

Domestic Market Outlook

National Agriculture Cooperative Marketing Federation of India Ltd. (NAFED) has sold 10,000 bales of cotton last week in local market, and about 11500 bales of cotton is left at Adilabad, Guntur and Warangal warehouses.

According to a research in Germany, the calorie consumption and dietary quality has been increased among the small scale cotton growers in India, due to use of Genetically Modified (GM) crop, which gave them the higher yield and ultimately the better value of their produce.

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 It should be noted that incentives from raw cotton and cotton yarn were withdrawn in September.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.

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.

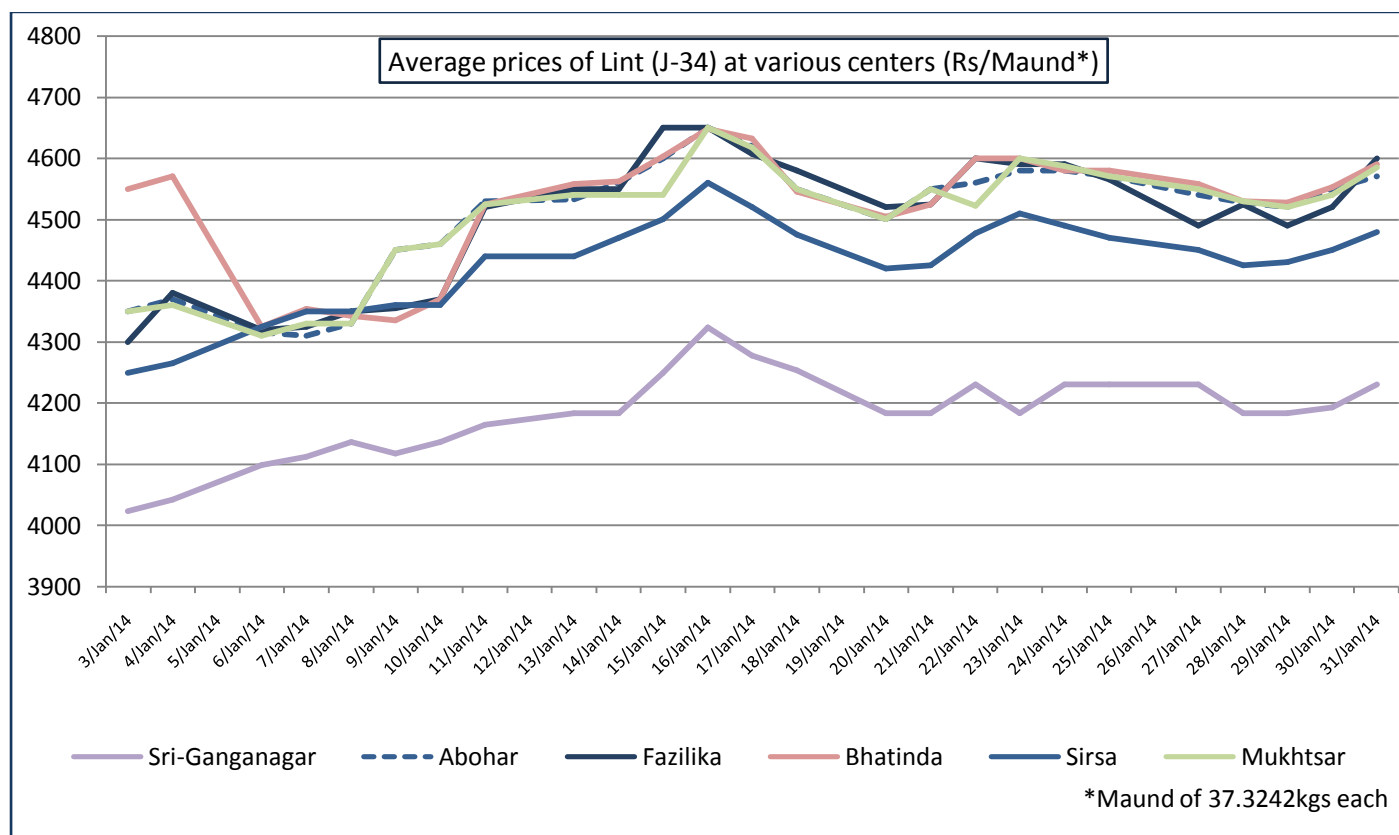
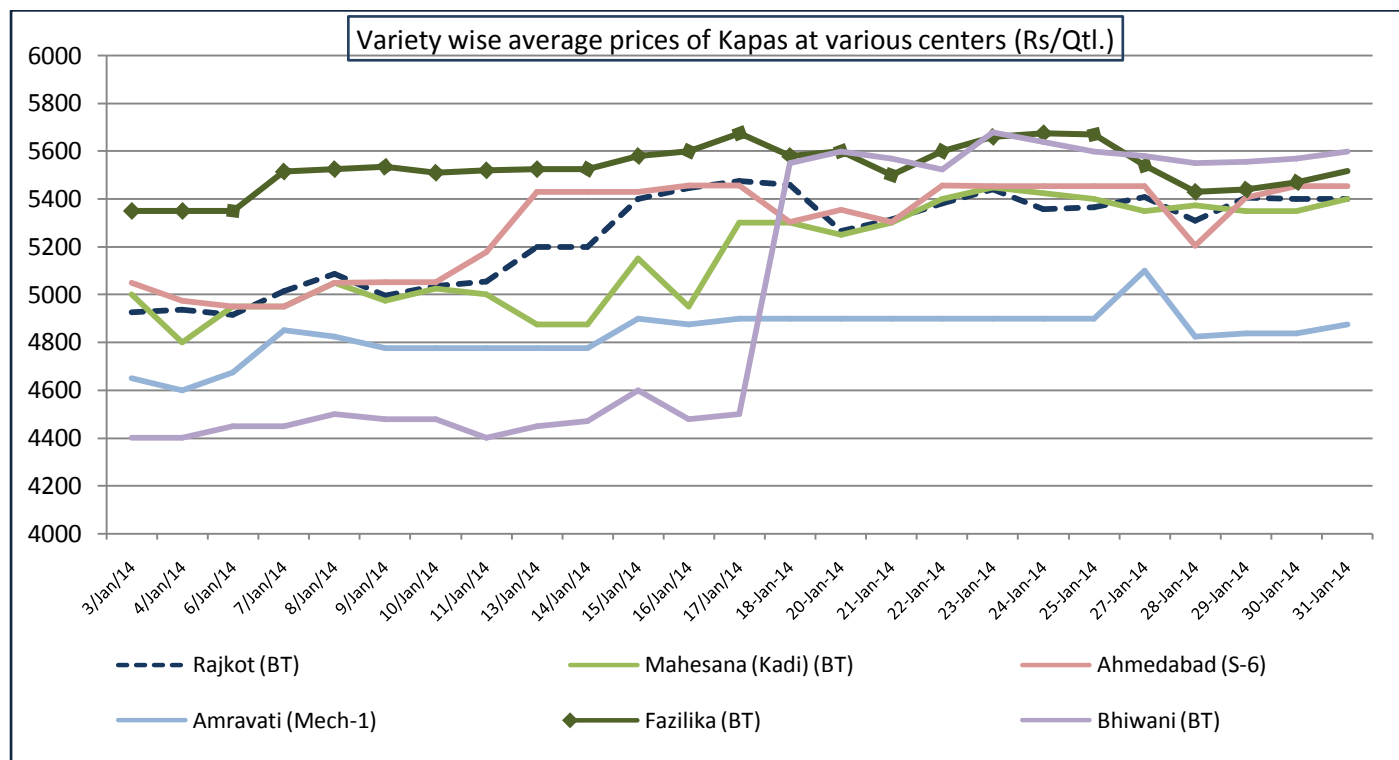
Global production though showing declining trends since last two years, there would not be the supply shortage as there is ample stock available to quench the demand, though it could be slightly dictated by China stock holding and releasing policies.

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 at Key Spot Markets

Centre	Variety	Prices		Change %
		31-Jan-14	24-Jan-14	
	Kapas	Rs./Qtl		
Amravati	Mech-1	4950	5000	-1.00
Khandwa	Mech-1	-	-	--
Khargaon	Mech-1	-	-	--
	Kapas	Rs./Qtl.		
Mahesana(Kadi)	B.T. Cotton	5500	5550	-0.90
Rajkot	B.T. Cotton	5590	5565	0.45
Patan	B.T. Cotton	5425	5555	-2.34
Muktsar	B.T. Cotton	5500	5550	-0.90
Fazilika	B.T. Cotton	5517	5680	-2.87
Bhiwani	B.T. Cotton	5600	5640	-0.71
Adampur	B.T. Cotton	5470	5450	0.37
Fatehabad	B.T. Cotton	5550	5585	-0.63
Jind	B.T. Cotton	5510	5500	0.18
Rawatsar (Hanumangarh)	B.T. Cotton	5325	5400	-1.39
	Kapas	Rs./Qtl.		
Ahmedabad	Shankar-6	5500	5500	0.00
Gondal	Shankar-6	5465	5455	0.18
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4570	4580	-0.22
Muktsar	J-34	4585	4590	-0.11
Fazilika	J-34	4600	4590	0.22
Bhatinda	J-34	4595	4590	0.11
Mansa	J-34	4575	4575	0.00
Sirsa	J-34	4480	4490	-0.22
Sri-Ganganagar	J-34	4230	4230	0.00
Hanumangarh	B.T. Cotton	4450	4525	-1.66
Adilabad	>30mm	4498	4550	-1.14
Warangal	>30mm	4498	4550	-1.14
Guntur	>30mm	4482	4524	-0.93
Bhainsa	>30mm	4482	4524	-0.93



Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		31-Jan-14	24-Jan-14	
Amravati	Mech-1	144000	113500	26.87
Khandwa	Mech-1	-	-	--
Khargaon	Mech-1	-	-	--
Mahesana(Kadi)	B.T. Cotton	380000	240000	58.33
Rajkot	B.T. Cotton	30450	24750	23.03
Patan	B.T. Cotton	36832	24920	47.80
Muktsar	B.T. Cotton	2720	935	190.91
Fazilika	B.T. Cotton	7500	5300	41.51
Bhiwani	B.T. Cotton	3400	3400	0.00
Adampur	B.T. Cotton	4930	2450	101.22
Fatehabad	B.T. Cotton	4450	3650	21.92
Jind	B.T. Cotton	22730	4430	413.09
Rawatsar (Hanumangarh)	B.T. Cotton	1450	-	--
Ahmedabad	Shankar-6	561000	535500	4.76
Gondal	Shankar-6	10535	6358	65.70
Abohar	J-34	5950	3570	66.67
Bhatinda	J-34	185300	127500	45.33
Mansa	J-34	9010	4760	89.29
Sirsa	J-34	10200	4930	106.90
Sri-Ganganagar	J-34	8200	13600	-39.71
Hanumangarh	B.T. Cotton	8200	7700	6.49

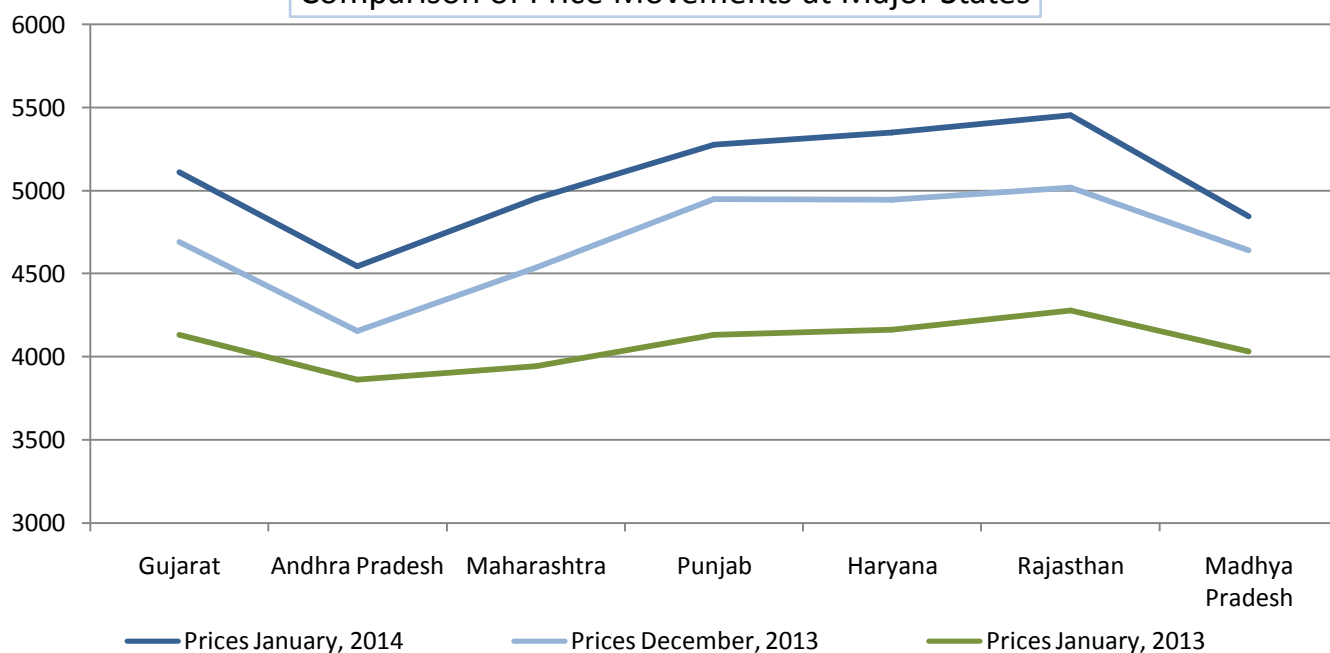
Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				30-Jan-14	23-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41200	40900	0.73
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	41900	41400	1.21
J-34(202)	26mm	3.5 - 4.9	23	42100	42200	-0.24
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42100	41700	0.96
Shankar-6(105)	29mm	3.5 - 4.9	28	42800	42700	0.23
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43100	0.93
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44200	0.23
DCH-32(107)	34mm	3.0 - 3.8	33	64000	64000	0.00

State wise Prices (Rs./Qtl.)

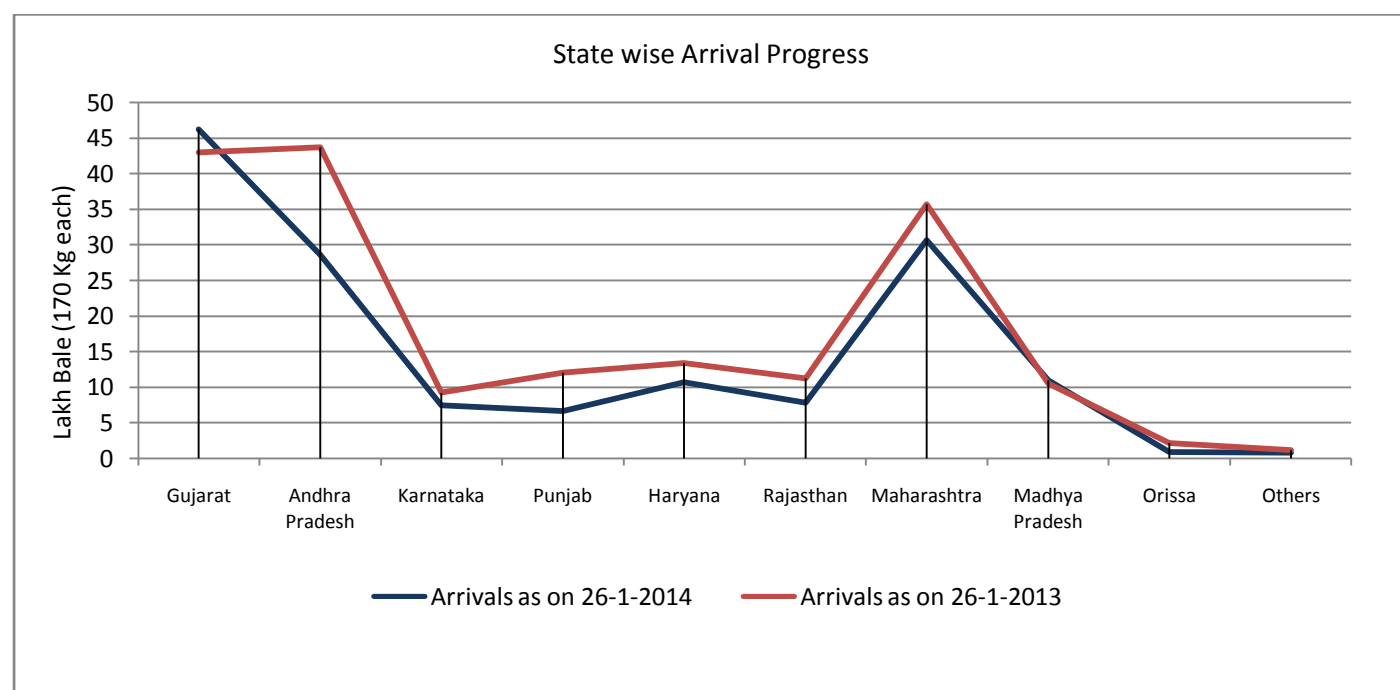
State	Prices January, 2014	Prices December, 2013	Prices January, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4545.84	4157.61	3861.66	9.34	17.72
Chattisgarh	5844.53	4888.18		19.56	—
Gujarat	5111.84	4689.94	4131.49	9	23.73
Haryana	5350.97	4946.18	4162.13	8.18	28.56
Karnataka	5439.21	4990.34	4088.85	8.99	33.03
Madhya Pradesh	4846.31	4642.45	4033.59	4.39	20.15
Maharashtra	4952.72	4537.19	3942.04	9.16	25.64
Orissa	4444.34	4213.34	3902.17	5.48	13.89
Punjab	5276.19	4951.29	4131.8	6.56	27.7
Rajasthan	5455.89	5020.81	4278.75	8.67	27.51
Tamil Nadu	5549.3	4691.23	4258.1	18.29	30.32
Uttar Pradesh	5187.8	5350.33	4196.47	-3.04	23.62
Average	5167.08	4756.57	4089.73		

Source: Agmarknet

Comparison of Price Movements at Major States


State wise Arrivals (in Quintals)

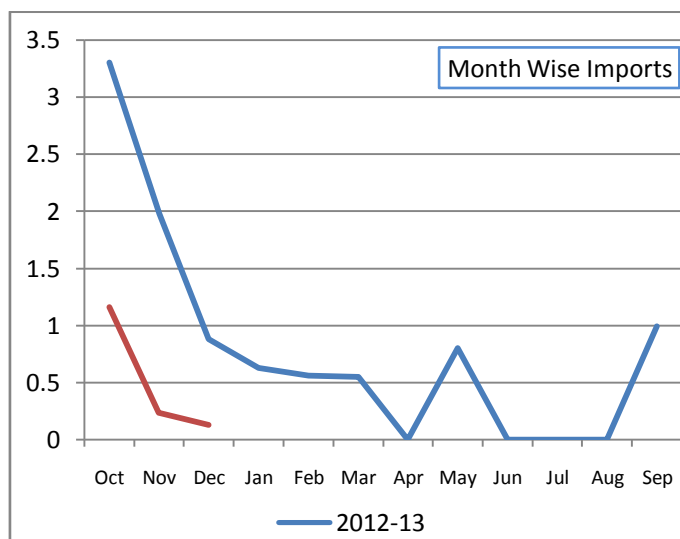
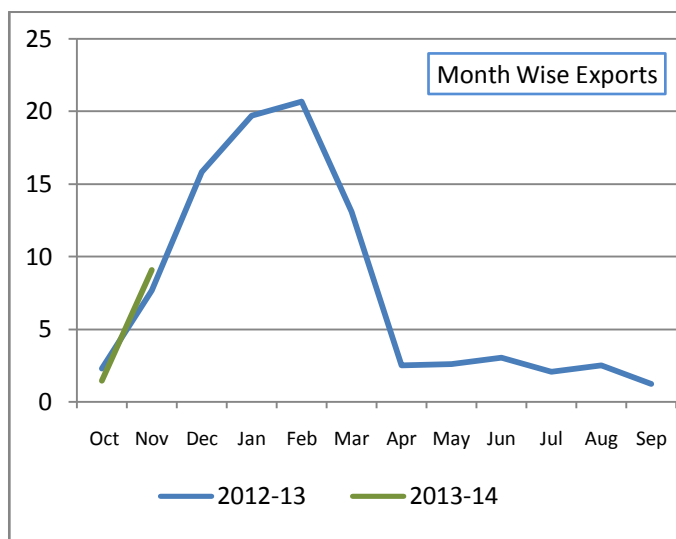
States	2013-14		2012-13	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	1-11-2013	26-1-2014	1-11-2012	26-1-2013
1. Punjab	21	6.62	21	12
2. Haryana	23	10.64	25	13.41
3. Rajasthan	14	7.78	17	11.19
A. North Total (1+2+3)	58	25.04	63	36.6
4. Gujarat	116	46.19	93	42.92
5. Maharashtra	81	30.67	79	35.67
6. Madhya Pradesh	19	10.93	19	10.46
B. Central Total (4+5+6)	216	87.79	191	89.05
7. Andhra Pradesh	72	28.57	84	43.67
8. Karnataka	18	7.46	15	9.2
9. Tamil Nadu	5	0.93	6	0.41
C. South Total (7+8+9)	95	36.96	105	53.28
10. Orissa	4	0.86	4	2.15
11. Others	2	0.76	2	1.15
D. Total (10+11)	6	1.62	6	3.3
Grand Total (A+B+C+D)	375	151.41	365	182.23
Source Cotton Corporation of India (CCI)				



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

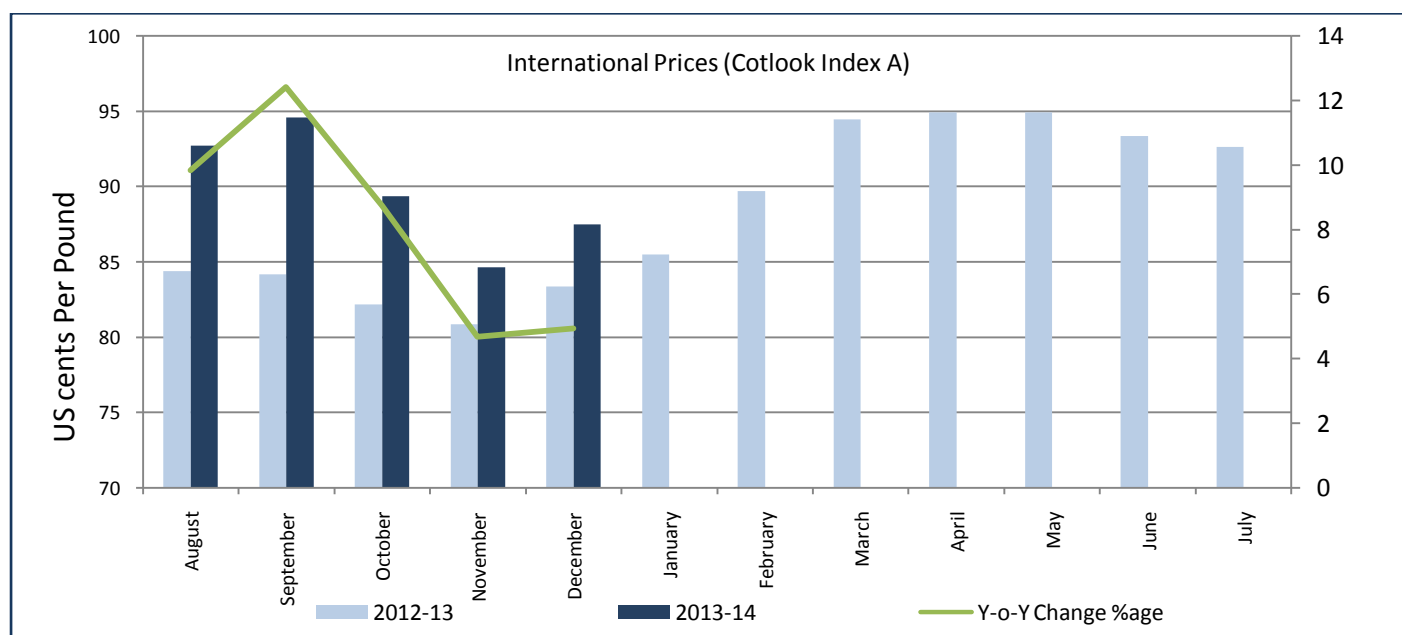
Export Break Up by Major Countries During December 2013

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	9.8
September	84.15	94.6	12.4
October	82.17	89.35	8.7
November	80.87	84.65	4.6
December	83.37	87.49	4.9
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	30/01/2014	30/12/2013	30/01/2013	% Month change	%Y-o-Y change
Mar-14	37836.20	37311.61	36213.95448	1.41	4.48
May-14	38056.61	37205.82		2.29	
Jul-14	37884.69	37020.67		2.33	
Oct-14	34618.16	35155.97		-1.53	
Dec-14	33679.20	34574.08		-2.59	
Mar-15	33881.98	34807.72		-2.66	

COTTON FUTURES

Technical Analysis of Cotton Future (April Contract) at NCDEX



Weekly Technical Outlook

- Prices of cotton ruled downwards during the week.
- Reason for the same stood rise in arrivals and weak demand.
- We expect price to notice a slight recovery, and sideways movement thereafter.

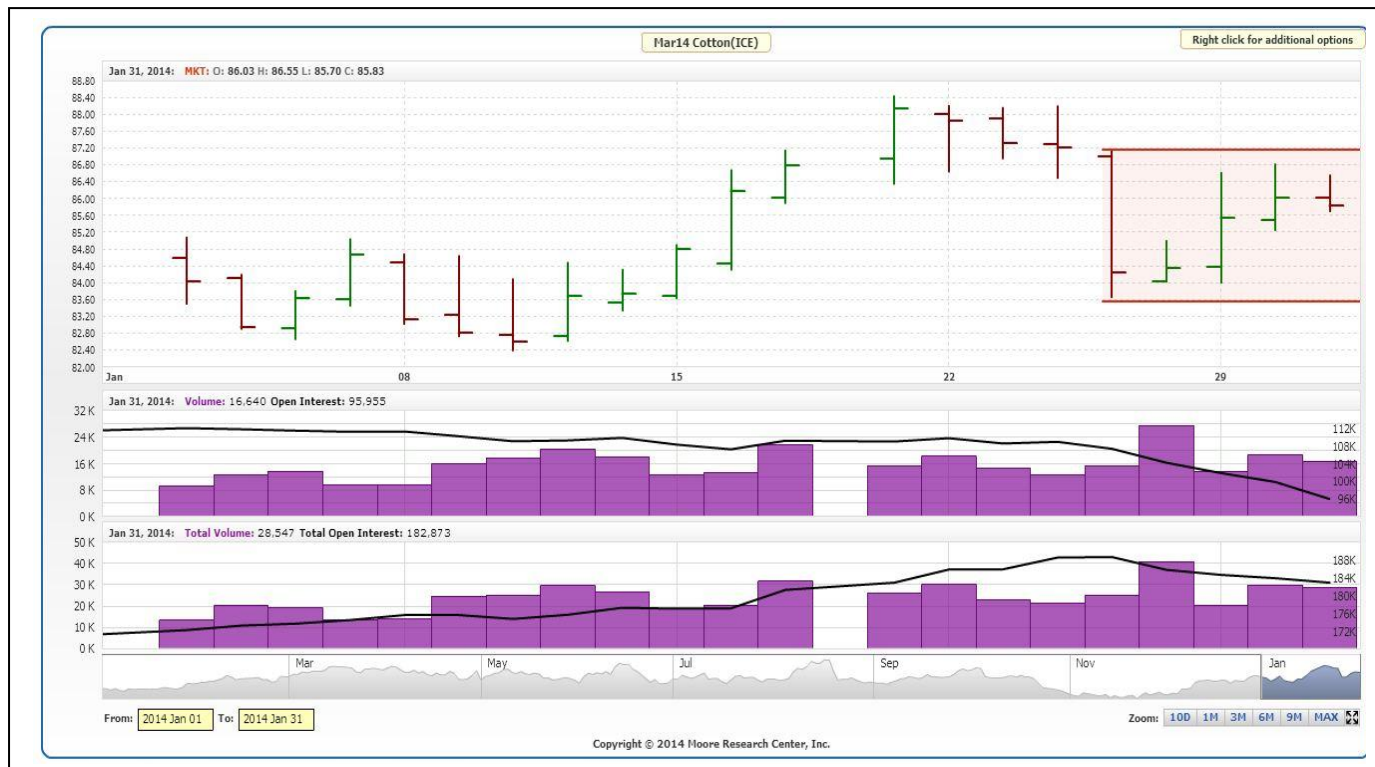
Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Sideways	970-1005

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
965	950	985	995

Technical Analysis of Cotton Future (March'14 Contract) at ICE



Weekly Technical Outlook

- Prices of cotton ruled sideways after noticing a sharp decline.
- Declining volume and prices are depicting the weak market.
- In near term, we expect prices to move weak to sideways on the dull market sentiments

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bearish to Sideways	84-87

Expected Support and Resistance

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

Disclaimer

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