

Domestic Market Outlook

Cotton association of India (CAI) estimated the cotton production lower at 374 lakh bales (of 170 kg each) this season (2013-14), this was earlier estimated in December to be at 376 lakh bales. Production of cotton during season 2012-13 was 356.75 lakh bales, lower than the current year. Though area stood lower this year due to high cultivation cost, production prospects are higher due to the boosted yield and cultivation of BT cotton.

Traders from Pakistan are buying cotton particularly from Maharashtra, followed by Gujarat and Andhra Pradesh at fairly good prices. Sourcing cotton from India is being proved price competitive for Pakistan due to the superior quality of produce and lesser transportation expenses due to proximity. It is believed that China will soon lag in the Garment and Textile sector due to higher cost associated with the industry, which will create a void, and that has to be filled by other Asian nations including Pakistan. Though Shiv Sena is protesting against these kinds of trades between India and Pakistan, the farmers and traders are willing to maintain bilateral trade relations.

Union Agriculture Minister Sharad Pawar said that we are no more dependent on cotton and wheat imports, in fact we have earned the foreign exchange of Rs.2.32 lakh crore by exporting these two commodities to foreign countries.

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.

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.

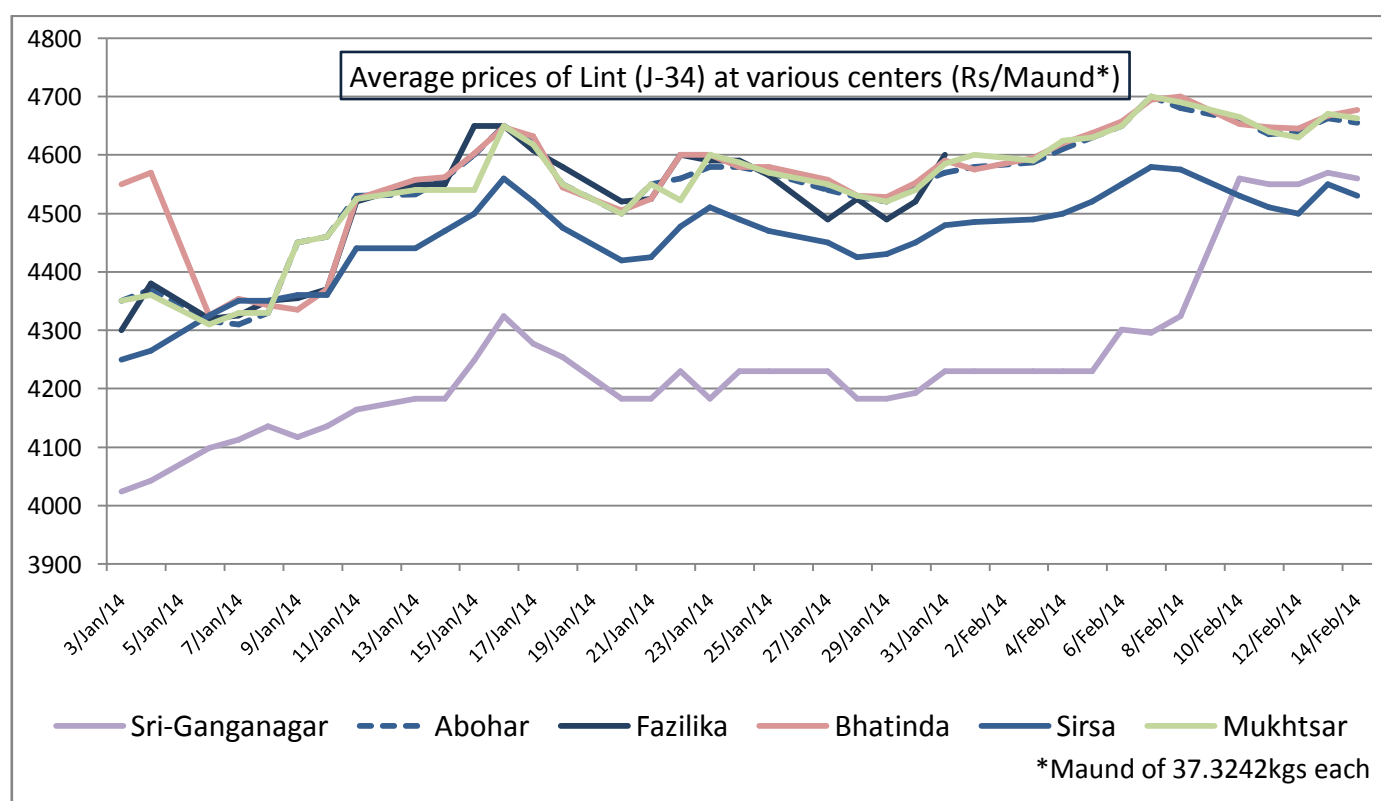
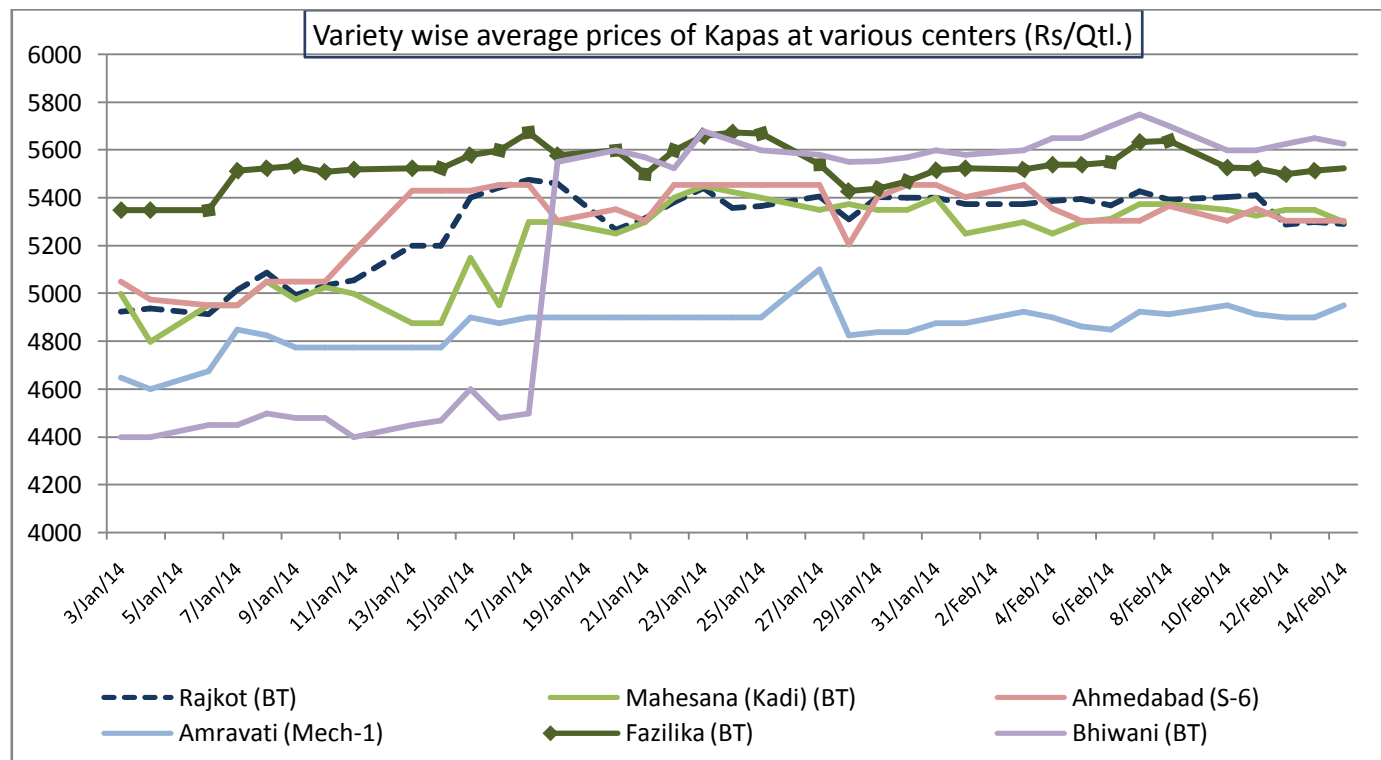
Global production though showing declining trends since last two years, there would not be the supply shortage as there is ample stock available to quench the demand, though it could be slightly dictated by China stock holding and releasing policies.

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

COTTON PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets

Centre	Variety	Prices		Change %
		14-Feb-14	7-Feb-14	
	Kapas	(Rs./Qtl.)		
Amravati	Mech-1	5000	5000	0.00
Khandwa	Mech-1	Closed	5300	#VALUE!
Khargaon	Mech-1	Closed	5300	#VALUE!
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5500	5550	-0.90
Rajkot	B.T. Cotton	5430	5555	-2.25
Patan	B.T. Cotton	5445	5550	-1.89
Muktsar	B.T. Cotton	5550	5500	0.91
Fazilika	B.T. Cotton	5525	5635	-1.95
Bhiwani	B.T. Cotton	5626	5750	-2.16
Adampur	B.T. Cotton	5495	5550	-0.99
Fatehabad	B.T. Cotton	5500	5625	-2.22
Jind	B.T. Cotton	5520	5646	-2.23
Rawatsar (Hanumangarh)	B.T. Cotton	5460	5500	-0.73
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5500	5500	0.00
Gondal	Shankar-6	5380	5475	-1.74
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4655	4700	-0.96
Muktsar	J-34	4665	4700	-0.74
Fazilika	J-34	4670	4620	1.08
Bhatinda	J-34	4680	4700	-0.43
Mansa	J-34	4650	4685	-0.75
Sirsa	J-34	4530	4580	-1.09
Sri-Ganganagar	J-34	4287	4296	-0.21
Hanumangarh	B.T. Cotton	4550	4615	-1.41
Adilabad	>30mm	4482	4498	-0.36
Warangal	>30mm	4493	4508	-0.33
Guntur	>30mm	4461	4472	-0.25
Bhainsa	>30mm	4498	4498	0.00

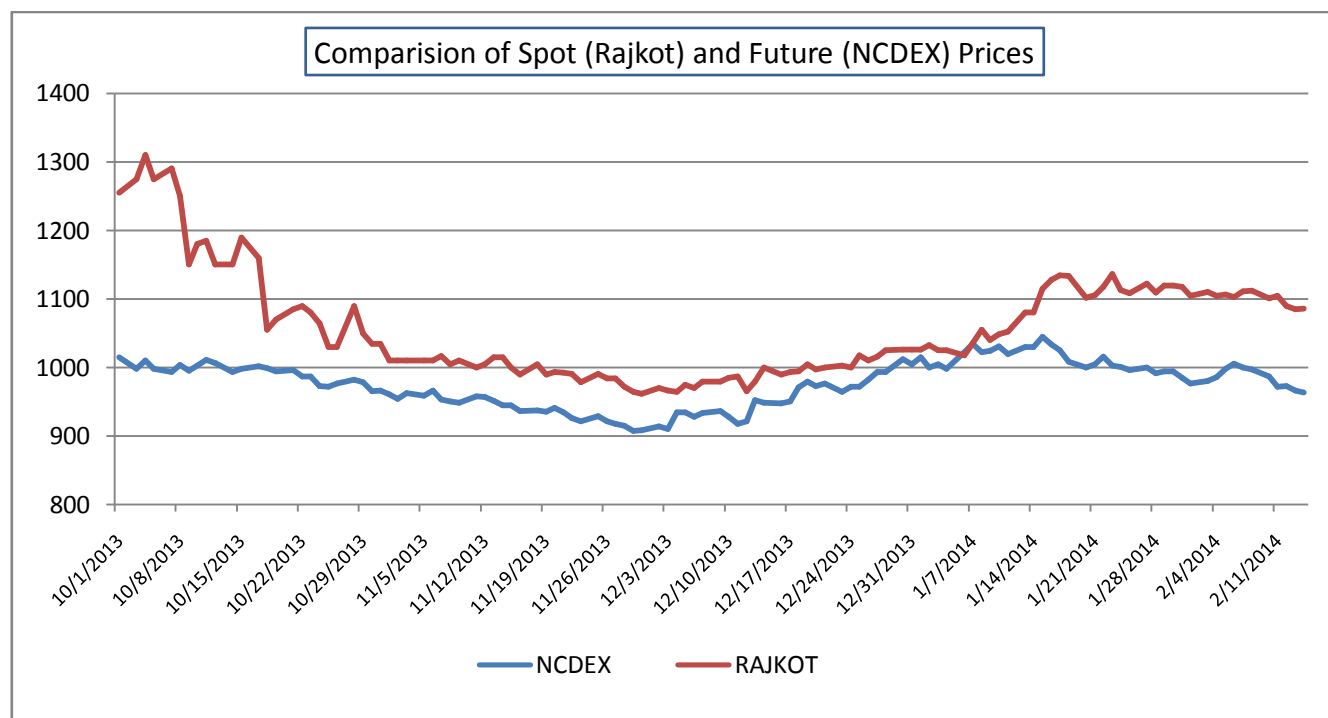


Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		14-Feb-14	7-Feb-14	
Amravati	Mech-1	205500	197500	4.05
Khandwa	Mech-1	9500	17000	-44.12
Khargaon	Mech-1	34000	21000	61.90
Mahesana(Kadi)	B.T. Cotton	432500	460000	-5.98
Rajkot	B.T. Cotton	26300	26000	1.15
Patan	B.T. Cotton	35733	29880	19.59
Fazilika	B.T. Cotton	7500	7200	4.17
Bhiwani	B.T. Cotton	4100	4500	-8.89
Adampur	B.T. Cotton	5695	4760	19.64
Fatehabad	B.T. Cotton	5000	4450	12.36
Jind	B.T. Cotton	36550	33830	8.04
Rawatsar (Hanumangarh)	B.T. Cotton	1800	910	97.80
Ahmedabad	Shankar-6	574600	578000	-0.59
Gondal	Shankar-6	9432	7443	26.72
Abohar	J-34	5270	4760	10.71
Muktsar	J-34	2550	2295	11.11
Bhatinda	J-34	185300	183600	0.93
Mansa	J-34	5440	6970	-21.95
Sirsa	J-34	12750	12410	2.74
Sri-Ganganagar	J-34	28050	12750	120.00
Hanumangarh	B.T. Cotton	9000	6250	44.00

Cotton Association of India Spot Rates:

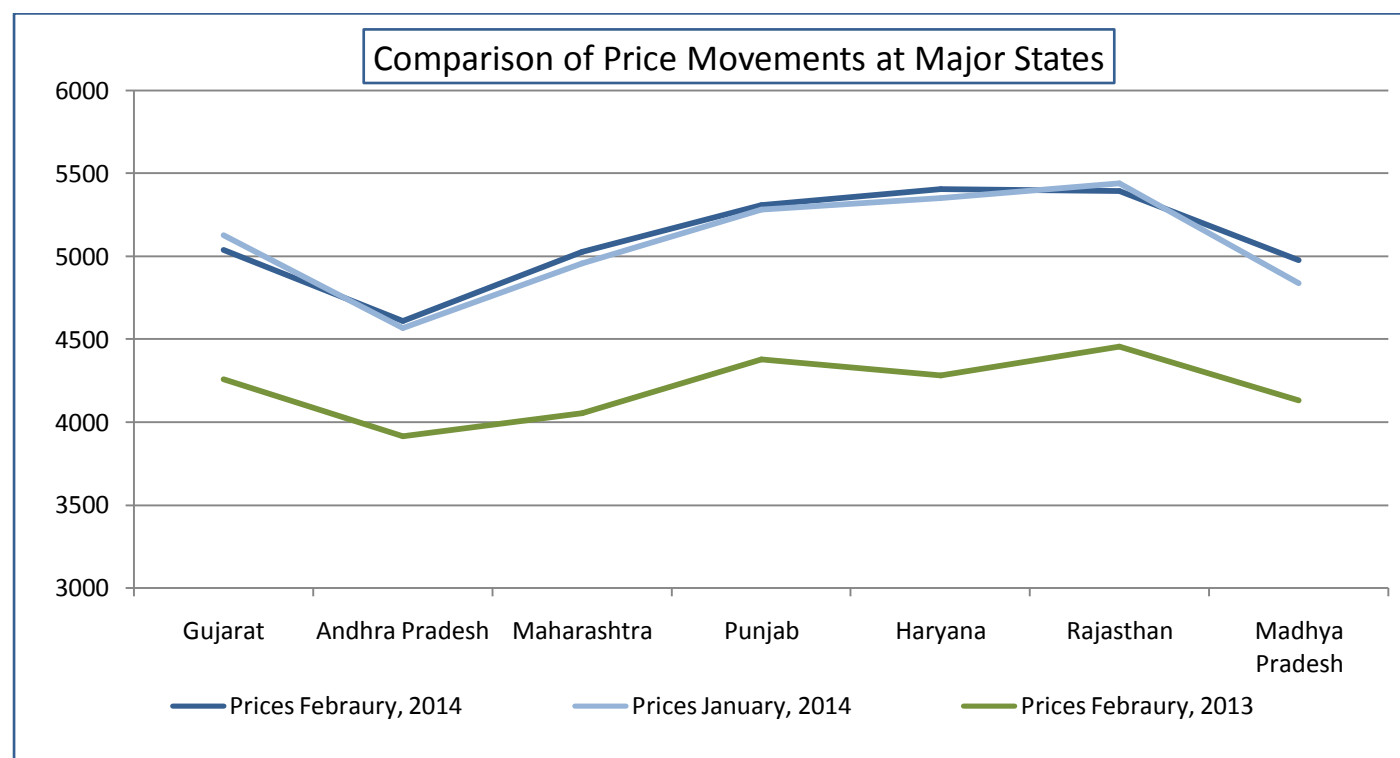
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				13-Feb-14	6-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39700	39400	0.76
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40200	39900	0.75
J-34(202)	26mm	3.5 - 4.9	23	42800	42900	-0.23
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	42200	-1.18
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42900	-0.70
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43600	-0.23
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44200	0.68
DCH-32(107)	34mm	3.0 - 3.8	33	64400	64000	0.63



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

State	Prices Febraury, 2014	Prices January, 2014	Prices Febraury, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4608.99	4567.46	3915.79	0.91	17.7
Chattisgarh	6284.5	5911.77		6.3	—
Gujarat	5039.14	5127.12	4257.55	-1.72	18.36
Haryana	5405.2	5353.58	4280.6	0.96	26.27
Karnataka	5347.28	5427.11	4139.02	-1.47	29.19
Madhya Pradesh	4977.1	4838.3	4131.76	2.87	20.46
Maharashtra	5029.38	4958.53	4052.99	1.43	24.09
Meghalaya	7650			—	—
Orissa	4358.93	4459.98	3911.3	-2.27	11.44
Punjab	5308.08	5280.93	4377.82	0.51	21.25
Rajasthan	5393.15	5439.01	4457.12	-0.84	21
Tamil Nadu	5811.5	5541.3	4103.95	4.88	41.61
Uttar Pradesh	4961.11	5187.8	3876.48	-4.37	27.98
Average	5398.03	5174.41	4136.76		

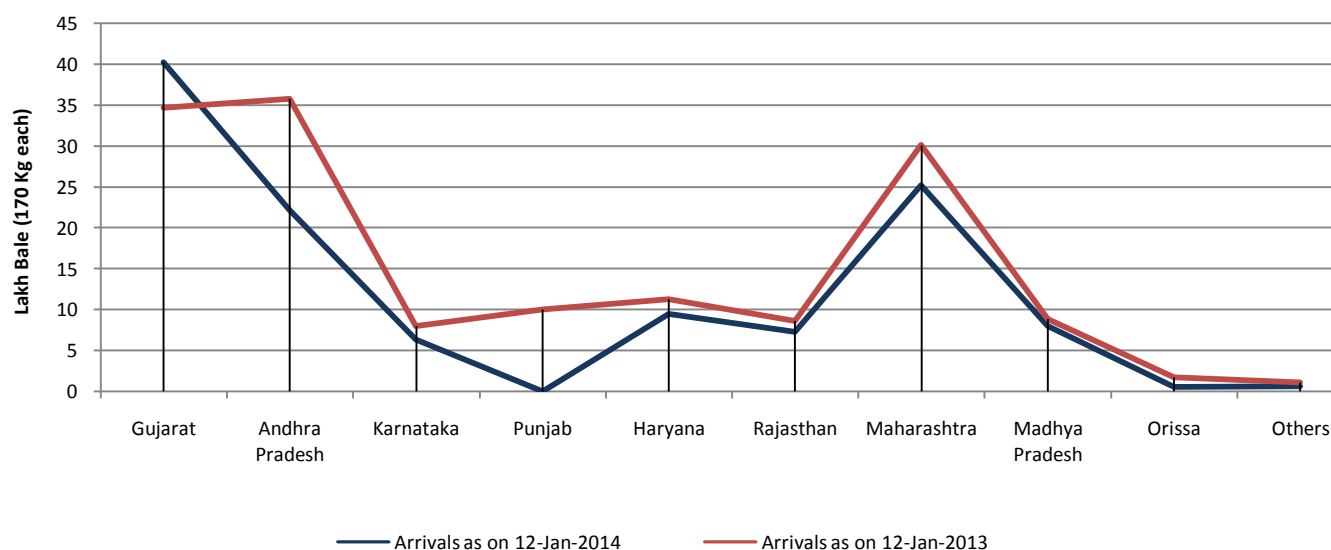
*Report Generation: As per the data reported by APMCs



State wise Arrivals (in lakh bales of 170 kgs each)

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

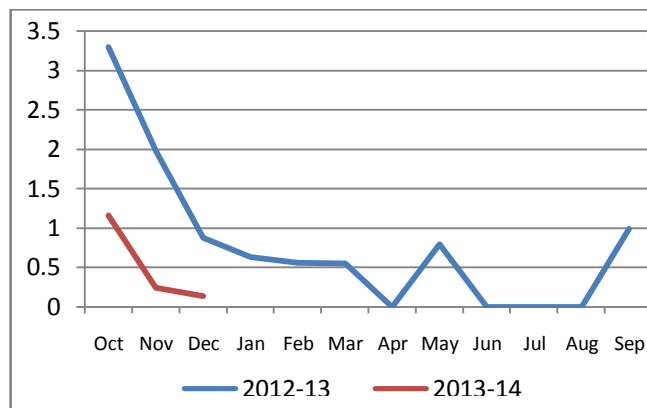
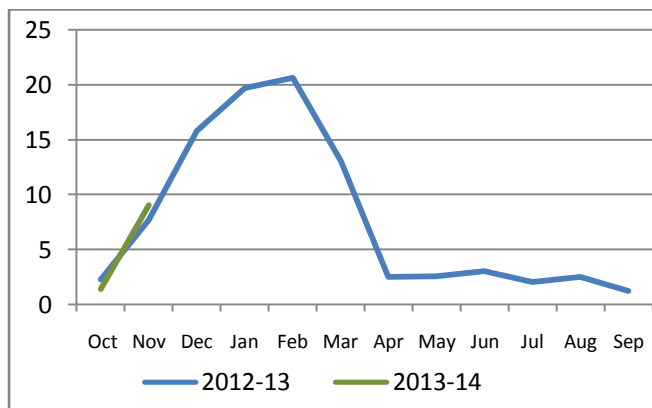
State wise Arrival Progress



COTTON 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



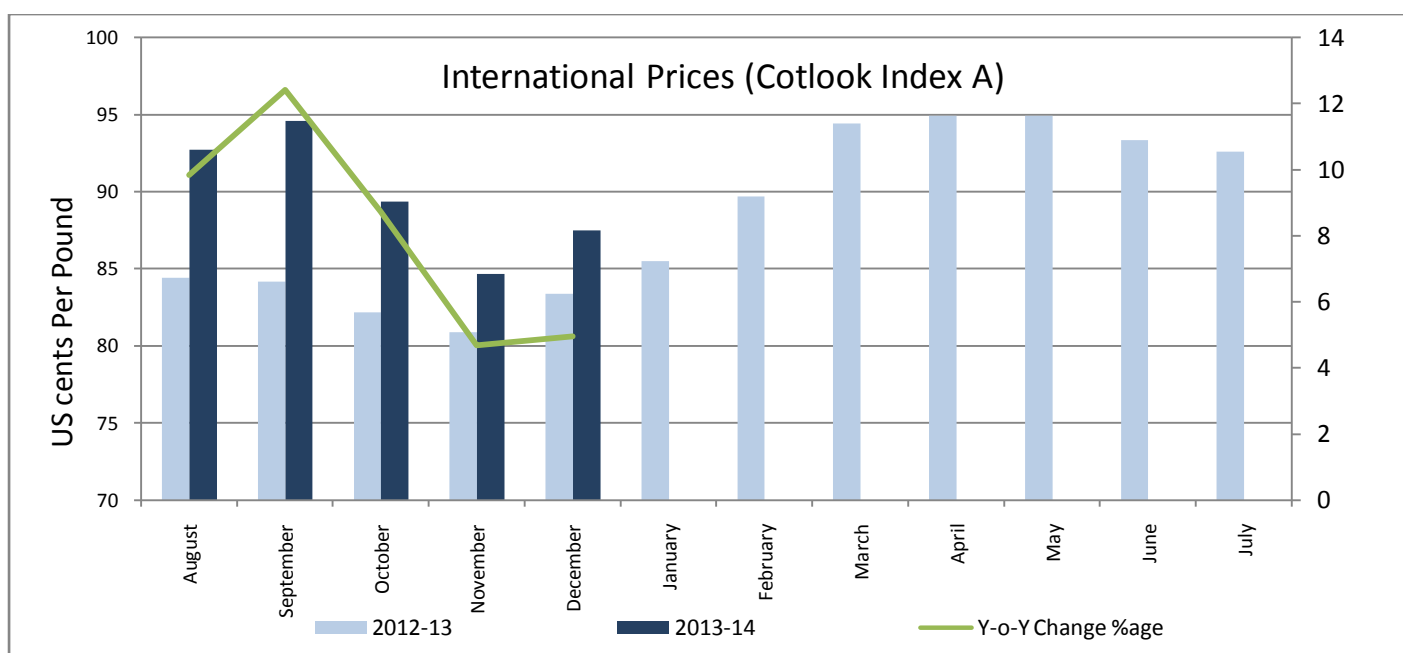
Export Break Up by Major Countries During December'13	
Country	Quantity (In Lakh Bales)
China	14.35
Bangladesh	2.95
Vietnam	1.32
Pakistan	1.17
Indonesia	0.91

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

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	9.84
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	13/02/2014	13/01/2014	13/02/2013	% Month change	%Y-o-Y change
Mar-14	38594.42	36910.46	36892.82	4.56	4.61
May-14	39251.25	37038.30		5.97	
Jul-14	39048.47	37038.30		5.43	
Oct-14	35543.90	35235.32		0.88	
Dec-14	34243.46	34834.17		-1.70	
Mar-15	34472.69	35142.74		-1.91	

COTTON FUTURES

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



Weekly Technical Outlook

- Prices of cotton noticed downtrend during the week amid heavy arrivals.
- Candlestick denotes sluggishness and weak note in the market.
- RSI is declining in neutral region supporting bearishness.
- For the coming week, we expect prices to move down.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bearish Momentum	945-990

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
930	925	1000	1010

*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 fluctuating volume and open interest depicts slightly 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	

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
84	83	91	93

*values in Cents. /Pound

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