

Domestic Market Outlook

According to a report from Reuters, the export incentive for cotton yarn has been restored. Directorate general of foreign trade (DGFT) though gave no reason for the same. It should be noted that incentives from raw cotton and cotton yarn were withdrawn in September. Secretary General of confederation of Indian textile industry (CITI) said that those who will export more than the previous year will be eligible for the 2 percent incremental export benefit.

Textile industry in India is expected to notice a big boom within couple of years as China, the largest player, is moving away from the scenario due to its price in-competitiveness. Recovery in global economy too has added weight to the fact by virtue of which Indian exports are on uptrend and readymade garments (RMG) is going to be one of the most benefited sectors.

Storage and transport of cotton (Ginned and Baled) and rice would get levied the service tax as they are deemed ineligible for the tax exemption; told Finance Minister P.Chidambaram in a letter to junior consumer affair minister K.V. Thomas. Both cotton and rice are not in the negative list of items, on which 12.36% of service tax doesn't get levied. Officials of ministry of consumer said that they are yet to review the clarification regarding 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.

Global production though showing declining trends since last two years, there would not be the supply shortage as there is ample stock available to quench the demand, though it could be slightly dictated by China stock holding and releasing policies.

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

World export is declining which is clearly depicted by the fall in the individual exports by countries; reason for the same is the stock inventories available for the consumption.

COTTON PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets

Centre	Variety	Prices		Change %
		24-Jan-14	17-Jan-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5000	5000	0.00
Khandwa	Mech-1	NR	NR	--
Khargaon	Mech-1	NR	NR	--
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5550	5550	0.00
Rajkot	B.T. Cotton	5565	5675	-1.94
Patan	B.T. Cotton	5555	5670	-2.03
Muktsar	B.T. Cotton	5550	5400	2.78
Fazilika	B.T. Cotton	5680	5675	0.09
Bhiwani	B.T. Cotton	5640	5650	-0.18
Adampur	B.T. Cotton	5450	5560	-1.98
Fatehabad	B.T. Cotton	5585	5635	-0.89
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5500	5575	-1.35
Gondal	Shankar-6	5455	5550	-1.71
	Lint	(Rs./Maund Unchf 37.32kg each)		
Abohar	J-34	4580	4620	-0.87
Muktsar	J-34	4590	4620	-0.65
Fazilika	J-34	4590	4610	-0.43
Bhatinda	J-34	4590	4635	-0.97
Mansa	J-34	4575	4625	-1.08
Sirsa	J-34	4490	4520	-0.66
Sri-Ganganagar	J-34	4230	4277	-1.10
Adilabad	>30mm	4550	4534	0.35
Warangal	>30mm	4550	4534	0.35
Guntur	>30mm	4524	4534	-0.22
Bhainsa	>30mm	4524	4519	0.11

Cotton Arrivals at Key Spot Markets

Centre	Variety	Arrivals (Qtl)		Change %
		24-Jan-14	17-Jan-14	
Amravati	Mech-1	113500	113000	0.44
Khandwa	Mech-1	NR	5000	-
Khargaon	Mech-1	NR	22000	-
Mahesana(Kadi)	B.T. Cotton	240000	235000	2.13

Rajkot	B.T. Cotton	24750	13650	81.32
Patan	B.T. Cotton	24920	14535	71.45
Muktsar	B.T. Cotton	935	340	175.00
Fazilika	B.T. Cotton	5300	5450	-2.75
Bhiwani	B.T. Cotton	3400	5800	-41.38
Adampur	B.T. Cotton	2450	3200	-23.44
Fatehabad	B.T. Cotton	3650	3050	19.67
Ahmedabad	Shankar-6	535500	374000	43.18
Gondal	Shankar-6	6358	3806	67.05
Abohar	J-34	3570	4590	-22.22
Bhatinda	J-34	127500	144500	-11.76
Mansa	J-34	4760	3570	33.33
Sirsa	J-34	4930	4760	3.57
Sri-Ganganagar	J-34	13600	16150	-15.79

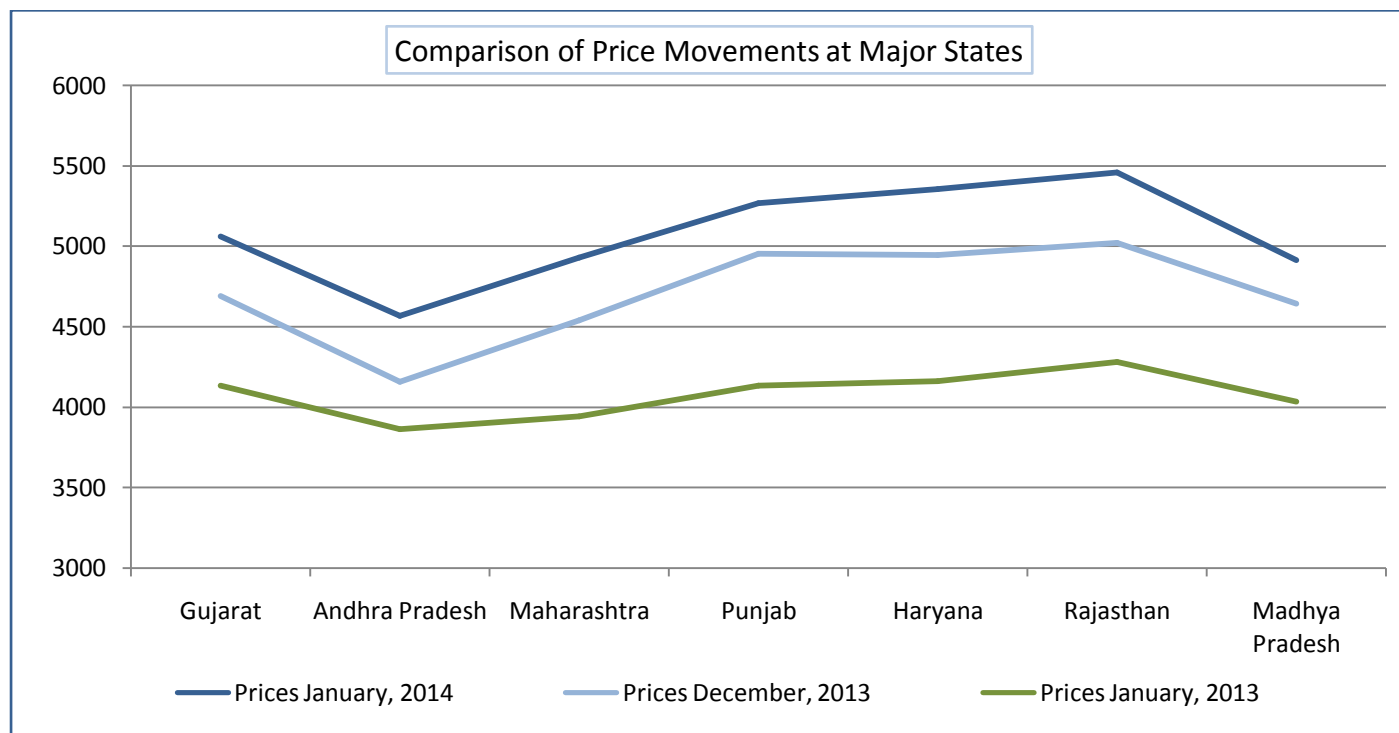
Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				23-Jan-14	16-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	40900	0.00
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	41400	0.00
J-34(202)	26mm	3.5 - 4.9	23	42200	42000	0.48
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	41400	0.72
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42600	0.23
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43100	43000	0.23
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44200	44100	0.23
DCH-32(107)	34mm	3.0 - 3.8	33	64000	65500	-2.29

STATE WISE PRICES AND ARRIVALS
State wise Prices (Rs./Qtl.)

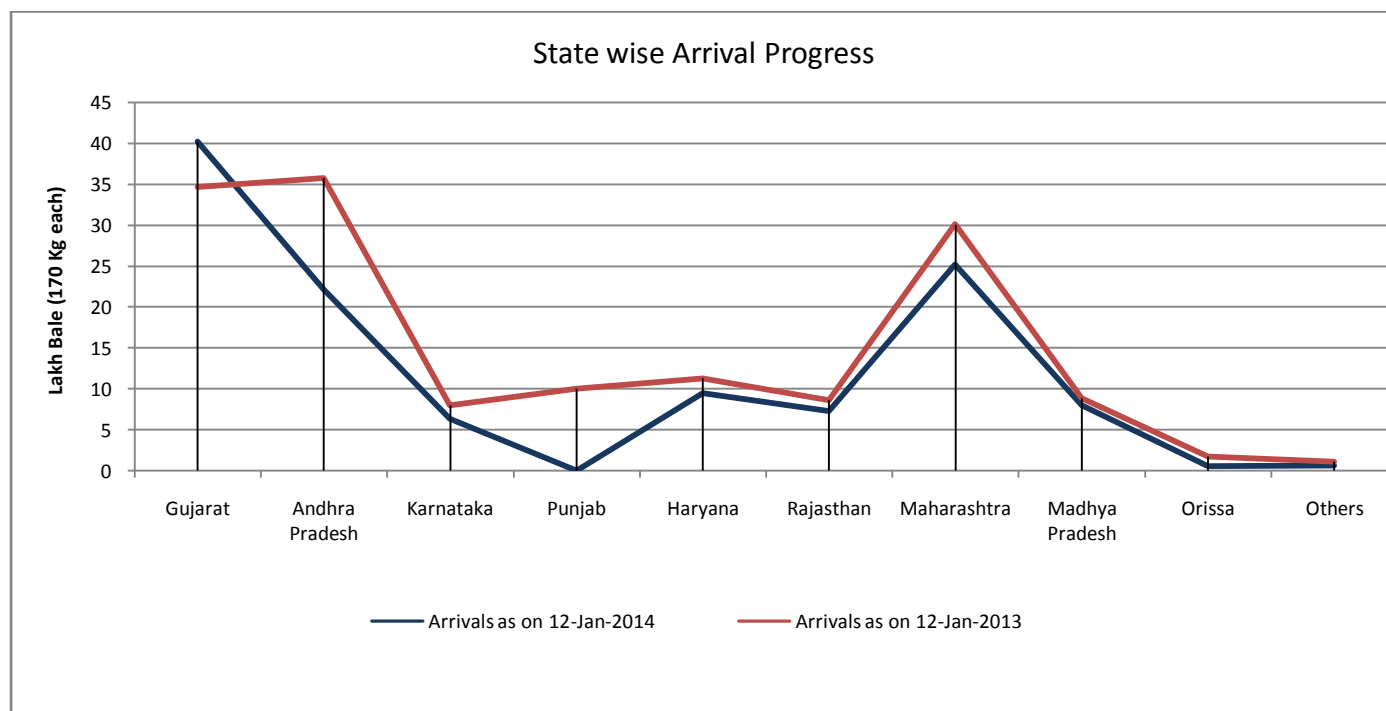
State	Prices January, 2014	Prices December, 2013	Prices January, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4567.84	4157.61	3861.66	9.87	18.29
Chattisgarh	5844.53	4888.18		19.56	—
Gujarat	5061.52	4689.94	4131.49	7.92	22.51
Haryana	5354.29	4946.18	4162.13	8.25	28.64
Karnataka	5432.93	4990.34	4088.85	8.87	32.87
Madhya Pradesh	4910.52	4642.45	4033.59	5.77	21.74
Maharashtra	4926.35	4537.19	3942.04	8.58	24.97
Orissa	4384.74	4213.34	3902.17	4.07	12.37
Punjab	5267.08	4951.29	4131.8	6.38	27.48
Rajasthan	5455.52	5020.81	4278.75	8.66	27.5
Tamil Nadu	5198.93	4691.23	4258.1	10.82	22.1
Uttar Pradesh	5212.21	5350.33	4196.47	-2.58	24.2
Average	5134.71	4756.57	4089.73		

Source: APMC



States	2013-14*		2012-13	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	41285	41974	41285	41609
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

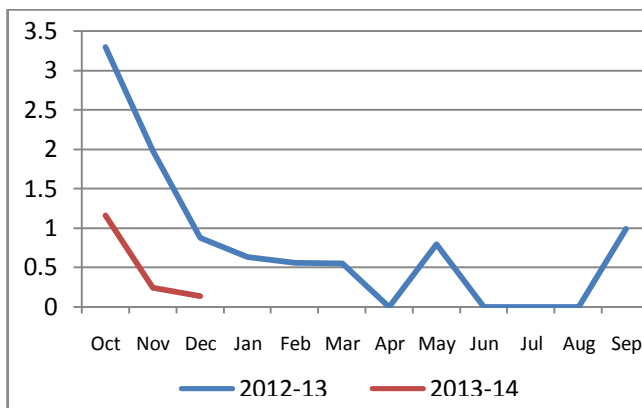
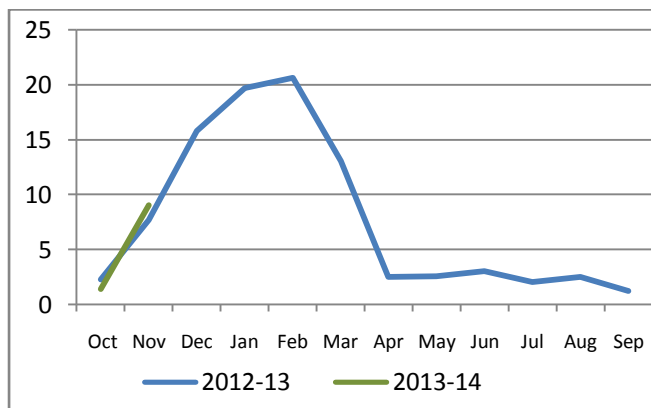
* Inclusive of new crop arrivals in September 2013



COTTON EXPORT AND IMPORT

Cotton Exports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	2.29	1.43
Nov	7.68	9.06
Dec	15.83	23.12
Jan	19.71	
Feb	20.67	
Mar	13.07	
Apr	2.5	
May	2.58	
Jun	3.01	
Jul	2.06	
Aug	2.5	
Sep	1.22	
Total	93.12	33.61

Cotton Imports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	3.3	1.16
Nov	1.98	0.24
Dec	0.88	0.133
Jan	0.63	
Feb	0.56	
Mar	0.55	
Apr	0.76	
May	0.8	
Jun	0.05	
Jul	1.1	
Aug	1.01	
Sep	0.99	
Total	12.61	1.533



Export Break Up by Major Countries During December 2013

Country	Quantity (In Lakh Bales)
China	14.35
Bangladesh	2.95
Vietnam	1.32
Pakistan	1.17
Indonesia	0.91

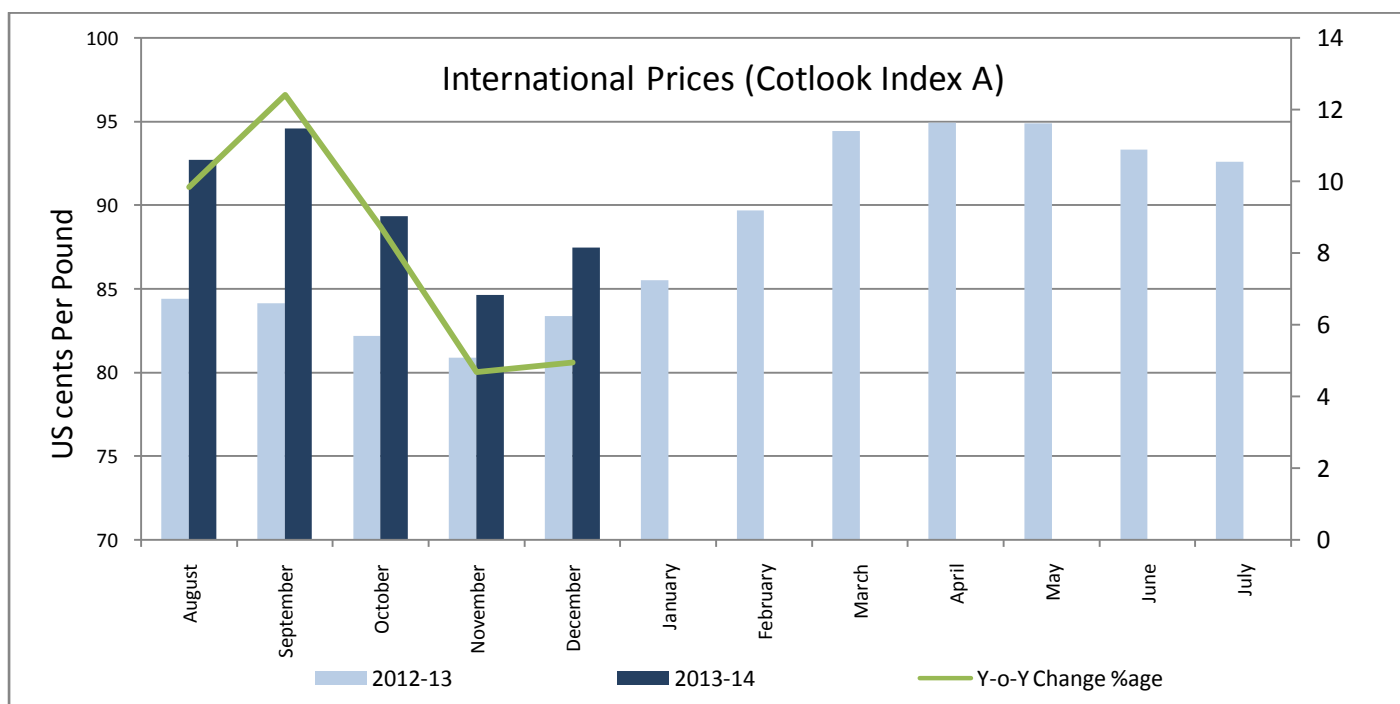
Export Break Up by Major Countries During December 2013

Country	Quantity (In Lakh Bales)
Tanzania	0.03
Turkey	0.02
Germany	0.01
Netherlands	0.01
U SA	0.01

INTERNATIONAL PRICES

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

Month	2012-13	2013-14	Y-o-Y Change %age
August	84.4	92.71	9.845971564
September	84.15	94.6	12.41830065
October	82.17	89.35	8.737982232
November	80.87	84.65	4.674168418
December	83.37	87.49	4.941825597
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	24/01/2014	24/12/2013	24/01/2013	% Month change	%Y-o-Y change
Mar-14	38444.54	36668.01	35495.40	4.84	8.31
May-14	38567.97	36504.90		5.65	
Jul-14	38532.71	36460.82		5.68	
Oct-14	35618.84	34640.20		2.83	
Dec-14	34622.57	34084.76		1.58	
Mar-15	34847.39	34305.17		1.58	

COTTON FUTURES

Technical Analysis of Cotton Future (April Contract) at NCDEX



Weekly Technical Outlook

- Prices of cotton ruled sideways during the week.
- Reason for the same stood is rise in arrivals and weak demand.
- We expect price to remain on down side in the coming week.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bearish to Sideways	980-1025

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
975	970	1030	1040

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2013 Indian Agribusiness Systems Pvt Ltd.