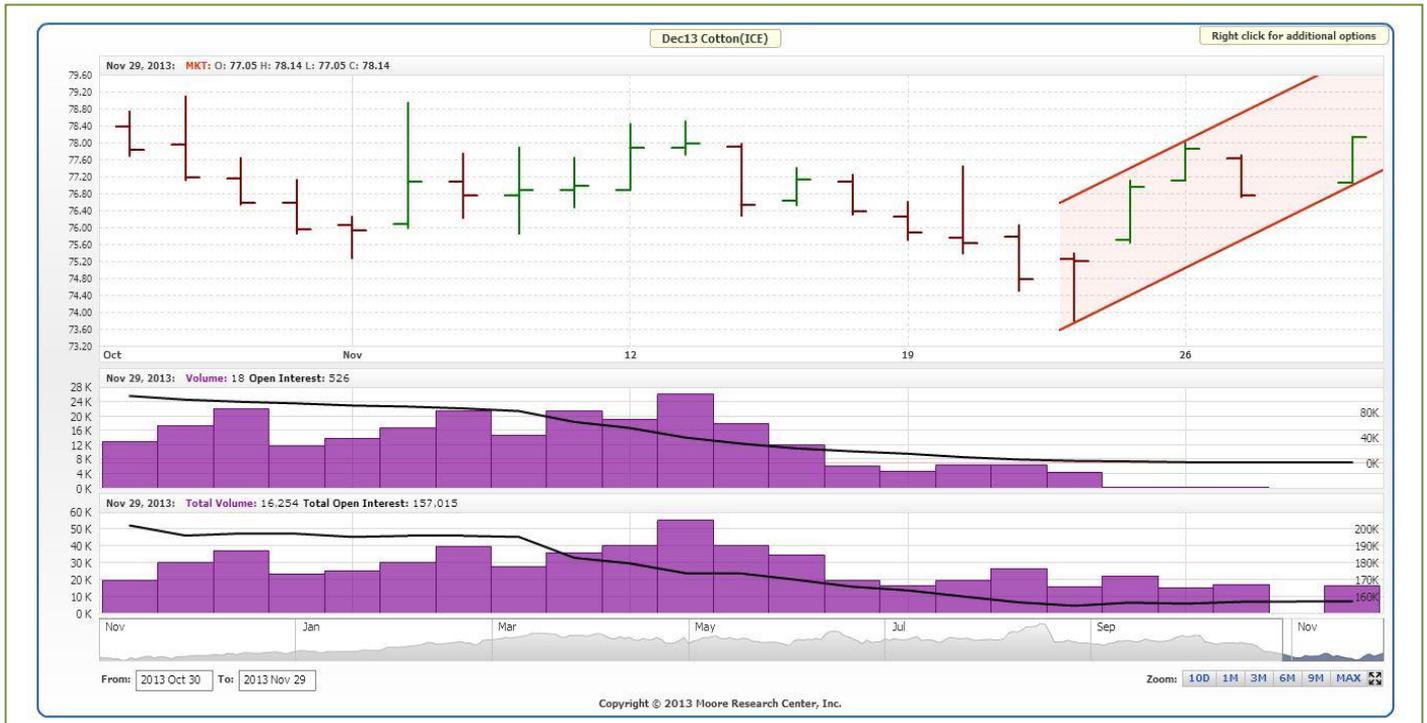
Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
18000	18200	18800	19000

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
MCX	18000-19000	Bearish to Sideways Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis:



Weekly Outlook:

- ICE October 2013 future contract closed higher.
- Prices ranged 73.80-78.03 cents/pound during the week.
- We expect price to rule sideways.
- Immediate support level is at 76 which could further move down to 75.
- Resistance would be at 78 which could move high up to 80.

Support 2	Support 1	Resistance 1	Resistance 2
75	76	78	80

All in cents/pound

Source: MRCI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2013 Indian Agribusiness Systems Pvt Ltd.