

Domestic Market Outlook

India is looking for the duty free access to the markets of European Union for its Garments and Textiles. Textile Minister K.S. Rao said that India is already negotiating with Germany and UK for zero duty access. He also said that Ministry of Textile has discussed with Finance Ministry for an interest rate subvention of 3%-4% for textile exporters.

A Memorandum of Understanding has been signed by ICA (The International Cotton Association) and CAI (Cotton Association of India) in order to enhance the bilateral cotton trade and its related aspects. It should be noted that majority of laws and rules for overseas cotton trade are being issued by ICA, an arbitral body. The MOU between these two bodies is dedicated to dissemination of information and intelligence, training and development, exchange of delegation and resolving the members' issues.

Arrival of cotton all over India stood 178.5 lakh bales (of 170 kgs each) till January 31, which was 159.14 lakh bales during corresponding period last season (2012-13), noticing a increase of 12.16% on Y-o-Y basis. Gujarat, has noticed the highest increase of 66.66% on Y-o-Y basis, where 61.94 lakh bales of cotton has arrived.

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. All these factors beckon that consumption of cotton is likely to increase on domestic front.

International Market Outlook

USDA's CCC (Commodity Credit Corporation) has announced that it will implement a special quota for upland cotton. This step is taken by the department in order to stabilize the market, when the prevailing prices moves higher than the world market for a period of four weeks.

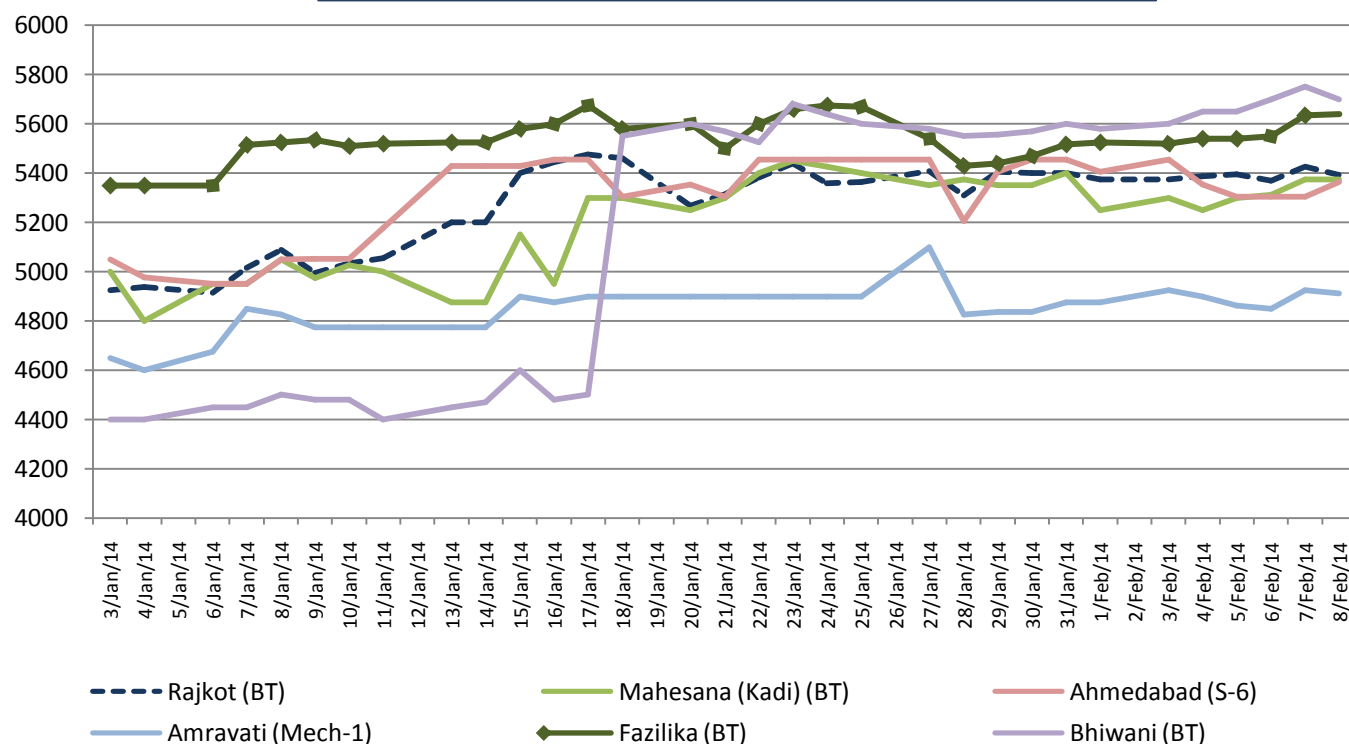
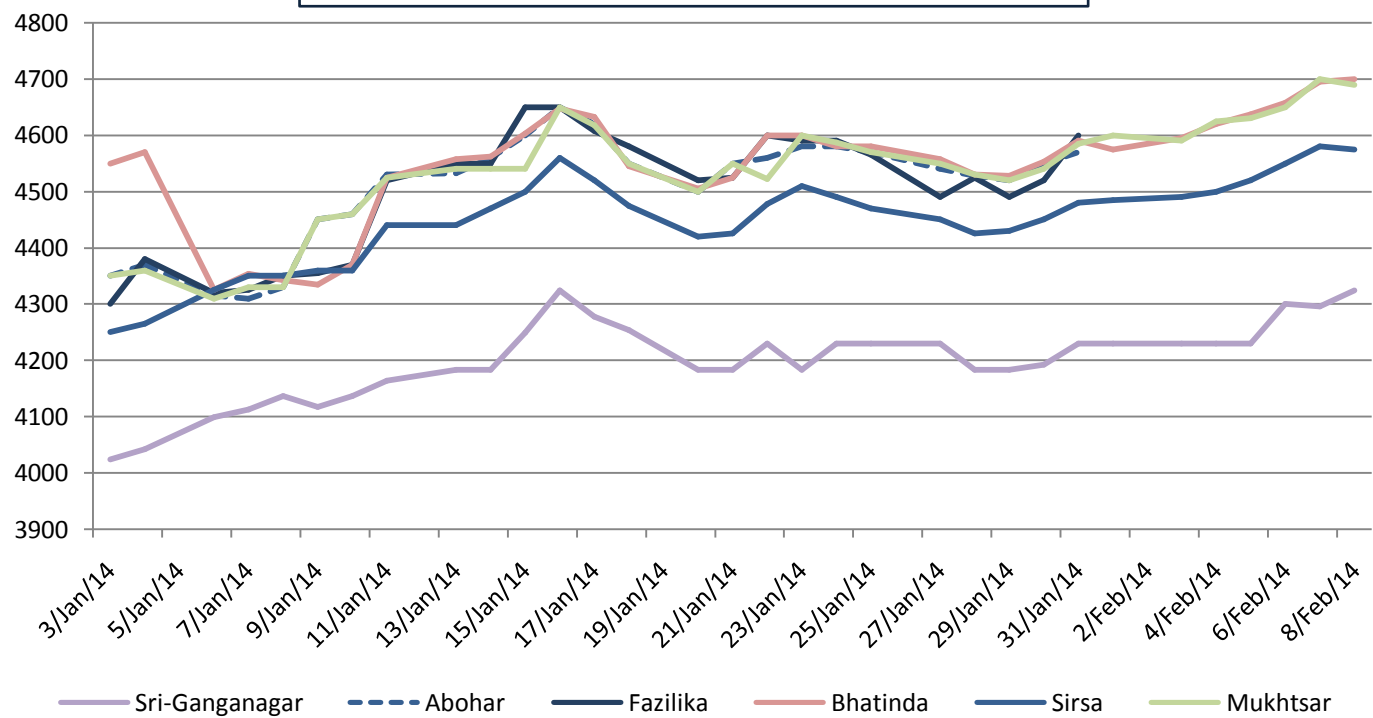
Imports of cotton fibre in China during calendar year 2013 have declined by 19.2% to 4.15 million tones as cited by customs data. Drivers for such a situation are the tight import policy imposed by Beijing. Hence China is focusing on the imports of cotton yarn instead of raw cotton due to higher import duty gets levied on the raw cotton.

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.

Cotton Prices at Key Spot Markets

Centre	Variety	Prices		Change %
		7-Feb-14	31-Jan-14	
	Kapas	Rs./Qtl		
Amravati	Mech-1	5000	4950	1.01
Khandwa	Mech-1	5300	-	-
Khargaon	Mech-1	5300	-	-
	Kapas	Rs./Qtl.		
Mahesana(Kadi)	B.T. Cotton	5550	5500	0.91
Rajkot	B.T. Cotton	5555	5590	-0.63
Patan	B.T. Cotton	5550	5425	2.30
Muktsar	B.T. Cotton	5500	5500	0.00
Fazilika	B.T. Cotton	5635	5517	2.14
Bhiwani	B.T. Cotton	5750	5600	2.68
Adampur	B.T. Cotton	5550	5470	1.46
Fatehabad	B.T. Cotton	5625	5550	1.35
Jind	B.T. Cotton	5646	5510	2.47
Rawatsar (Hanumangarh)	B.T. Cotton	5500	5325	3.29
	Kapas	Rs./Qtl.		
Ahmedabad	Shankar-6	5500	5500	0.00
Gondal	Shankar-6	5475	5465	0.18
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4700	4570	2.84
Muktsar	J-34	4700	4585	2.51
Fazilika	J-34	4620	4600	0.43
Bhatinda	J-34	4700	4595	2.29
Mansa	J-34	4685	4575	2.40
Sirsa	J-34	4580	4480	2.23
Sri-Ganganagar	J-34	4296	4230	1.56
Hanumangarh	B.T. Cotton	4615	4450	3.71
Adilabad	>30mm	4498	4498	0.00
Warangal	>30mm	4508	4498	0.22
Guntur	>30mm	4472	4482	-0.22
Bhainsa	>30mm	4498	4482	0.36

Variety wise average prices of Kapas at various centers (Rs/Qtl.)

Average prices of Lint (J-34) at various centers (Rs/Maund*)


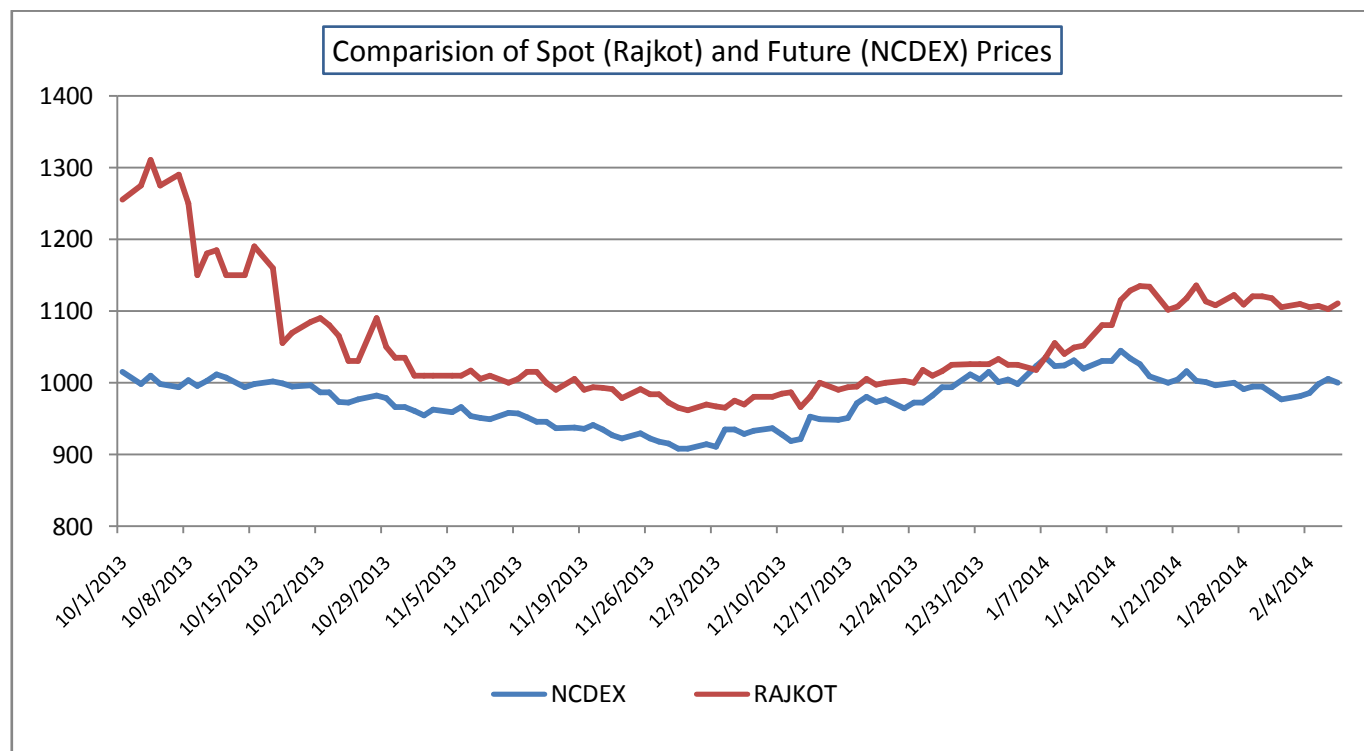
*Maund of 37.3242kgs each

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		7-Feb-14	31-Jan-14	
Amravati	Mech-1	197500	144000	37.15
Khandwa	Mech-1	17000	-	-
Khargaon	Mech-1	21000	-	-
Mahesana(Kadi)	B.T. Cotton	460000	380000	21.05
Rajkot	B.T. Cotton	26000	30450	-14.61
Patan	B.T. Cotton	29880	36832	-18.87
Fazilika	B.T. Cotton	7200	7500	-4.00
Bhiwani	B.T. Cotton	4500	3400	32.35
Adampur	B.T. Cotton	4760	4930	-3.45
Fatehabad	B.T. Cotton	4450	4450	0.00
Jind	B.T. Cotton	33830	22730	48.83
Rawatsar (Hanumangarh)	B.T. Cotton	910	1450	-37.24
Ahmedabad	Shankar-6	578000	561000	3.03
Gondal	Shankar-6	7443	10535	-29.35
Abohar	J-34	4760	5950	-20.00
Muktsar	J-34	2295	2720	-15.63
Bhatinda	J-34	183600	185300	-0.92
Mansa	J-34	6970	9010	-22.64
Sirsa	J-34	12410	10200	21.67
Sri-Ganganagar	J-34	12750	20400	-37.50
Hanumangarh	B.T. Cotton	6250	8200	-23.78

Cotton Association of India Spot Rates:

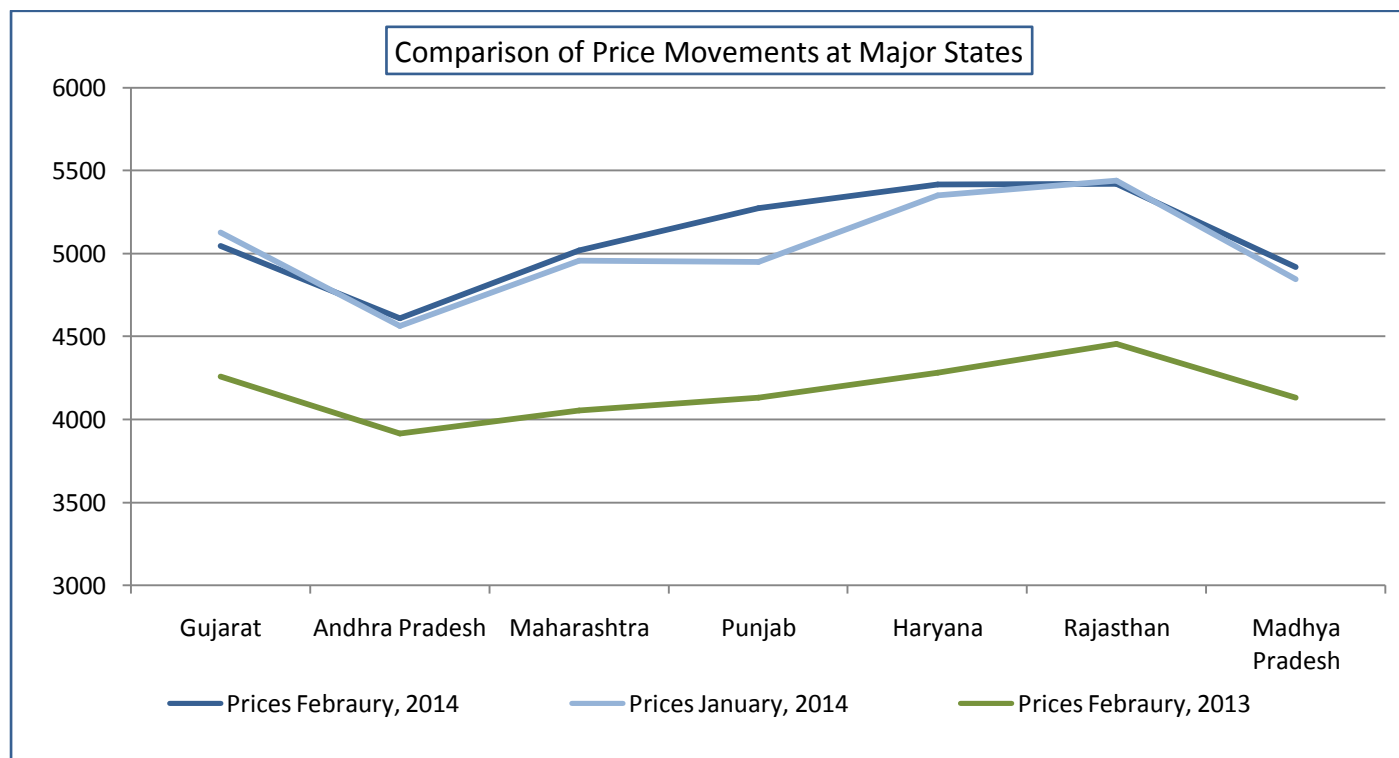
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				6-Feb-14	30-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39400	41200	-4.37
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39900	41900	-4.77
J-34(202)	26mm	3.5 - 4.9	23	42900	42100	1.90
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42200	42100	0.24
Shankar-6(105)	29mm	3.5 - 4.9	28	42900	42800	0.23
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43600	43500	0.23
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44200	44300	-0.23
DCH-32(107)	34mm	3.0 - 3.8	33	64000	64000	0.00



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

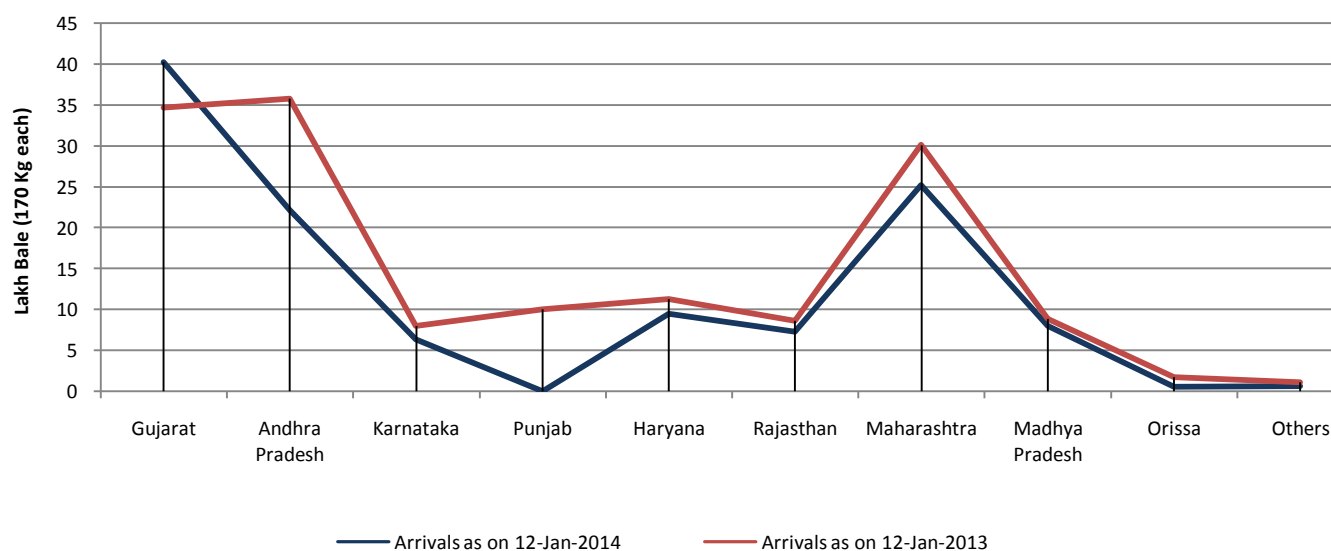
State	Prices Februaury, 2014	Prices January, 2014	Prices Februaury, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4609.08	4565.41	3915.79	0.96	17.7
Chattisgarh	5523.39	5911.77		-6.57	—
Gujarat	5046.23	5126.99	4257.55	-1.58	18.52
Haryana	5416.59	5353.58	4280.6	1.18	26.54
Karnataka	5338.17	5427.11	4139.02	-1.64	28.97
Madhya Pradesh	4918.66	4845.01	4131.76	1.52	19.05
Maharashtra	5020.82	4958.53	4052.99	1.26	23.88
Meghalaya	7650			—	—
Orissa	4258.62	4459.98	3911.3	-4.51	8.88
Punjab	5291.51	5280.93	4377.82	0.2	20.87
Rajasthan	5422.3	5440.27	4457.12	-0.33	21.65
Tamil Nadu	5920	5541.3	4103.95	6.83	44.25
Uttar Pradesh	5025	5187.8	3876.48	-3.14	29.63
Average	5341.57	5174.89	4136.76		

*Report Generation: As per the data reported by APMCs



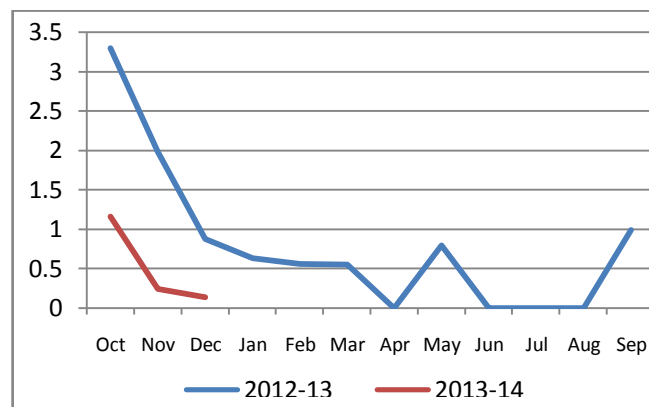
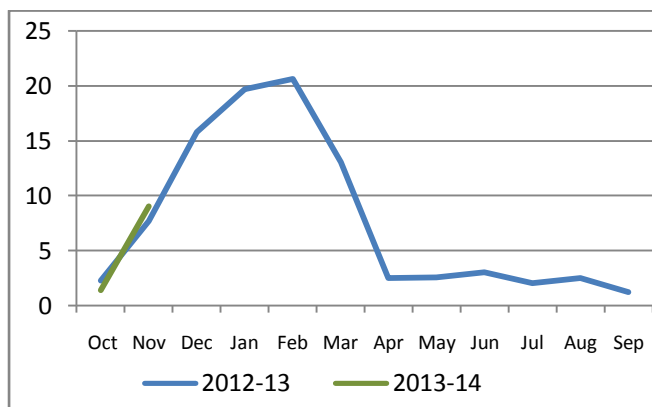
States	2013-14		2012-13	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	1/11/2013	26-1-2014	1/11/2012	26-1-2013
1. Punjab	21	6.62	21	12
2. Haryana	23	10.64	25	13.41
3. Rajasthan	14	7.78	17	11.19
A. North Total (1+2+3)	58	25.04	63	36.6
4. Gujarat	116	46.19	93	42.92
5. Maharashtra	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

State wise Arrival Progress



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

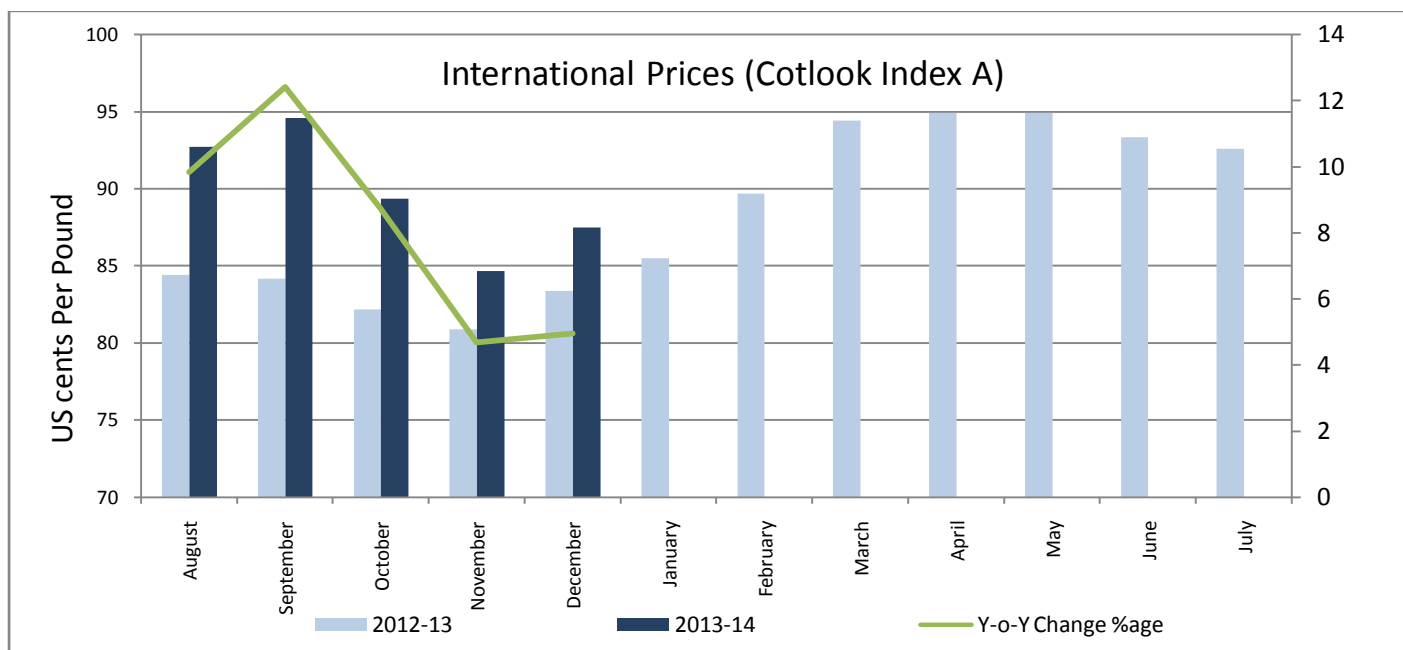


Export Break Up by Major Countries During December'13	
Country	Quantity (In Lakh Bales)
China	14.35
Bangladesh	2.95
Vietnam	1.32
Pakistan	1.17
Indonesia	0.91

Import Break Up by Major Countries During December'13	
Country	Quantity (In Lakh Bales)
Tanzania	0.03
Turkey	0.02
Germany	0.01
Netherlands	0.01
U SA	0.01

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	9.84
September	84.15	94.6	12.41
October	82.17	89.35	8.73
November	80.87	84.65	4.67
December	83.37	87.49	4.94
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)

Contracts	07/02/2014	07/01/2014	07/02/2013	% Month change	%Y-o-Y change
Mar-14	38678.18	36668.01	36734.13	3.63	5.29
May-14	38726.67	36504.90		3.80	
Jul-14	38400.46	36460.82		3.42	
Oct-14	35213.28	34640.20		-0.15	
Dec-14	34358.07	34084.76		-1.19	
Mar-15	34591.71	34305.17		-1.46	

COTTON FUTURES

Technical Analysis of Cotton Future (April'14 Contract) at NCDEX



Weekly Technical Outlook

- Prices of cotton noticed a short term uptrend followed by a downwards movement during the week.
- Candlestick denotes sluggishness and indecision in the market.
- RSI is declining in neutral region supporting weak tone.
- For the coming week, we expect sideways to bearish movements.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Sideways to Bearish Momentum	975-1005

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
970	960	1020	1030

*values in Rs./20 kgs

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



Weekly Technical Outlook:

- Prices of cotton ruled higher amid strong international demand.
- Though declining volume and open interest depicts weakness in the market.
- We expect sideways movement in the coming week.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Sideways to Bearish Momentum	84-88

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
82	83	89	90

*values in Cents. /Pound

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