

Domestic Market Outlook

Indian textile industry is likely to notice a twofold growth by 2020, and would reach the level of \$ 220 billion from the current level of \$ 90 billion, as said Union Textile Minister K.S. Rao. The Reason for same is diversion of the major player China, which is focusing on other sector due to high wage cost associated with cultivation of cotton, leaving glittering opportunity for India, which is the second largest producer and exporter of cotton.

Current Scenario: Prices of cotton noticed uptrend during the week, as arrivals got diminished. Cotton prices are likely to get further a boost in near term as farmers and ginneries are holding back the inventories, creating the supply void. Export enquiries are also being reported in the market.

Production Updates: According to cotton association of India (CAI), output of cotton is expected to be around 37.60 million bales (of 170 kg each), which was estimated 37.88 million bales in November 2013. Cotton production in India was 35.68 million bales during last season (2012-13), as reported by CAI.

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.

International Market Outlook

As per the reports, prices of cotton are being dictated by China import and stockpiling policy. Currently about 45 million bales of cotton is being stocked in China government reserves which is creating artificial shortage of cotton on global forefront. Cotton stakeholders are closely looking over the moves of China in order to determine the future of cotton. If China does not release the stocks, prices of cotton would move sharply and condition could reverse if it starts using its own inventory to fulfill its need of cotton. It should be noted that China has restrictive policy for imports.

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.

DOMESTIC COTTON BALANCE SHEET

Qty in Lakh bales (of 170 kg) each)

Domestic Balance Sheet				
Item	2012-13*	2013-14	Oct_13**	Nov_13**
Supply				
Opening stock (CCI)	40	35		
Crop size (DAC)	365	353		
Imports (USDA)	14.59	14.05	1.2	0.24
Availability	419.59	402.05		
Demand				
Mill consumption (CCI)	250.14			
Small Mill consumption (CCI)	23.02			
Non-Mill consumption (CCI)	10			
Total consumption (USDA)	283.16	294		
Export (USDA)	101.43	96.05	1.45	9.06
Total Demand	384.59	390.05		

CCI: Cotton Corporation of India

DAC: Department of Agriculture and cooperation

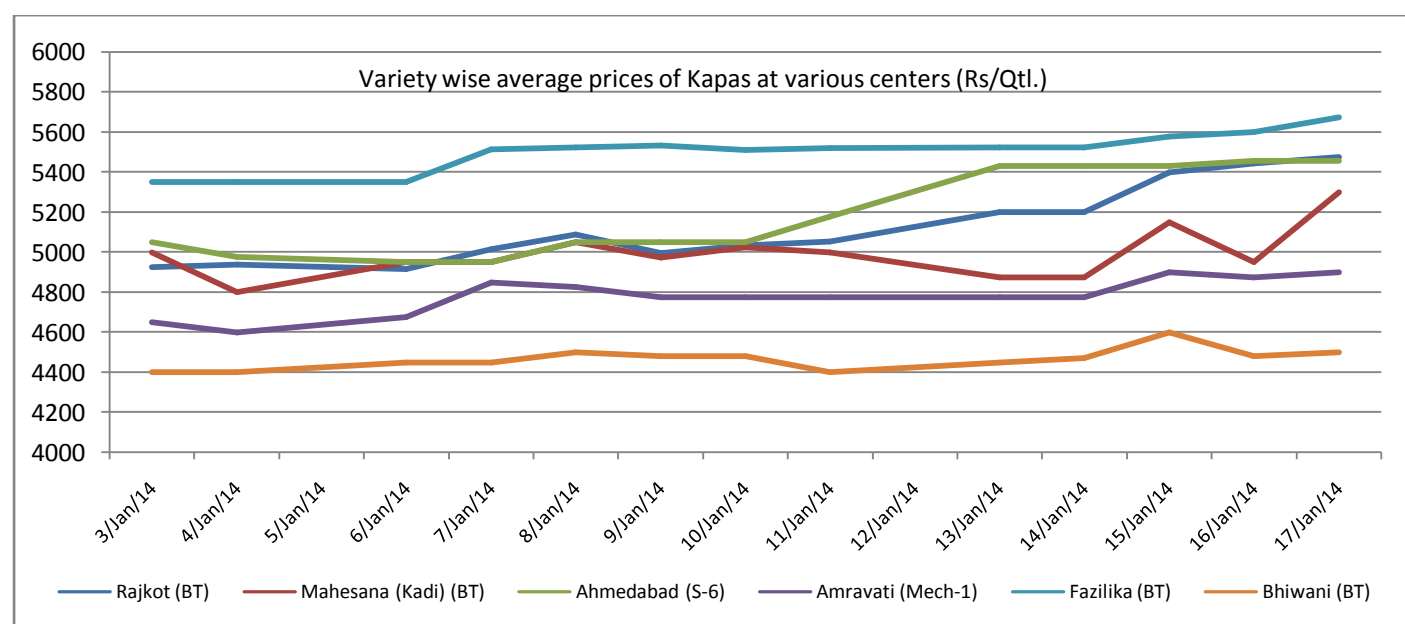
*Balance Sheet as Prepared by CAB (Cotton Advisory Board) on 01/11/2013

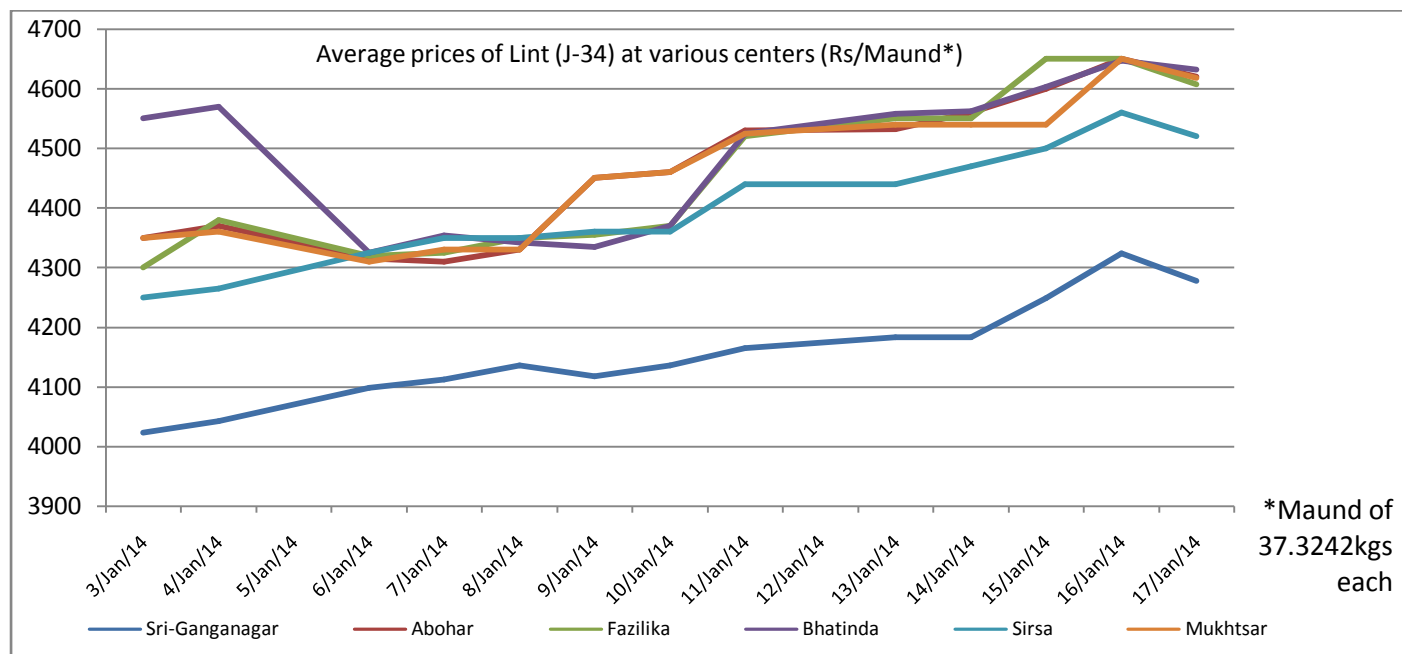
** Exim data source: IBIS (International Business Information Services)

- Opening stock this season (2013-14) would be on lower side; Imports are likely to be on weaker side owing promising production this year.
- Total availability would be slightly lower as compared to the previous season due to deficit in stock and imports.
- Despite the higher production, Exports are likely to decrease due to increased consumption and lower availability.
- Month wise export has been increased during November due to overseas demand, whereas import has been decreased due to higher domestic availability.

COTTON PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change %
		17-Jan-14	10-Jan-14	
	Kapas	(Rs./Qtl.)		
Amravati	Mech-1	5000	4850	3.09
Khandwa	Mech-1	-	-	--
Khargaon	Mech-1	-	-	--
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5550	5250	5.71
Rajkot	B.T. Cotton	5675	5245	8.20
Patan	B.T. Cotton	5670	-	--
Muktsar	B.T. Cotton	5400	5200	3.85
Fazilika	B.T. Cotton	5675	5510	2.99
Bhiwani	B.T. Cotton	5650	5625	0.44
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5575	5125	8.78
Gondal	Shankar-6	5550	5350	3.74
	Lint	(Rs./Maund Unchf 37.32kg each)		
Abohar	J-34	4620	4520	2.21
Muktsar	J-34	4620	4515	2.33
Fazilika	J-34	4610	4520	1.99
Bhatinda	J-34	4635	4525	2.43
Mansa	J-34	4625	4510	2.55
Sirsa	J-34	4520	4420	2.26
Sri-Ganganagar	J-34	4277	4183	2.25





Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		17-Jan-14	10-Jan-14	
Amravati	Mech-1	113000	151000	-25.17
Khandwa	Mech-1	-	-	--
Khargaon	Mech-1	-	-	--
Mahesana(Kadi)	B.T. Cotton	235000	275000	-14.55
Rajkot	B.T. Cotton	13650	19000	-28.16
Patan	B.T. Cotton	14535	22673	-35.89
Muktsar	B.T. Cotton	340	2295	-85.19
Fazilika	B.T. Cotton	5450	5400	0.93
Bhiwani	B.T. Cotton	4760	4930	-3.45
Ahmedabad	Shankar-6	374000	510000	-26.67
Gondal	Shankar-6	3806	4539	-16.15
Abohar	J-34	4590	4675	-1.82
Bhatinda	J-34	170000	164900	3.09
Mansa	J-34	3570	5100	-30.00
Sirsa	J-34	4760	4930	-3.45
Sri-Ganganagar	J-34	16150	21250	-24.00

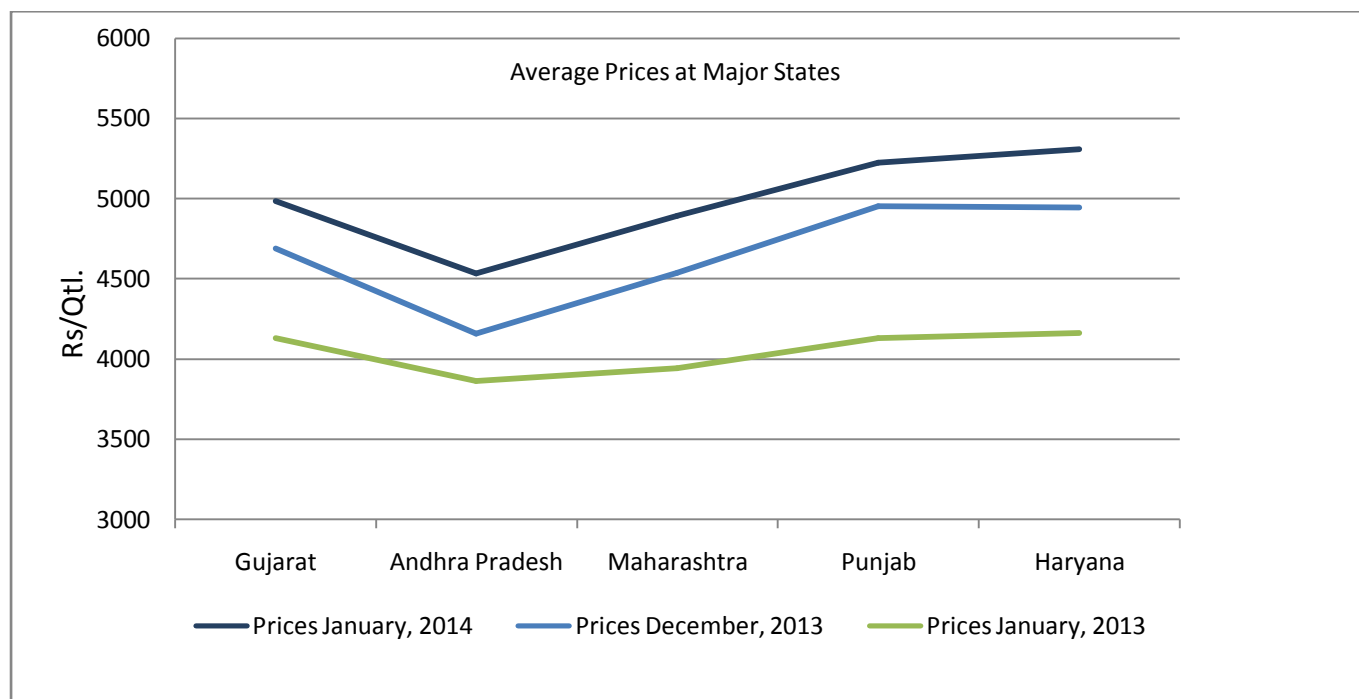
Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				16-Jan-14	9-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	39400	3.81
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	39900	3.76
J-34(202)	26mm	3.5 - 4.9	23	42000	41900	0.24
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41400	40600	1.97
Shankar-6(105)	29mm	3.5 – 4.9	28	42600	41600	2.40
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	42100	2.14
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44100	43100	2.32
DCH-32(107)	34mm	3.0 - 3.8	33	65500	64500	1.55

STATE WISE PRICES AND ARRIVALS
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	4535.26	4157.61	3861.66	9.08	17.44
Chattisgarh	5844.53	4888.18		19.56	—
Gujarat	4983.75	4689.94	4131.49	6.26	20.63
Haryana	5336.97	4946.18	4162.13	7.9	28.23
Karnataka	5351.95	4990.34	4088.85	7.25	30.89
Madhya Pradesh	4860.29	4642.45	4033.59	4.69	20.5
Maharashtra	4895.26	4537.19	3942.04	7.89	24.18
Orissa	4291.11	4213.34	3902.17	1.85	9.97
Punjab	5223.88	4951.29	4131.8	5.51	26.43
Rajasthan	5375.39	5020.81	4278.75	7.06	25.63
Tamil Nadu	5170.98	4691.23	4258.1	10.23	21.44
Uttar Pradesh	5217.41	5350.33	4196.47	-2.48	24.33
Average	5090.56	4756.57	4089.73		

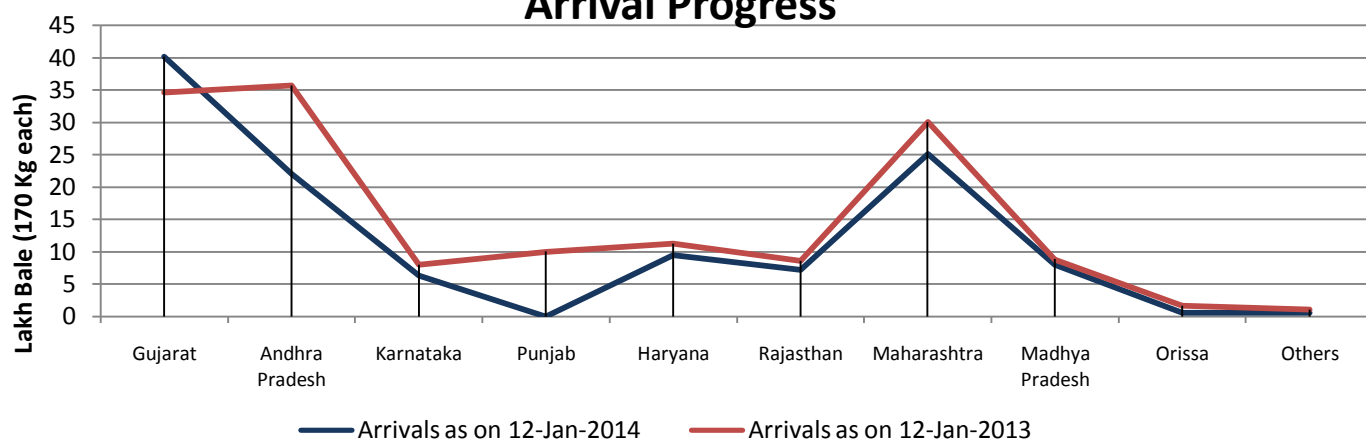
Source : Agmarknet



States	2013-14*		2012-13	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	11-1-2014	12-1-2014	11-1-2013	12-1-2013
1. Punjab	21	5.82	21	10.04
2. Haryana	23	9.45	25	11.27
3. Rajasthan	14	7.24	17	8.59
A. North Total (1+2+3)	58	22.51	63	29.9
4. Gujarat	116	40.17	93	34.63
5. Maharashtra	81	25.15	79	30.07
6. Madhya Pradesh	19	8	19	8.85
B. Central Total (4+5+6)	216	73.32	191	73.55
7. Andhra Pradesh	72	22.1	84	35.72
8. Karnataka	18	6.33	15	8
9. Tamil Nadu	5	0.22	6	0.11
C. South Total (7+8+9)	95	28.65	105	43.83
10. Orissa	4	0.56	4	1.71
11. Others	2	0.63	2	1.09
D. Total (10+11)	6	1.19	6	2.8
Grand Total (A+B+C+D)	375	125.67	365	150.08

* Inclusive of new crop arrivals in September 2013

Arrival Progress



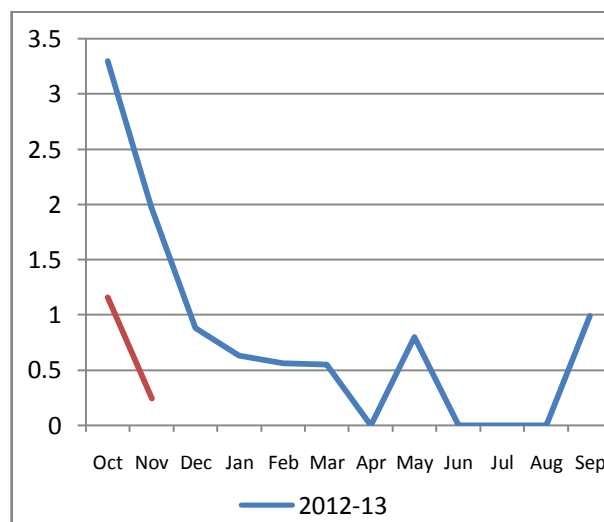
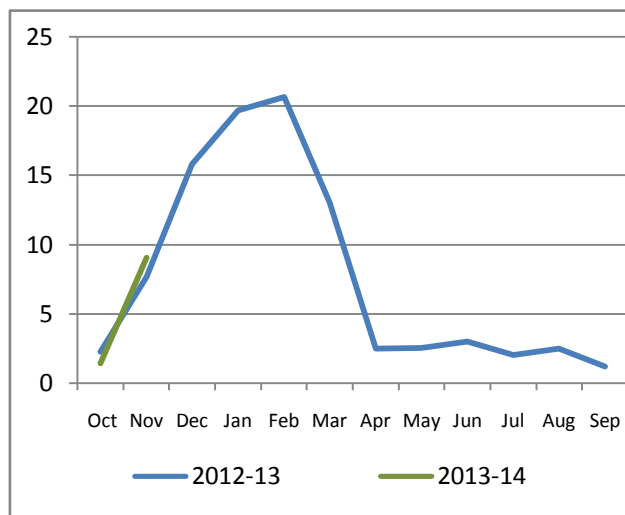
COTTON EXPORT AND IMPORT

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

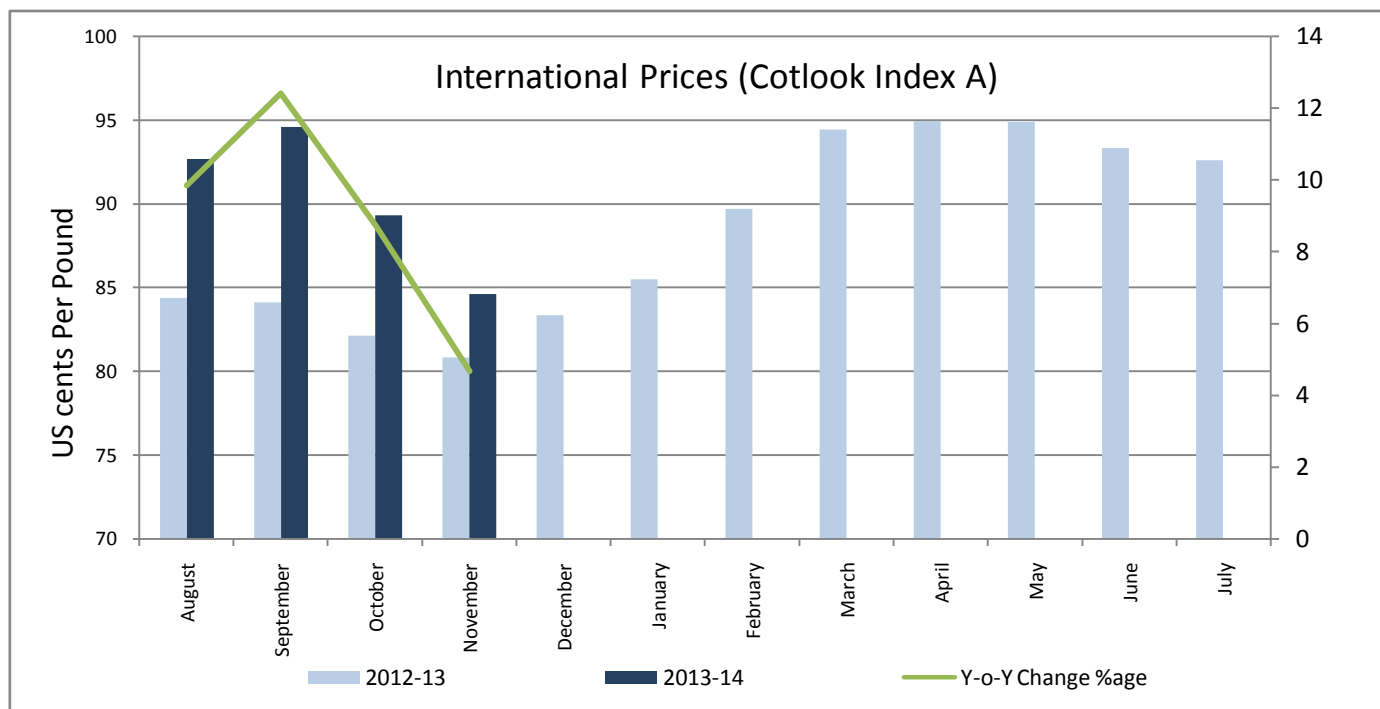
Country	Quantity (In Lakh Bales)
USA	0.03
Cote d ivoire	0.05
Tanzania	0.03
Pakistan	0.03
Burkina Faso	0.03

(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	17/01/2013	17/12/2013	17/01/2013	% Month change	%Y-o-Y change
Mar-14	38263.80	36566.62	35367.56	4.64	8.19
May-14	38374.01	36434.37		5.32	
Jul-14	38069.84	36227.18		5.09	
Oct-14	35936.23	34384.52		4.51	
Dec-14	35213.28	33807.04		4.16	
Mar-15	35376.38	34124.43		3.67	

*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.1006-1047.5 (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 1075.

Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
960	975	1055	1075

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
NCDEX	1000-1050	Bullish to Sideways

Technical Analysis of Cotton Futures February 2014 contract at MCX



Weekly Outlook:

- MCX December'13 contract moved sideways during the week, after noticing a recovery tone.
- Price range during the week was Rs. 20370-20930 (per bale of 170 kg each).
- We expect prices to witness recovery and then move sideways.
- Immediate support could be seen at 20200 which could slightly slide down to 20000.
- Resistance would be at 21000 which could further move up to 21200.

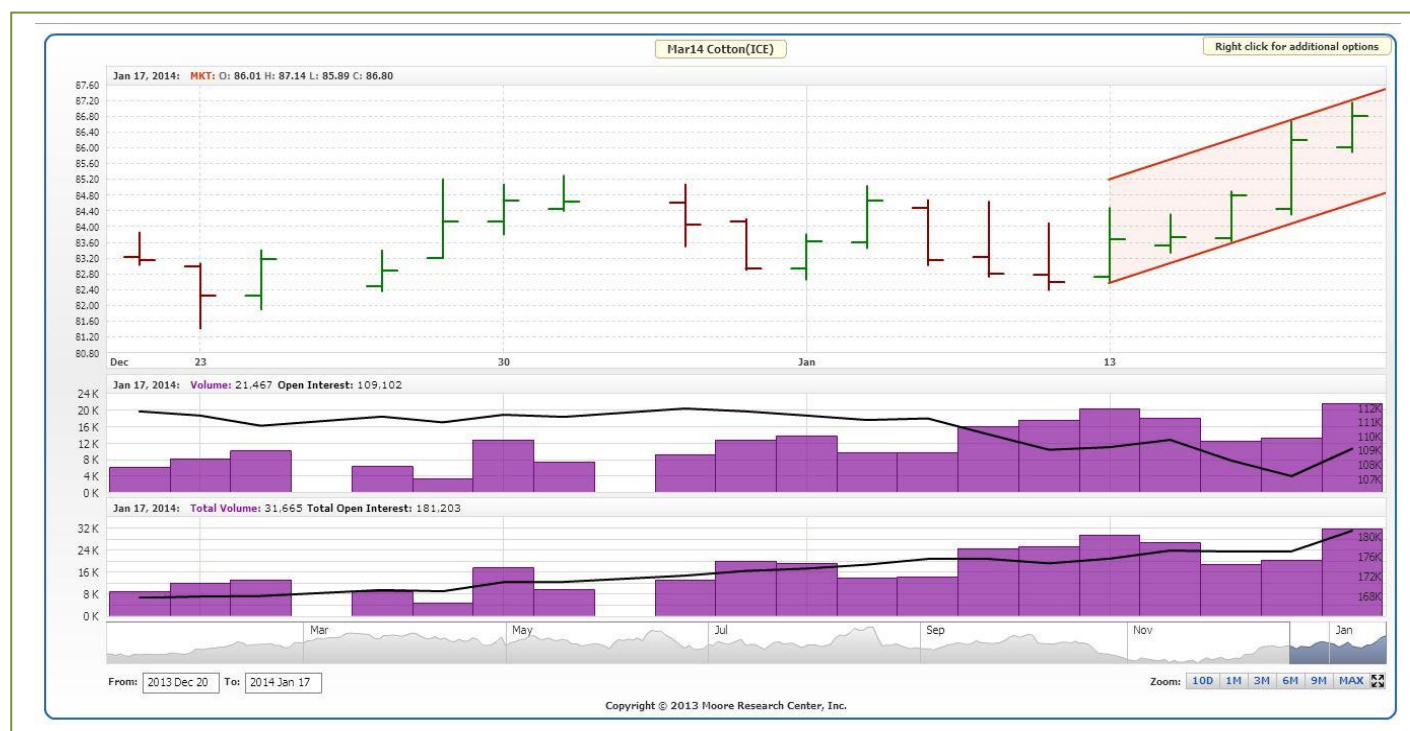
Support and Resistance:

Support 2	Support 1	Resistance 1	Resistance 2
20000	20200	21000	21200

Expected Price range of Cotton Prices for next week

Markets	Expected Trading Band for the coming week	Expected Trend for coming week
MCX	20250-20950	Bullish to Sideways Momentum

ICE Cotton Futures (October 2013 Contract) Technical Analysis:



Weekly Outlook:

- ICE March 2014 future contract remained bullish.
- Prices ranged 82.5-87 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 90 which could move high up to 92.

Support 2	Support 1	Resistance 1	Resistance 2
80	81	90	92

All in cents/pound

Source: MRCI

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