

DOMESTIC MARKET OUTLOOK

FMC (Forward Markets Commission) has approved NCDEX (National Commodity and Derivatives Exchange) to launch the contract of cotton seed.

CCI (Cotton Corporation of India) fails to foster the interest of cotton farmers as according to the farmers CCI, is not supporting them as it should.

Cotton farmers are being urged by the Agriculture Department to sell their produce through the regulated market, which are being opened by the department in order to keep middlemen at bay.

Area under the cotton cultivation, according to Ministry of Agriculture, 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.

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

Yield this season is likely to be around 523 kg. per hectare, though earlier it was expected bigger than current but consequences in later stages has affected it drastically.

INTERNATIONAL MARKET OUTLOOK

China has been replaced by Turkey being the largest buyer of cotton from USA. Since the beginning of season, Turkey has bought 83400 bales of upland cotton, double than that of China.

According to Ministry of Agriculture Tajikistan has harvested 372132 tons of cotton as on 1st December, which reflects 93.1% of the target crop for the present season.

As per the USDA estimates, following Sentiments are available as on global forefront:

Global Production is likely to be around 25.43 million tones, with China's contribution of 6.96 million tones.

Total consumption would be around 23.88 million tones, major consumer would be China, India, Pakistan, Turkey and Brazil.

Export would stand around 8.38 million tones, majorly contributed by United States, India, Australia followed by Uzbekistan and Brazil.

Import figure would be around 8.32 million tones, major importing nations would be China, Turkey, Bangladesh followed by Vietnam and Indonesia.

Ending Stock is likely to be around 20.99 million tones with China ending stock of 12.47 million tones.

COTTON PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change %
		27-Dec-13	20-Dec-13	
	Kapas	(Rs./Qtl.)		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	4750	4750	Unch
Khargaon	Mech-1	4750	4750	Unch
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5000	5050	-1
Rajkot	B.T. Cotton	5050	4985	1
Patan	B.T. Cotton	5055	5000	1
Muktsar	B.T. Cotton	5100	5000	2
Fazilika	B.T. Cotton	5300	5110	4
Bhiwani	B.T. Cotton	5225	5125	2
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4950	5000	-1
Gondal	Shankar-6	5000	5000	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4300	4220	2
Muktsar	J-34	4300	4210	2
Fazilika	J-34	4315	4200	3
Bhatinda	J-34	4300	4225	2
Mansa	J-34	4280	4210	2
Sirsa	J-34	4190	4100	2
Sri-Ganganagar	J-34	3976	3882	2

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		27-Dec-13	20-Dec-13	
Amravati	Mech-1	68000	64500	5
Khandwa	Mech-1	5500	7700	-29
Khargaon	Mech-1	20000	40000	-50
Mahesana(Kadi)	B.T. Cotton	300000	265000	13
Rajkot	B.T. Cotton	19250	28900	-33
Patan	B.T. Cotton	44479	53347	-17
Muktsar	B.T. Cotton	2465	2890	-15
Fazilika	B.T. Cotton	9400	9100	3
Bhiwani	B.T. Cotton	5700	6200	-8
Ahmedabad	Shankar-6	532100	612000	-13
Gondal	Shankar-6	5491	8029	-32
Abohar	J-34	10540	11050	-5
Bhatinda	J-34	229500	224400	2
Mansa	J-34	9010	9350	-4
Sirsa	J-34	10540	16490	-36
Sri-Ganganagar	J-34	40800	47600	-14

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				26-Dec-13	20-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	38000	1.32
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39200	38500	1.82
J-34(202)	26mm	3.5 - 4.9	23	39100	38000	2.89
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	38600	38300	0.78
Shankar-6(105)	29mm	3.5 – 4.9	28	39700	39400	0.76
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40200	39900	0.75
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42000	42000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	65600	64500	1.71

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	4149.6	4150.35	3847.93	-0.02	7.84
Chattisgarh	4888.18			—	—
Gujarat	4678.04	4654.95	4158.12	0.5	12.5
Haryana	4932.56	5144.33	4247.03	-4.12	16.14
Karnataka	4992.11	4815.38	4169.13	3.67	19.74
Madhya Pradesh	4632.32	4673.34	4053.51	-0.88	14.28
Maharashtra	4525.79	4541.23	3951.67	-0.34	14.53
Orissa	4205.6	4135	3902.21	1.71	7.77
Punjab	4940.01	4877.22	4182.12	1.29	18.12
Rajasthan	5009.14	5098.95	4336.51	-1.76	15.51
Tamil Nadu	4692.8	4796.42	4453.29	-2.16	5.38
Uttar Pradesh	5346.43	5392.86	4192.73	-0.86	27.52
Average	4749.38	4752.73	4135.84		

(Source: Agmarket)

State-wise Arrivals (in Quintals)

States	2013-14		2012-13	
	Production as per CAB 1-11-2013	Arrivals As on 22-12-2013	Production as per CAB 1-11-2012	Arrivals As on 22-12-2012
1. Punjab	21	4.3	21	6.23
2. Haryana	23	6.58	25	6.47
3. Rajasthan	14	3.6	17	4.82
A. North Total (1+2+3)	58	14.48	63	17.52
4. Gujarat	116	28.72	93	23.48
5. Maharashtra	81	16.19	79	20.12
6. Madhya Pradesh	19	5.29	19	5.42
B. Central Total (4+5+6)	216	50.2	191	49.02
7. Andhra Pradesh	72	14.52	84	23.59
8. Karnataka	18	4.44	15	5.55
9. Tamil Nadu	5	--	6	--
C. South Total (7+8+9)	95	18.96	105	29.14
10. Orissa	4	0.3	4	0.91
11. Others	2	0.37	2	0.91
D. Total (10+11)	6	0.67	6	1.82
Grand Total (A+B+C+D)	375	84.31	365	97.5
* 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	9.06
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	10.49

Cotton Imports

Cotton Imports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	3.30	1.16
Nov	1.98	0.24
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	1.4

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

Country	Quantity (In Lakh Bales)
China	7.83
Bangladesh	0.57
Hong Kong	0.24
Vietnam	0.21
Thailand	0.05

(Source: IBIS)

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

Country	Quantity (In Lakh Bales)
USA	0.03
Cote D Ivoire	0.05
Tanzania	0.03
Pakistan	0.03
Burkina Faso	0.03

(Source: IBIS)

INTERNATIONAL PRICES

World Monthly Average Cotlook A Index (FE) in US cents per pound

Month	2012-13	2013-14
August	84.4	92.71
September	84.15	94.60
October	82.17	89.35
November	80.87	84.65
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
Mar-14	37082.38	34578.49	34887.06461	7.24	6.29
May-14	36897.24	34803.31	0.00	6.02	
Jul-14	36773.81	35045.76	0.00	4.93	
Oct-14	34922.33	33978.96	0.00	2.78	
Dec-14	34344.85	33564.58	0.00	2.32	
Mar-15	34569.67	0.00	0.00	0.00	

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

COTTON FUTURES
Technical Analysis of Cotton Futures April 2014 contract at NCDEX

Weekly Outlook:

- NCDEX April contract noticed firm tone during the week (21Dec-27 Dec).
- Price range during the week was Rs.961-999 (per 20 kg.).
- We expect prices to remain firm to sideways.
- Immediate support could be seen at 960 which could hardly slide down to 935.
- Resistance would be at 1020 which could further move up to 1035.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
935	960	1020	1035

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	980-1025	Bullish to Sideways Momentum

Technical Analysis of Cotton Futures December 2013 contract at MCX



Weekly Outlook:

- MCX December'13 contract noticed uptrend and moved firm during the week.
- Price range during the week was Rs.19070-19600 (per bale of 170 kg each)
- We expect prices to remain firm to sideways.
- Immediate support could be seen at 19100 which could slightly slide down to 19000.
- Resistance would be at 19900 which could further move up to 20000

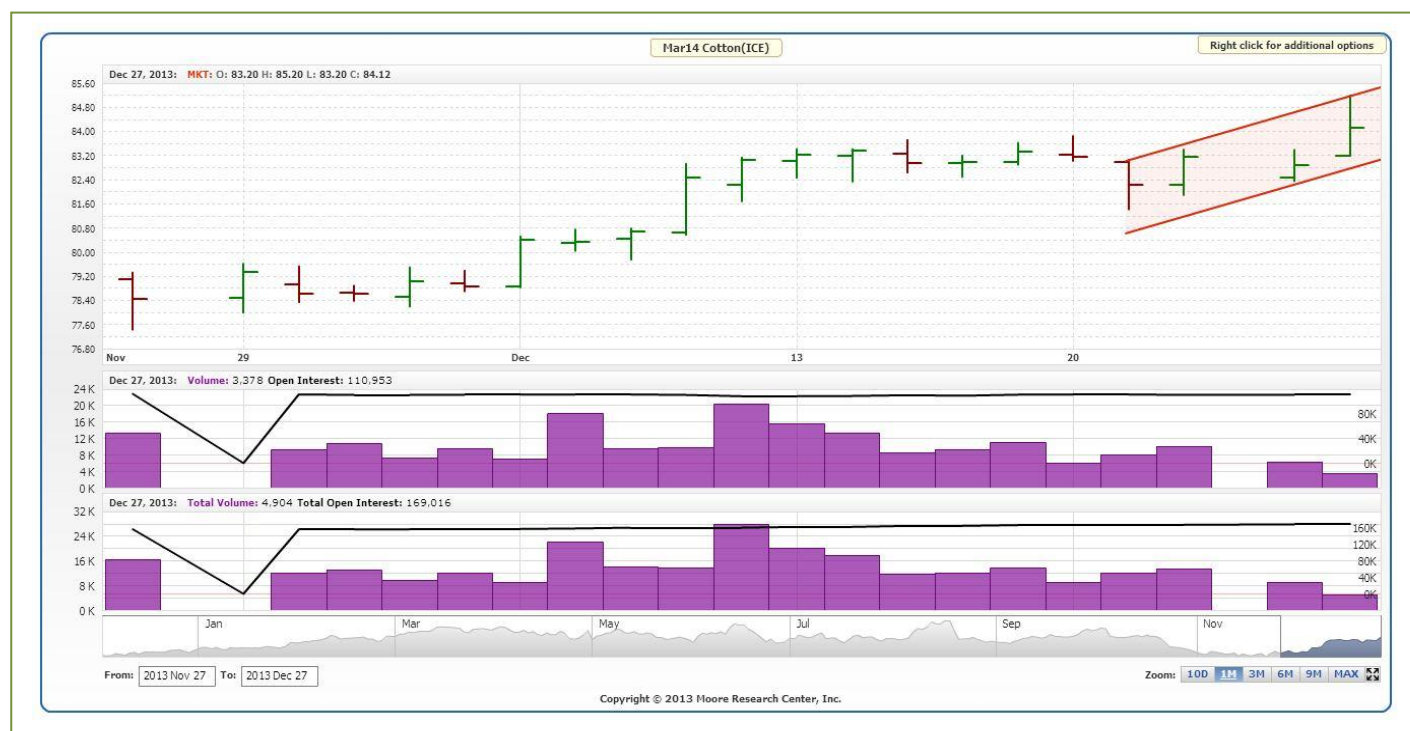
Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
19000	19100	19900	20000

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
MCX	19300-19900	Bullish to Sideways Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis:



Weekly Outlook:

- ICE October 2013 future contract closed firm.
- Prices ranged 81-86 cents/pound during the week.
- We expect price to rule sideways to bullish.
- Immediate support level is at 82 which could hardly move to 80.
- Resistance would be at 88 which could move high up to 90.

Support 2	Support 1	Resistance 1	Resistance 2
80	82	88	90

All in cents/pound

Source: MRCI

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