

DOMESTIC MARKET OUTLOOK

Forward Market Commission (FMC) has allowed National Commodities and Derivatives Exchange (NCDEX) to cotton seed contract, which has been came into the phase of trading from 02 January. It is believed that it will add to the value of cotton business stakeholder country wide.

Cotton export is expected to decline this season as most of the countries are willing to import yarn due to higher import duties gets levied on cotton export and thus making it costlier. Secondly cotton export has lost the export incentives under focus market scheme, which is making cotton export expensive and thus exporters are reluctant to export the same.

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

According to a report, the cost of importing cotton in China would be slightly higher, as Beijing has revised the protocol for calculating the tariff.

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 %
		03-Jan-14	27-Dec-13	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4400	6.82
Khandwa	Mech-1	4900	4750	3.16
Khargaon	Mech-1	4900	4750	3.16
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5200	5000	4.00
Rajkot	B.T. Cotton	5125	5050	1.49
Patan	B.T. Cotton	5075	5055	0.40
Muktsar	B.T. Cotton	5300	5100	3.92
Fazilika	B.T. Cotton	5350	5300	0.94
Bhiwani	B.T. Cotton	5450	5225	4.31
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5050	4950	2.02
Gondal	Shankar-6	5000	5000	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4330	4300	0.70
Muktsar	J-34	4330	4300	0.70
Fazilika	J-34	4325	4315	0.23
Bhatinda	J-34	4345	4300	1.05
Mansa	J-34	4450	4280	3.97
Sirsa	J-34	4350	4190	3.82
Sri-Ganganagar	J-34	4136	3976	4.02

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		03-Jan-14	27-Dec-13	
Amravati	Mech-1	98000	68000	44.12
Khandwa	Mech-1	10500	5500	90.91
Khargaon	Mech-1	27000	20000	35.00
Mahesana(Kadi)	B.T. Cotton	230000	300000	-23.33
Rajkot	B.T. Cotton	14700	19250	-23.64
Patan	B.T. Cotton	31021	44479	-30.26
Muktsar	B.T. Cotton	2210	2465	-10.34
Fazilika	B.T. Cotton	7400	9400	-21.28
Bhiwani	B.T. Cotton	6900	5700	21.05
Ahmedabad	Shankar-6	508300	532100	-4.47
Gondal	Shankar-6	5892	5491	7.30
Abohar	J-34	5610	10540	-46.77
Bhatinda	J-34	195500	229500	-14.81
Mansa	J-34	5440	9010	-39.62
Sirsa	J-34	6120	10540	-41.94
Sri-Ganganagar	J-34	24650	40800	-39.58

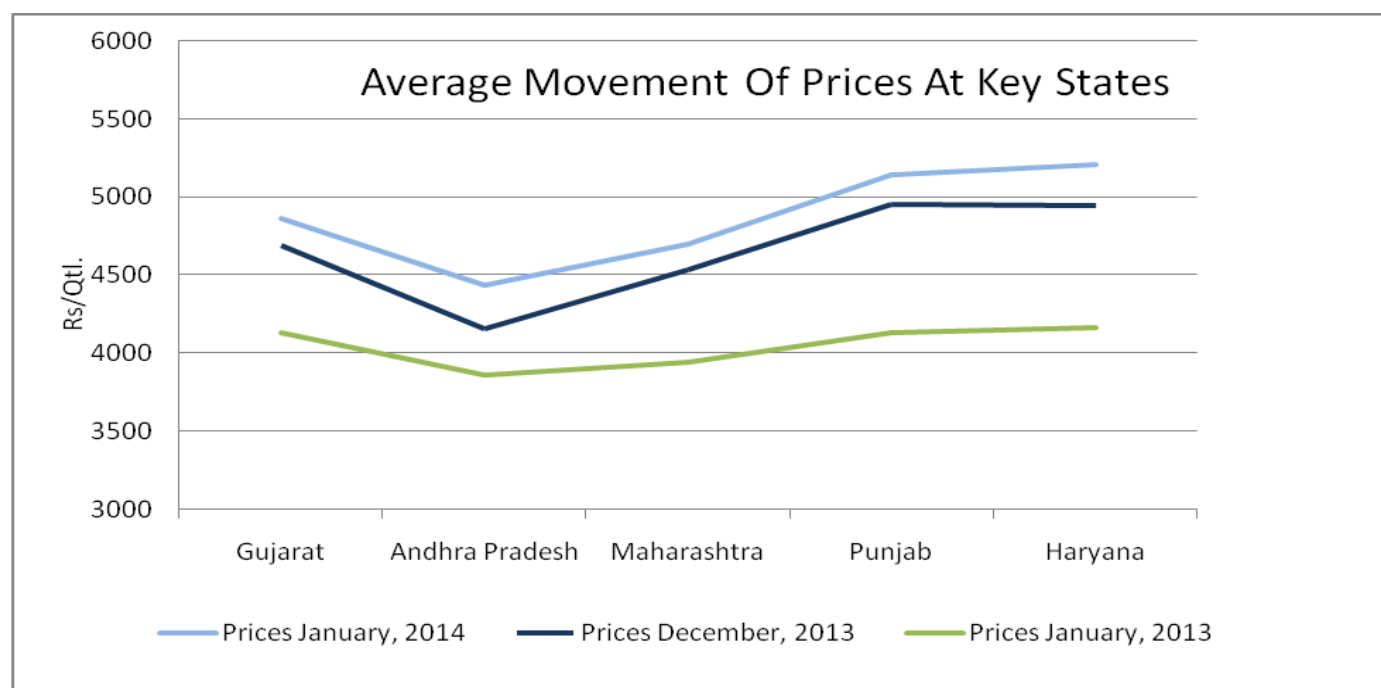
Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				02-Jan-14	26-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39200	38500	1.82
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39900	39200	1.79
J-34(202)	26mm	3.5 - 4.9	23	40500	39100	3.58
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39500	38600	2.33
Shankar-6(105)	29mm	3.5 – 4.9	28	40500	39700	2.02
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41200	40200	2.49
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42300	42000	0.71
DCH-32(107)	34mm	3.0 - 3.8	33	63500	65600	-3.20

State-wise Prices (Rs./Qtl)

State	Prices January, 2014	Prices December, 2013	Prices January, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4432.14	4157.61	3861.66	6.6	14.77
Chattisgarh		4888.18		—	—
Gujarat	4863.7	4689.94	4131.49	3.7	17.72
Haryana	5211.26	4946.18	4162.13	5.36	25.21
Karnataka	5370.95	4990.34	4088.85	7.63	31.36
Madhya Pradesh	4642.32	4642.45	4033.59	0	15.09
Maharashtra	4700.64	4537.19	3942.04	3.6	19.24
Orissa	4295.98	4213.34	3902.17	1.96	10.09
Punjab	5141.68	4951.29	4131.8	3.85	24.44
Rajasthan	5269.23	5020.81	4278.75	4.95	23.15
Tamil Nadu	4075.17	4691.23	4258.1	-13.13	-4.3
Uttar Pradesh	5394.44	5350.33	4196.47	0.82	28.55
Average	4854.32	4756.57	4089.73		

(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 EXPORT AND IMPORT

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 November-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 November-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	03/12/2013	03/11/2013	03/12/2012	% Month change	%Y-o-Y change
Mar-14	36562.21	34653.43	35473.36478	5.51	3.07
May-14	36557.80	34887.06	0.00	4.79	
Jul-14	36553.39	35103.07	0.00	4.13	
Oct-14	34860.61	34120.03	0.00	2.17	
Dec-14	34455.05	33793.81	0.00	1.96	
Mar-15	34785.67	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 remained sideways during the week (28 Dec-03 Jan), after noticing a recovery note.
- Price range during the week was Rs.992.5-1019 (per 20 kg.).
- We expect prices to remain sideways to firm.
- Immediate support could be seen at 975 which could slightly slide down to 960.
- Resistance would be at 1030 which could further move up to 1045.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
960	975	1030	1045

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	985-1025	Sideways to Bullish Momentum

Technical Analysis of Cotton Futures December 2013 contract at MCX



Weekly Outlook:

- MCX December'13 contract moved sideways during the week (28 Dec-03 Jan).
- Price range during the week was Rs. 19560-20140 (per bale of 170 kg each).
- We expect prices to remain sideways to firm.
- Immediate support could be seen at 19300 which could slightly slide down to 19180.
- Resistance would be at 20140 which could further move up to 20280.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
19180	19300	20140	20280

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
MCX	19400-20000	Sideways to Bullish Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis:



Weekly Outlook:

- ICE October 2013 future contract closed slightly downwards.
- Prices ranged 82.1-85.2 cents/pound during the week.
- We expect price to rule sideways to bullish.
- Immediate support level is at 81 which are less likely to move to 80.
- Resistance would be at 88 which could move high up to 90.

Support 2	Support 1	Resistance 1	Resistance 2
80	81	86	88

All in cents/pound

Source: MRCI

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