

## DOMESTIC MARKET OUTLOOK

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As per the ICF (Indian Cotton Federation) estimates, the production of cotton in India would be around 36.1 million bales (of 170 kg each) in season 2013-14, whereas it was estimated 38.4 million bales in October. Reason for the same is crop damage due to heavy rains and unfavorable weather in Andhra Pradesh, Maharashtra and Punjab.

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

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Decline in area under cotton cultivation in China will reduces the world average acreage of cotton, as reported by International Cotton Advisory Committee (ICAC). In 2013-14 cotton area in China stood 4.6 million hectares, 8% lesser than the previous season (2013-12) and it is likely to be around 3.9 million hectares in 2014-15. India too is showing fall in acreage this season compared to previous.

According to Ministry of Agriculture Tajikistan has harvested 372132 tons of cotton as on 1<sup>st</sup> 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.

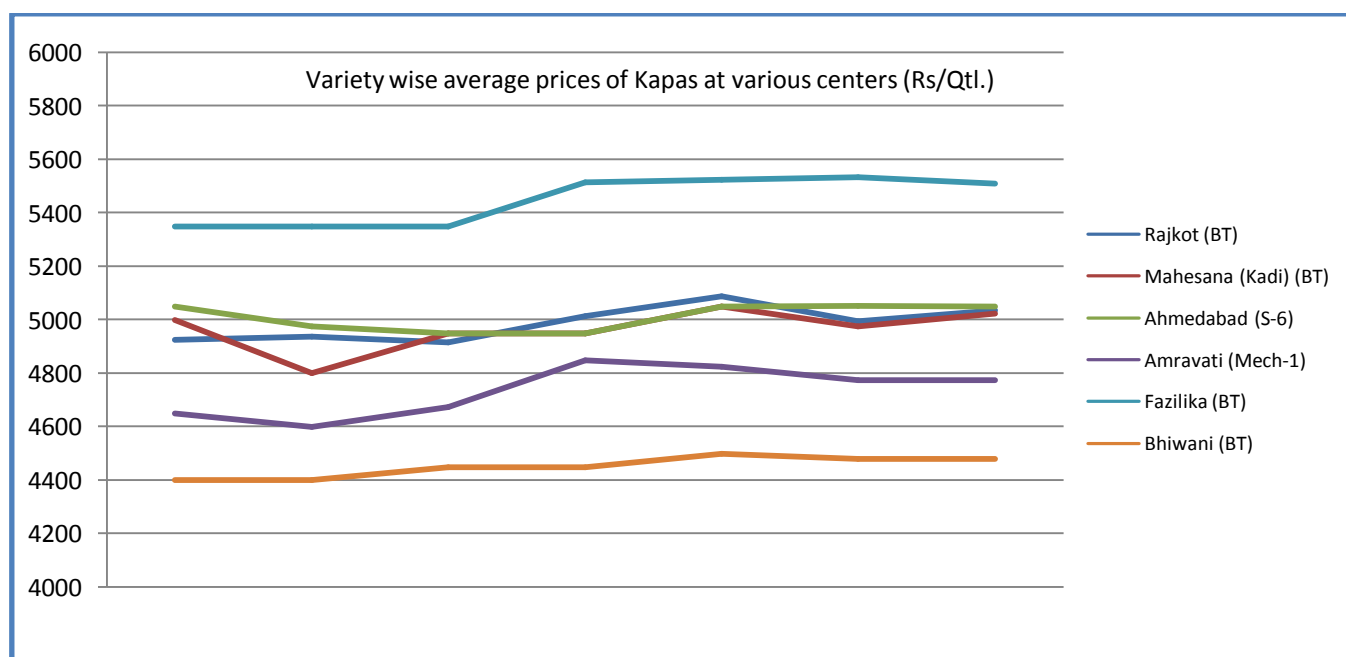
## COTTON PRICES AND ARRIVALS

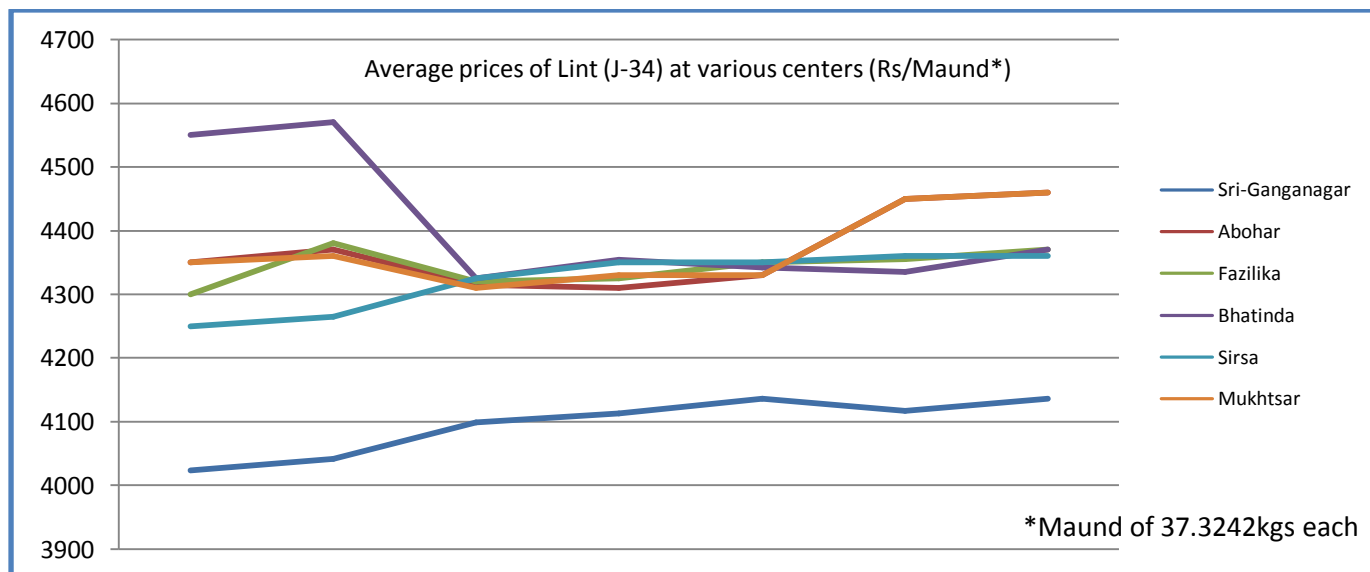
### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change %
		10-Jan-14	3-Jan-14	
	<b>Kapas</b>	(Rs./Qtl.)		
Amravati	Mech-1	4850	4700	3.19
Khandwa	Mech-1	-	4900	--
Khargaoon	Mech-1	-	4900	--
	<b>Kapas</b>	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5250	5200	0.96
Rajkot	B.T. Cotton	5245	5125	2.34
Patan	B.T. Cotton	-	5075	--
Muktsar	B.T. Cotton	5200	5300	-1.89
Fazilika	B.T. Cotton	5510	5350	2.99
Bhiwani	B.T. Cotton	5625	5450	3.21
	<b>Kapas</b>	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5125	5050	1.49
Gondal	Shankar-6	5350	5000	7.00
	<b>Lint</b>	(Rs./Maund Unchf 37.32kg each)		
Abohar	J-34	4520	4330	4.39
Muktsar	J-34	4515	4330	4.27
Fazilika	J-34	4520	4325	4.51
Bhatinda	J-34	4525	4345	4.14
Mansa	J-34	4510	4450	1.35
Sirsa	J-34	4420	4350	1.61
Sri-Ganganagar	J-34	4183	4136	1.14

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change %
		10-Jan-14	3-Jan-14	
Amravati	Mech-1	151000	98000	54.08
Khandwa	Mech-1	-	10500	--
Khargaon	Mech-1	-	27000	--
Mahesana(Kadi)	B.T. Cotton	275000	230000	19.57
Rajkot	B.T. Cotton	19000	14700	29.25
Patan	B.T. Cotton	-	31021	--
Muktsar	B.T. Cotton	2295	2210	3.85
Fazilika	B.T. Cotton	5400	7400	-27.03
Bhiwani	B.T. Cotton	5000	6900	-27.54
Ahmedabad	Shankar-6	510000	508300	0.33
Gondal	Shankar-6	4539	5892	-22.96
Abohar	J-34	4675	5610	-16.67
Bhatinda	J-34	164900	195500	-15.65
Mansa	J-34	5100	5440	-6.25
Sirsa	J-34	4930	6120	-19.44
Sri-Ganganagar	J-34	21250	24650	-13.79





### Cotton Association of India Spot Rates:

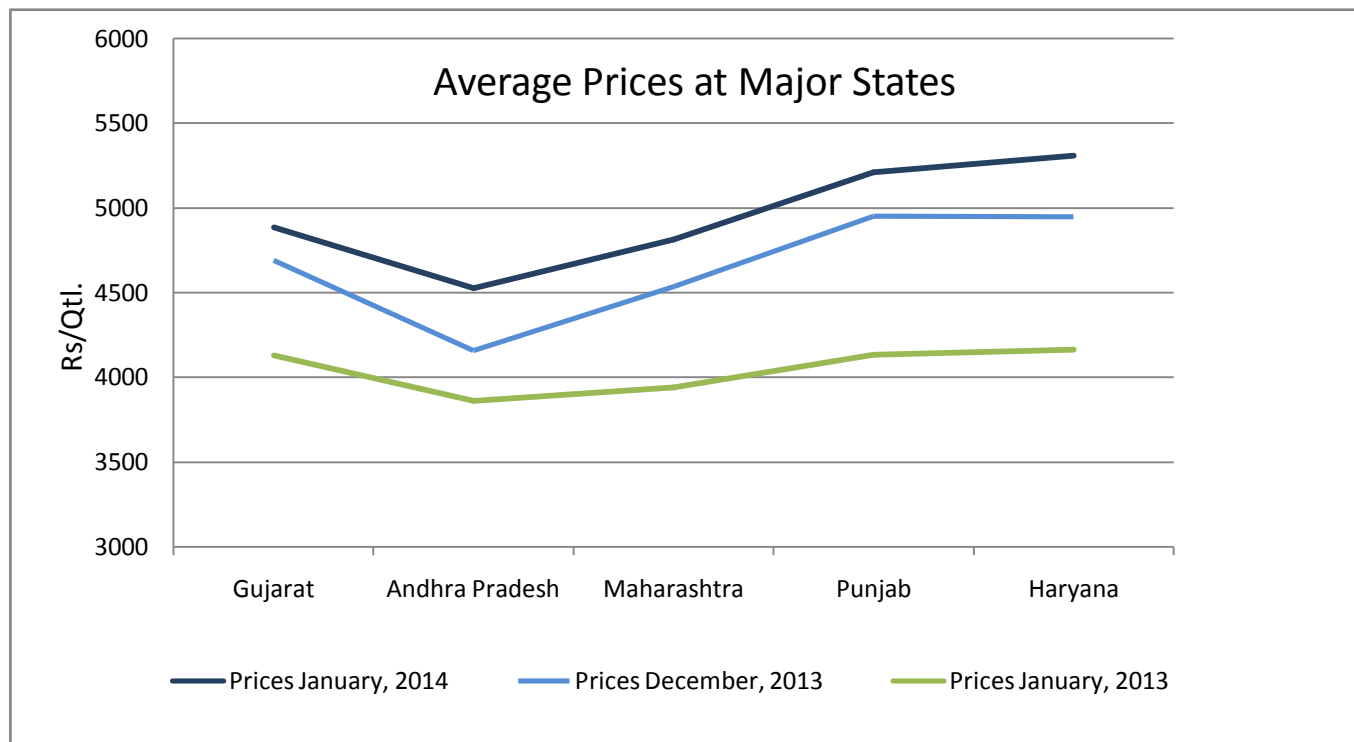
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				9-Jan-14	2-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	39400	39200	0.51
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39900	39900	0.00
J-34(202)	26mm	3.5 - 4.9	23	41900	40500	3.46
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40600	39500	2.78
Shankar-6(105)	29mm	3.5 – 4.9	28	41600	40500	2.72
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	41200	2.18
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	42300	1.89
DCH-32(107)	34mm	3.0 - 3.8	33	64500	63500	1.57

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	4524.8	4157.61	3861.66	8.83	17.17
Chattisgarh		4888.18		—	—
Gujarat	4884.32	4689.94	4131.49	4.14	18.22
Haryana	5309.77	4946.18	4162.13	7.35	27.57
Karnataka	5319.06	4990.34	4088.85	6.59	30.09
Madhya Pradesh	4791.67	4642.45	4033.59	3.21	18.79
Maharashtra	4814.85	4537.19	3942.04	6.12	22.14
Orissa	4285.62	4213.34	3902.17	1.72	9.83
Punjab	5211.87	4951.29	4131.8	5.26	26.14
Rajasthan	5361.13	5020.81	4278.75	6.78	25.3
Tamil Nadu	5176.57	4691.23	4258.1	10.35	21.57
Uttar Pradesh	5394.44	5350.33	4196.47	0.82	28.55
Average	5006.74	4756.57	4089.73		

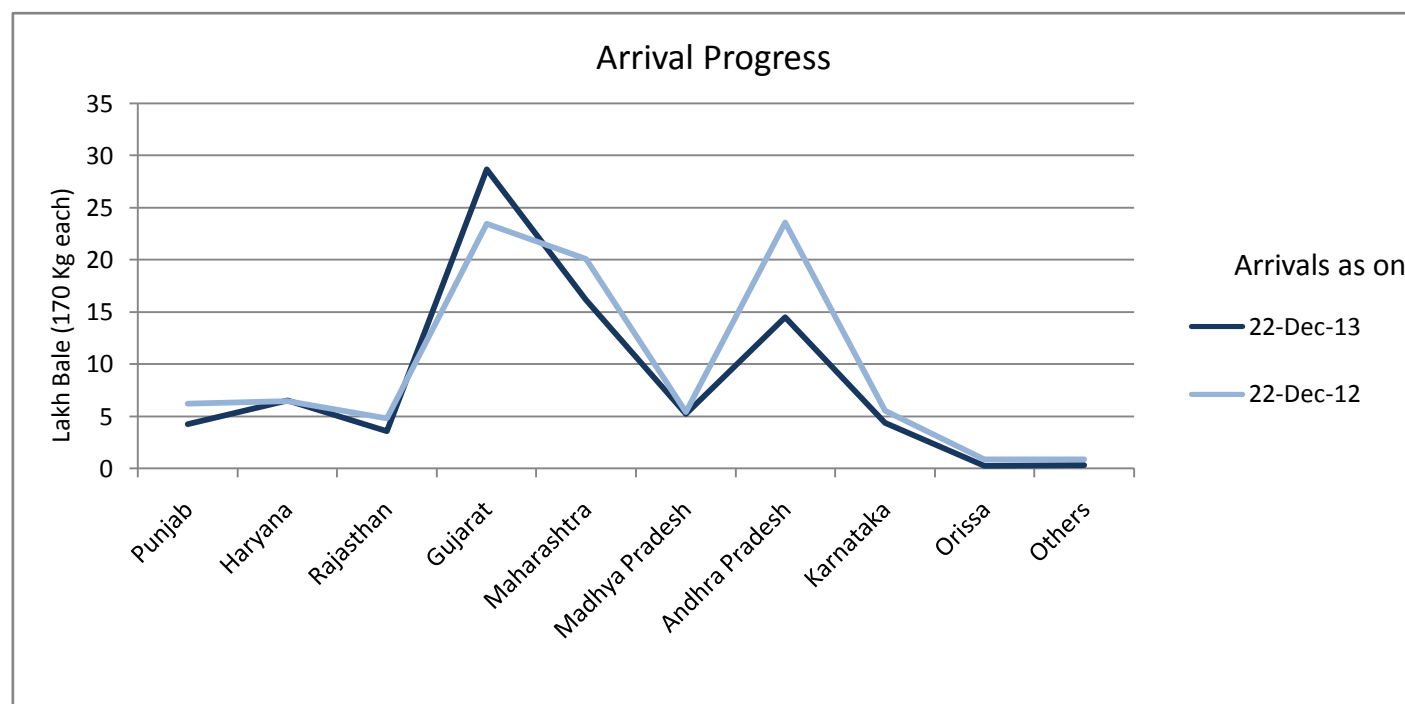
\*Report Generation: As per the data reported by APMCs

(Source: Agmarket)



State-wise Arrivals (in lakh Bales of 170 kg each)

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	
<b>Total</b>	<b>93.12</b>	<b>10.49</b>

#### 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	
<b>Total</b>	<b>12.61</b>	<b>1.4</b>

#### 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

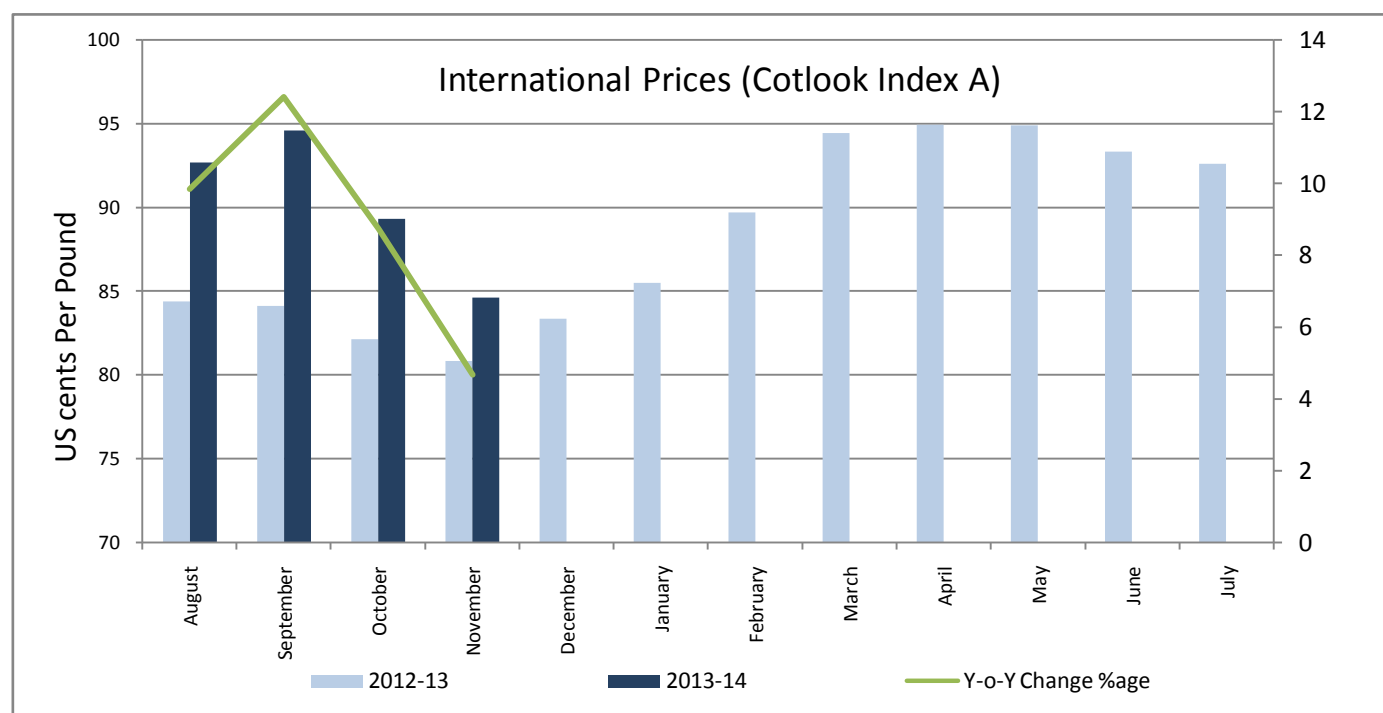
Country	Quantity (In Lakh Bales)
USA	0.03
Cote d ivoire	0.05
Tanzania	0.03
Pakistan	0.03
Burkina Faso	0.03

(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
<b>Mar-14</b>	36407.92	35570.35	35438.09861	2.35	<b>2.74</b>
<b>May-14</b>	36474.04	35693.78		2.19	
<b>Jul-14</b>	36355.02	35548.31		2.27	
<b>Oct-14</b>	34547.63	34362.48		0.54	
<b>Dec-14</b>	34142.07	33833.49		0.91	
<b>Mar-15</b>	34472.69	33921.65		1.62	

\*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 bullish note at the beginning of week, and it moved sideways thereafter.
- Price range during the week was Rs.995.5-1037 (per 20 kg.).
- We expect prices to notice uptrend, though overall movement could be sideways during the week.
- Immediate support could be seen at 995 which could slightly slide down to 980.
- Resistance would be at 1055 which could further move up to 1070.

#### Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
980	995	1055	1070

#### Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	1000-1045	Bullish to Sideways

### Technical Analysis of Cotton Futures December 2013 contract at MCX



#### Weekly Outlook:

- MCX December'13 contract moved sideways during the week (04 Jan-10 Jan), after noticing a recovery tone.
- Price range during the week was Rs. 19610-20390 (per bale of 170 kg each).
- We expect prices to remain firm to sideways.
- Immediate support could be seen at 19700 which could slightly slide down to 19600.
- Resistance would be at 20800 which could further move up to 20750.

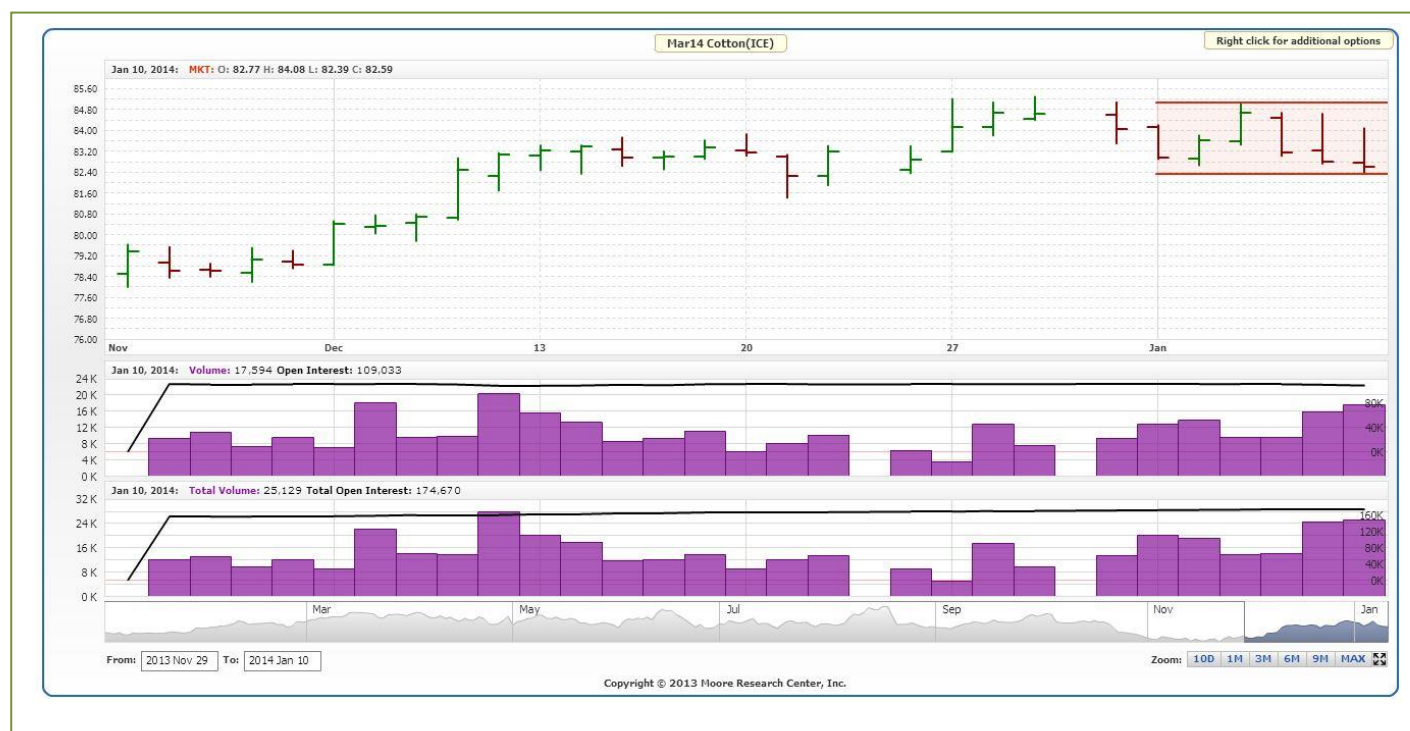
#### Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
19600	19700	20700	20800

#### Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
MCX	19800-20500	Bullish to Sideways Momentum

## ICE Cotton Futures (October 2013 Contract) Technical Analysis:



### Weekly Outlook:

- ICE March 2014 future contract closed sideways.
- Prices ranged 82.35-85.2 cents/pound during the week.
- We expect price to rule bullish to sideways.
- 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	88	90

All in cents/pound

Source: MRCI

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