

DOMESTIC MARKET OUTLOOK

Production of cotton in north India is likely to decline by 15%, due to fall in acreage and yield.

Export of cotton from India during November was 43% higher than previous year's export during the same period.

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

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

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

According to the ICAC estimates, world cotton production this season (2013-14) would be 25.64 million tones, whereas it was 26.88 million tones last season.

World cotton consumption is likely to be 23.77 million tones compared to 23.34 million tones last year.

Cotton production in China during the year 2013-14 would be 6.678 million tones, 12.3% lesser than previous year.

Cotton stockpile of China is likely to go beyond 11 millions tones by the end of season 2013-14.

Imports of cotton in China are expected to decline by around 40%, to 3.1 million tones, due to its restrictive import policy.

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

Imports of cotton in Turkey during October have been increased from 46876 million tones to 86210 million to, showing a fair export potential for India too.

COTTON PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change %
		6-Dec-13	29-Nov-13	
	Kapas	(Rs./Qtl.)		
Amravati	Mech-1	4400	4300	2.33
Khandwa	Mech-1	4750	4700	1.06
Khargaon	Mech-1	4750	4700	1.06
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4925	4925	Unch
Rajkot	B.T. Cotton	4850	4825	0.52
Patan	B.T. Cotton	4810	4890	-1.64
Muktsar	B.T. Cotton	5100	5050	0.99
Fazilika	B.T. Cotton	5100	4964	2.74
Bhiwani	B.T. Cotton	5100	5100	Unch
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4825	4800	0.52
Gondal	Shankar-6	4790	4765	0.52
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4180	4200	-0.48
Muktsar	J-34	4185	4200	-0.36
Fazilika	J-34	4140	4215	-1.78
Bhatinda	J-34	4200	4200	Unch
Mansa	J-34	4175	4190	-0.36
Sirsa	J-34	4085	4100	-0.37
Sri-Ganganagar	J-34	3854	3854	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		6-Dec-13	29-Nov-13	
Amravati	Mech-1	47500	43500	9.20
Khandwa	Mech-1	8500	2500	58.82
Khargaon	Mech-1	34000	22000	54.55
Mahesana(Kadi)	B.T. Cotton	445400	325000	37.05
Rajkot	B.T. Cotton	45200	46950	-3.73
Patan	B.T. Cotton	78195	96196	-18.71
Muktsar	B.T. Cotton	2465	2635	-6.45
Fazilika	B.T. Cotton	4600	6400	-28.13
Bhiwani	B.T. Cotton	2700	5400	-50.00
Ahmedabad	Shankar-6	445400	453900	-1.87
Gondal	Shankar-6	11919	9686	23.05
Abohar	J-34	5780	4930	17.24
Bhatinda	J-34	141950	142800	-0.60
Mansa	J-34	5270	3995	31.91
Sirsa	J-34	13260	10540	25.81
Sri-Ganganagar	J-34	17000	17000	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				5-Dec-13	29-Nov-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39000	39600	-1.52
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40000	40400	-0.99
J-34(202)	26mm	3.5 - 4.9	23	37600	NQ	--
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38300	38100	0.52
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	38800	0.52
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39400	0.51
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40200	39900	0.75
DCH-32(107)	34mm	3.0 - 3.8	33	59500	56500	5.31

STATE WISE PRICES AND ARRIVALS

State-wise Prices (Rs./Qtl)

State	Prices December, 2013	Prices November, 2013	Prices December, 2012	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4128.08	4150.02	3847.93	-0.53	7.28
Gujarat	4615.64	4652.62	4158.12	-0.79	11
Haryana	4904.33	5146.26	4247.03	-4.7	15.48
Karnataka	4934.21	4815.38	4169.13	2.47	18.35
Madhya Pradesh	4650.71	4677.27	4053.51	-0.57	14.73
Maharashtra	4479.78	4541.28	3951.67	-1.35	13.36
Orissa	4123.73	4135	3902.21	-0.27	5.68
Punjab	4967.19	4877.22	4182.12	1.84	18.77
Rajasthan	4965.87	5086.05	4336.51	-2.36	14.51
Tamil Nadu	4634.69	4796.42	4453.29	-3.37	4.07
Uttar Pradesh		5392.86	4192.73	—	—
Average	4640.42	4751.85	4135.84		

*Report Generation: As per the data reported by APMCs

(Source: Agmarket)

State-wise Arrivals (in Quintals)

States	2012-13*	2012-13	
	Arrivals As on	Production as per CAB	Arrivals As on
	10-11-2013	17-04-2013	10-11-2012
1. Punjab	2.24	20	2.6
2. Haryana	2.14	24	2.5
3. Rajasthan	1.17	16	1.51
A. North Total (1+2+3)	5.55	60	6.61
4. Gujarat	6.54	87	5.34
5. Maharashtra	3.77	74	3.19
6. Madhya Pradesh	1.32	18	1.51
B. Central Total (4+5+6)	11.63	179	10.04
7. Andhra Pradesh	5.52	76	2.87
8. Karnataka	1.17	13	0.53
9. Tamil Nadu	0	6	0
C. South Total (7+8+9)	6.69	95	3.4
10. Orissa	0	4	0.02
11. Others	0.12	2	0.16
D. Total (10+11)	0.12	6	0.18
Grand Total (A+B+C+D)	23.99	340	20.23

* Inclusive of new crop arrivals in September 2013

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 cents 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	34992.86	33974.55	34146.47491	3.00	2.48
Mar-14	35446.92	34909.11		1.54	
May-14	35557.12	35195.64		1.03	
July-14	35499.81	35433.69		0.19	
Oct-14	34313.99	34040.68		0.80	
Dec-14	33785.00	33992.19		-0.61	

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

Cotton Futures:

Technical Analysis of Cotton Futures April 2014 contract at NCDEX



Weekly Outlook:

- NCDEX April contract noticed a sharp breakout in the mid of week, but prices are likely to fall slightly.
- Price range during the week was Rs. 904-941 (per 20 kg.).
- We expect prices to remain sideways to weak.
- Immediate support could be seen at 910 which could further slide down to 900.
- Resistance would be at 950 which could further move up to 960.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
900	910	950	960

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	900-960	Sideways to Bearish Momentum

Technical Analysis of Cotton Futures December 2013 contract at MCX



Weekly Outlook:

- MCX December'13 contract noticed uptrend during the week.
- Price range during the week was Rs. 18340-18550 (per bale of 170 kg each)
- We expect prices to remain sideways to weak.
- Immediate support could be seen at 18200 which could further slide down to 18000.
- Resistance would be at 19000 which could further move up to 19200.

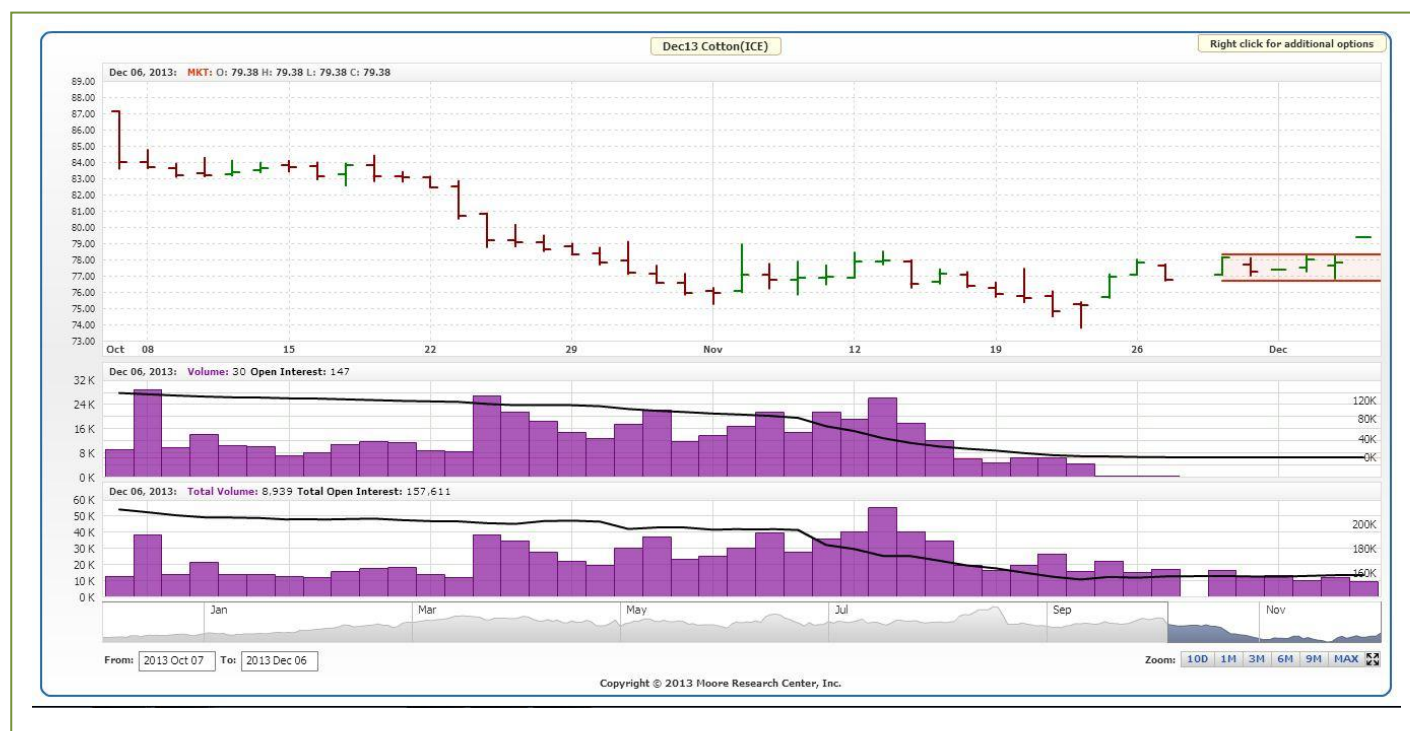
Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
18000	18200	19000	19200

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
MCX	18000-19200	Sideways to Bearish Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis:



Weekly Outlook:

- ICE October 2013 future contract closed Sideways.
- Prices ranged 76-78 cents/pound during the week.
- We expect price to rule sideways to weak.
- 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

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