

Domestic Market Outlook

India has become one of the top GM crop growers all around world. Plantation of BT cotton, the only approved GM crop for cultivation in India, has made nation the fourth largest genetically modified crop grower in the world. It should be noted that area under cultivation BT cotton stood 11 million hectares, where as total area under cotton cultivation this season stood 11.4 million hectares, according to Ministry of Agriculture. Currently USA has largest area under GM crops followed by Brazil, Argentina and India.

India has imported 2 million bales of cotton (of 170 kgs each) till now during the current season (Oct'13-Sep'14), though total imports expected for this season was 1.2 million, as targeted by Cotton Advisory Board (CAB). Mills, particularly from southern India are finding its competitive to source cotton from overseas than from domestic market as the transportation expenses are very high when they buy the produce any of the western region of the country. Availability of 90-180 days credit facility also persuading millers to buy from other nation. It should be noted that most of the supplies are coming from African regions.

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.

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.

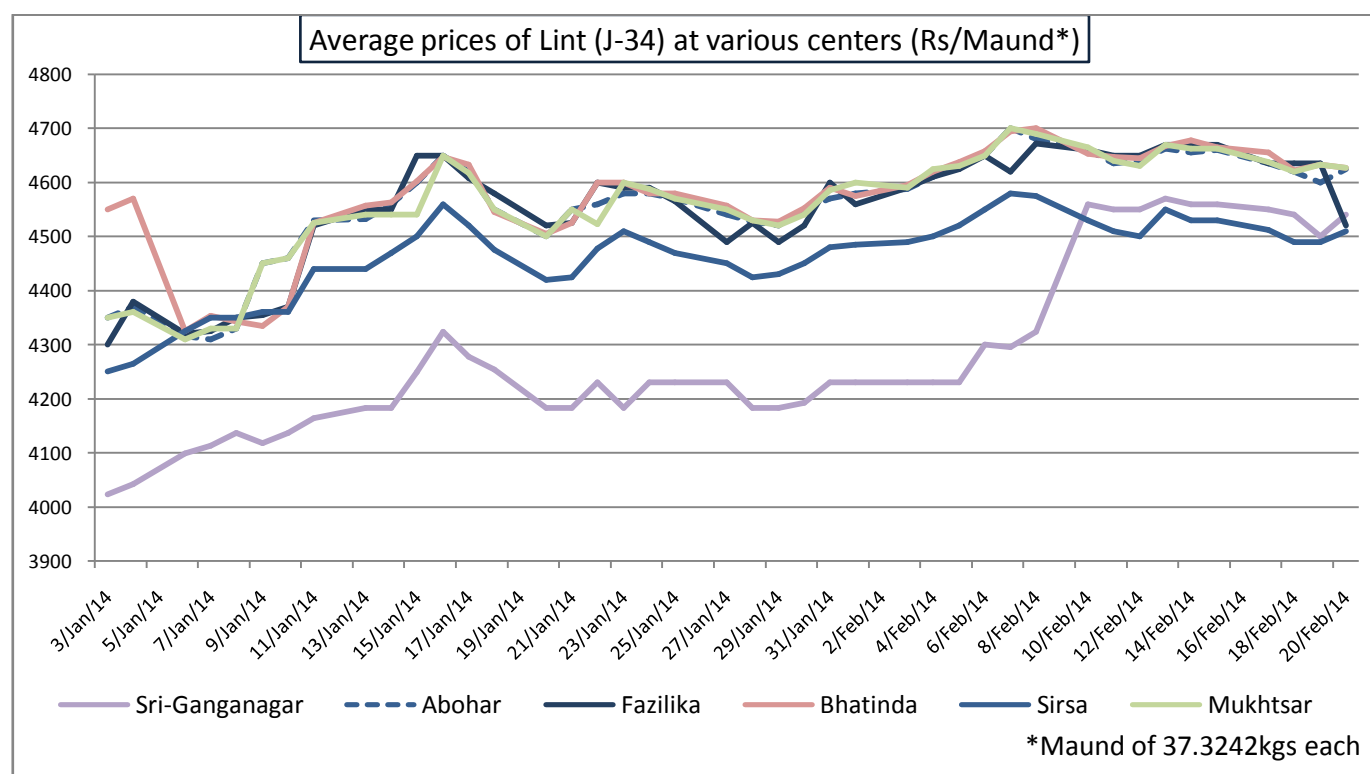
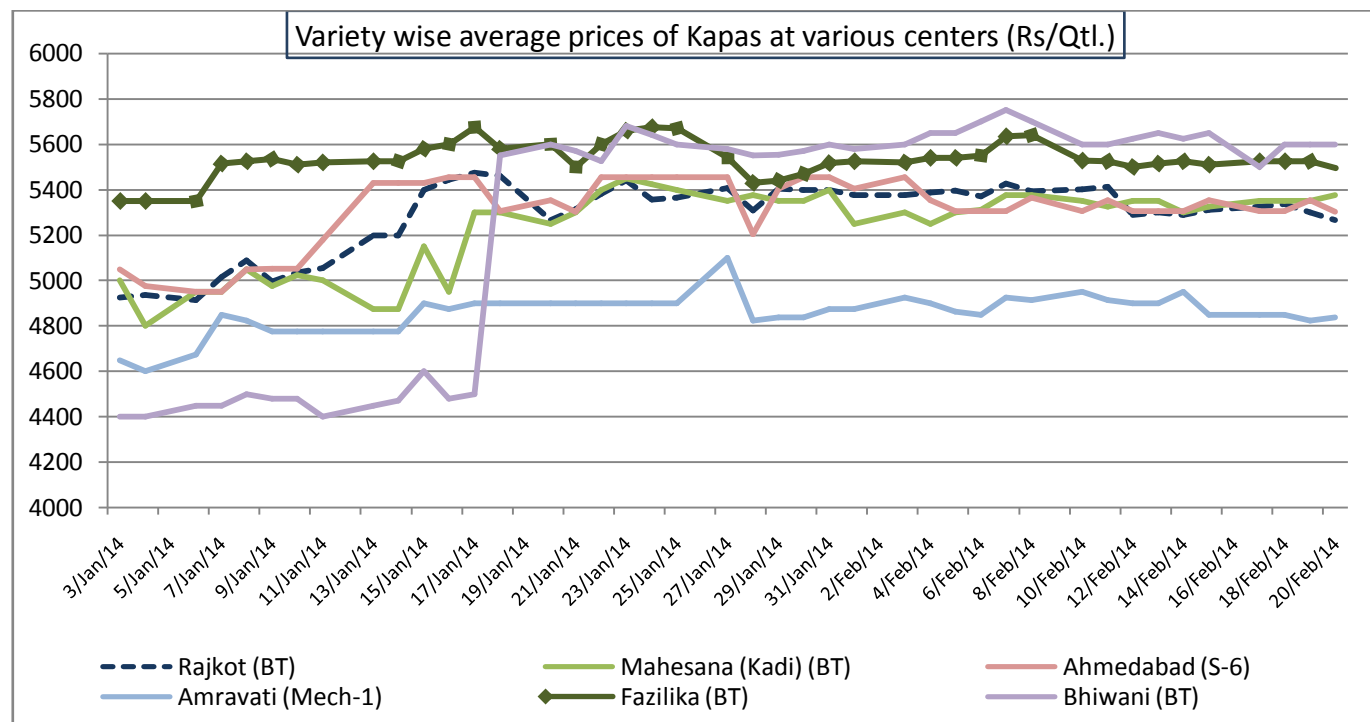
Imports of cotton fibre in China during calendar year 2013 have declined by 19.2% to 4.15 million tones as cited by customs data. Drivers for such a situation are the tight import policy imposed by Beijing. Hence China is focusing on the imports of cotton yarn instead of raw cotton due to higher import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

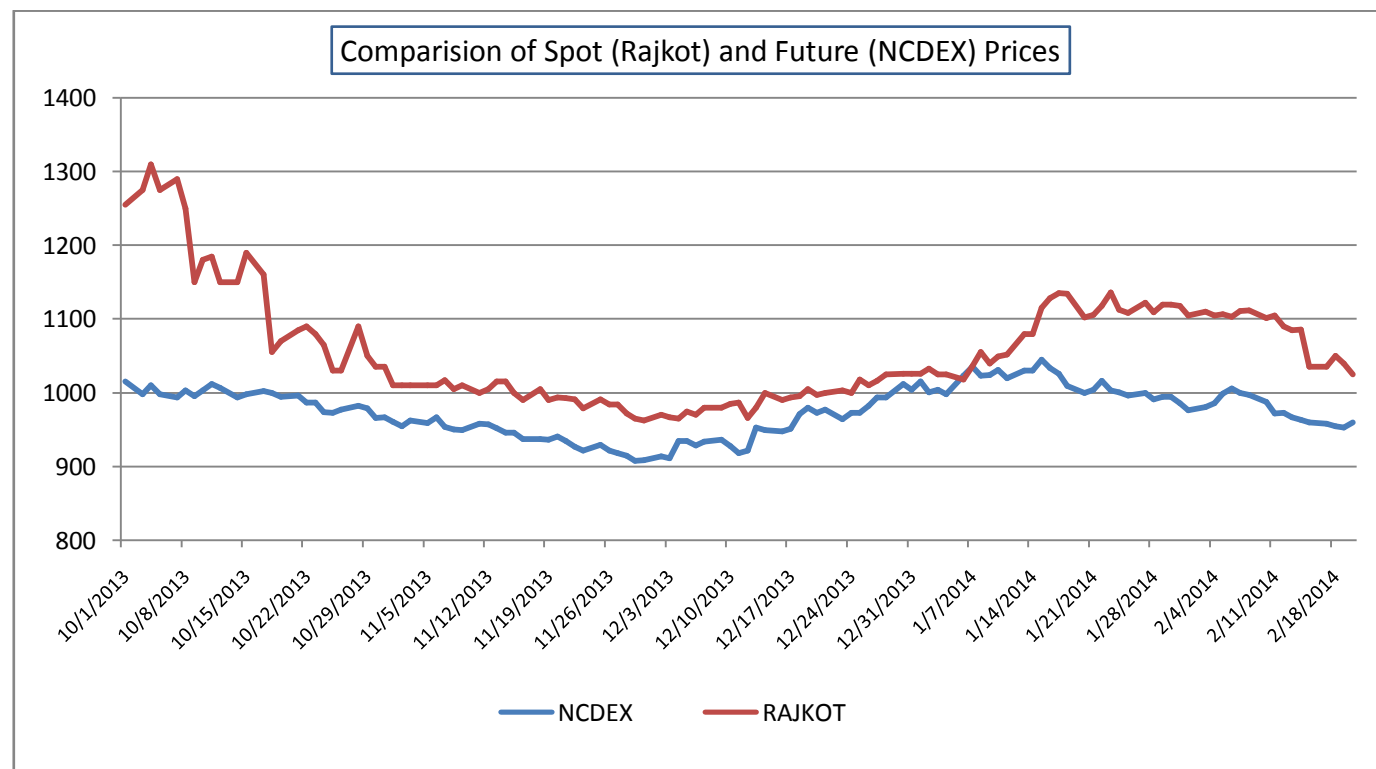
Global production though showing declining trends since last two years, there would not be the supply shortage as there is ample stock available to quench the demand, though it could be slightly dictated by China stock holding and releasing policies.

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 Market:

Centre	Variety	Prices		Change %
		21-Feb-14	14-Feb-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4900	5000	-2.00
Khandwa	Mech-1	5250	-	--
Khargaon	Mech-1	5250	-	--
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	0.00
Rajkot	B.T. Cotton	5425	5430	-0.09
Patan	B.T. Cotton	5355	5445	-1.65
Deesa	B.T. Cotton	5255	5300	-0.85
Muktsar	B.T. Cotton	5400	5550	-2.70
Fazilika	B.T. Cotton	5490	5525	-0.63
Bhiwani	B.T. Cotton	5625	5626	-0.02
Adampur	B.T. Cotton	5430	5495	-1.18
Fatehabad	B.T. Cotton	5450	5500	-0.91
Jind	B.T. Cotton	5515	5520	-0.09
Rawatsar (Hanumangarh)	B.T. Cotton	5400	5460	-1.10
Hubli	B.T. Cotton	5319	5460	-2.58
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5450	5500	-0.91
Gondal	Shankar-6	5370	5380	-0.19
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5261	5249	0.23
Hubli	D.C.H.	6569	6419	2.34
Raichur	H-44 Cotton	5115	4800	6.56
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4620	4655	-0.75
Muktsar	J-34	4635	4665	-0.64
Fazilika	J-34	4520	4670	-3.21
Bhatinda	J-34	4630	4680	-1.07
Mansa	J-34	4630	4650	-0.43
Sirsa	J-34	4500	4530	-0.66
Sri-Ganganagar	J-34	4277	4287	-0.23
Hanumangarh	B.T. Cotton	4550	4550	0.00
Adilabad	>30mm	4482	4482	0.00
Warangal	>30mm	4493	4493	0.00
Guntur	>30mm	4461	4461	0.00
Bhainsa	>30mm	4498	4498	0.00





Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				20-Feb-14	13-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	39000	39700	-1.76
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39500	40200	-1.74
J-34(202)	26mm	3.5 - 4.9	23	42400	42800	-0.93
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41400	41700	-0.72
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42600	0.00
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42800	43500	-1.61
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43500	44500	-2.25
DCH-32(107)	34mm	3.0 - 3.8	33	63000	64400	-2.17

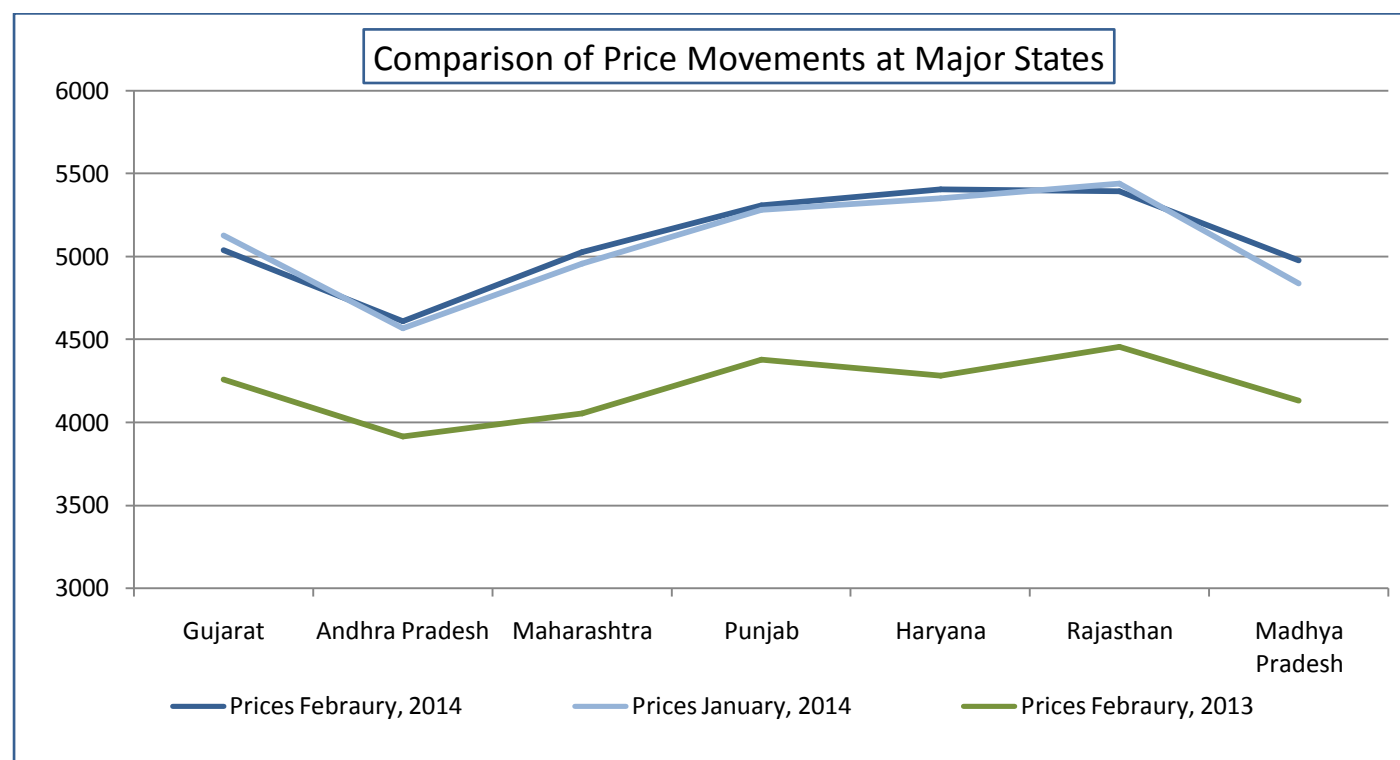
Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		21-Feb-14	14-Feb-14	
Amravati	Mech-1	211500	205500	2.92
Khandwa	Mech-1	12400	9500	30.53
Khargaon	Mech-1	41000	34000	20.59
Mahesana(Kadi)	B.T. Cotton	330000	432500	-23.70
Rajkot	B.T. Cotton	20600	26300	-21.67
Patan	B.T. Cotton	43589	35733	21.99
Deesa	B.T. Cotton	9395	9480	-0.90
Fazilika	B.T. Cotton	5800	7500	-22.67
Bhiwani	B.T. Cotton	2600	4100	-36.59
Adampur	B.T. Cotton	5270	5695	-7.46
Fatehabad	B.T. Cotton	4900	5000	-2.00
Jind	B.T. Cotton	24013	36550	-34.30
Rawatsar (Hanumangarh)	B.T. Cotton	1300	1800	-27.78
Hubli	B.T. Cotton	5321	2596	104.97
Ahmedabad	Shankar-6	518500	574600	-9.76
Gondal	Shankar-6	3653	9432	-61.27
Bijapur	Bunny	5326	5121	4.00
Hubli	D.C.H.	46	24	91.67
Raichur	H-44 Cotton	10181	16462	-38.15
Abohar	J-34	5100	5270	-3.23
Muktsar	J-34	2635	2550	3.33
Bhatinda	J-34	197200	185300	6.42
Mansa	J-34	6120	5440	12.50
Sirsa	J-34	12580	12750	-1.33
Sri-Ganganagar	J-34	26690	28050	-4.85
Hanumangarh	B.T. Cotton	5400	9000	-40.00

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

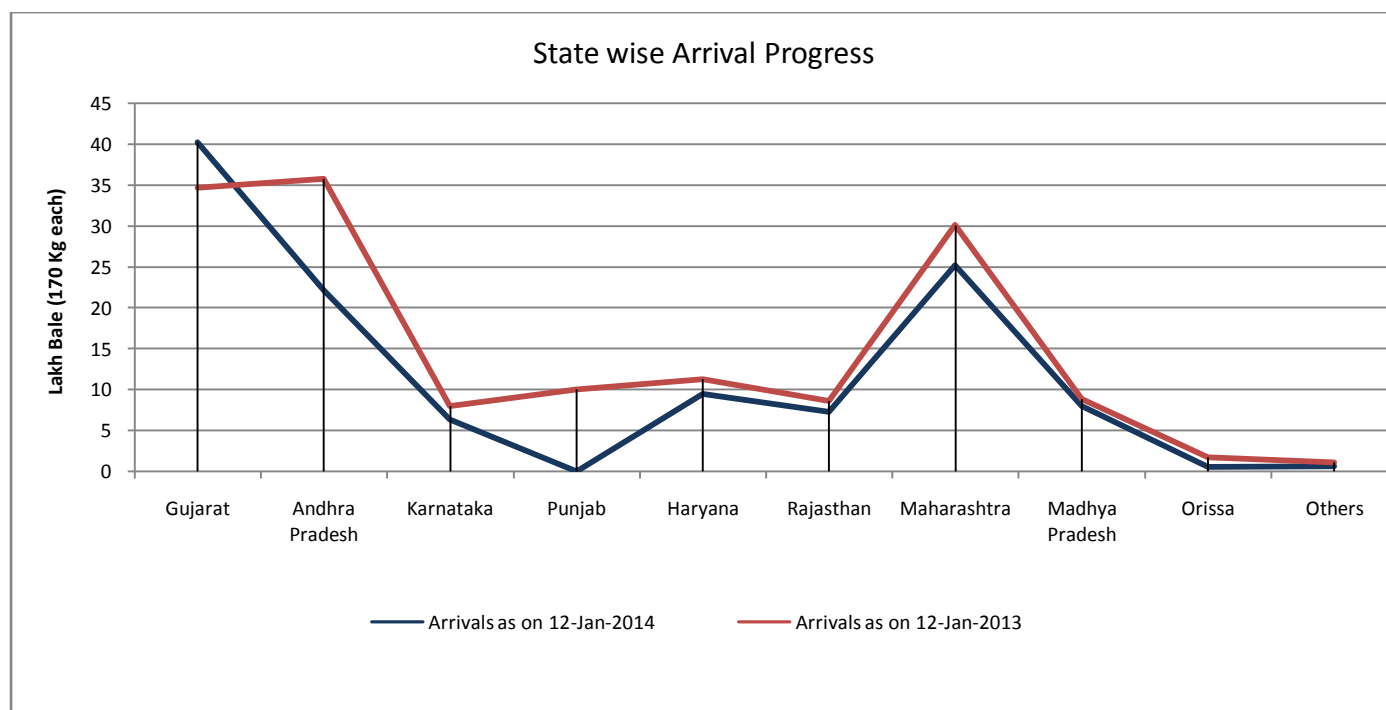
State	Prices Febraury, 2014	Prices January, 2014	Prices Febraury, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4608.94	4567.4	3915.79	0.91	17.7
Chattisgarh	6171	5911.77		4.38	—
Gujarat	5071.23	5126.83	4257.55	-1.08	19.11
Haryana	5405.3	5353.58	4280.6	0.97	26.27
Karnataka	5312.95	5427.11	4139.02	-2.1	28.36
Madhya Pradesh	4943.28	4823.66	4131.76	2.48	19.64
Maharashtra	5017.5	4958.53	4052.99	1.19	23.8
Meghalaya	7650			—	—
Orissa	4439.52	4459.98	3911.3	-0.46	13.5
Punjab	5365.12	5280.93	4377.82	1.59	22.55
Rajasthan	5374.14	5439.01	4457.12	-1.19	20.57
Tamil Nadu	5493.1	5541.3	4103.95	-0.87	33.85
Uttar Pradesh	4952.96	5187.8	3876.48	-4.53	27.77
Average	5369.62	5173.16	4136.76		

*Report Generation: As per the data reported by APMCs



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

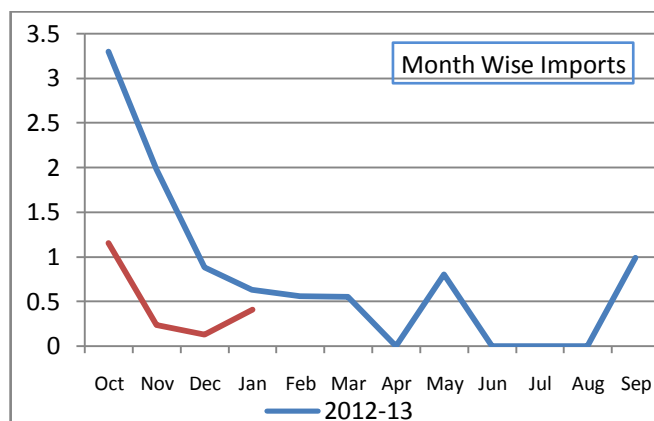
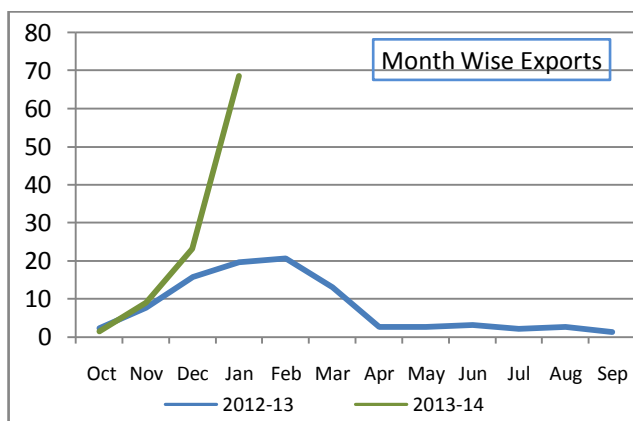
States	2013-14		2012-13	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	1/11/2013	26-1-2014	1/11/2012	26-1-2013
1. Punjab	21	6.62	21	12
2. Haryana	23	10.64	25	13.41
3. Rajasthan	14	7.78	17	11.19
A. North Total (1+2+3)	58	25.04	63	36.6
4. Gujarat	116	46.19	93	42.92
5. Maharashtra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



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	68.6
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	102.21

Cotton Exports(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	0.41
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	1.943



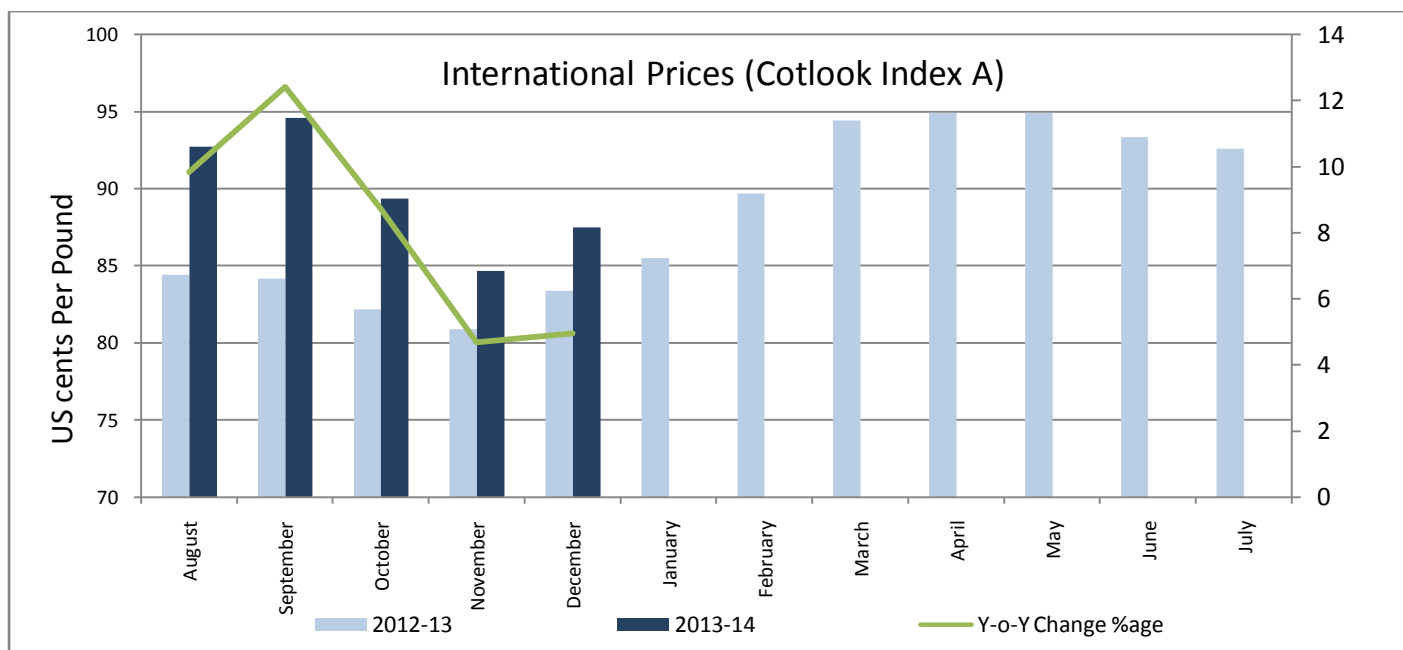
Export Break Up by Major Countries During January'14	
Country	Quantity (In Lakh Bales)
Indonesia	39.6
Pakistan	12.6
China	9.7
Bangladesh	3.0
Vietnam	1.2

Import Break Up by Major Countries During January'14	
Country	Quantity (In Lakh Bales)
Usa	0.1
Pakistan	0.09
Australia	0.09
Egypt	0.04
Israel	0.03

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	20/02/2014	20/01/2014	20/02/2013	% Month change	%Y-o-Y change
Mar-14	38074.25	38263.80	37104.42542	-0.50	2.61
May-14	38638.50	38374.01		0.69	
Jul-14	38541.52	38069.84		1.24	
Oct-14	35358.75	35936.23		-1.61	
Dec-14	34380.11	35213.28		-2.37	
Mar-15	34591.71	35376.38		-2.22	

COTTON FUTURES

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



Weekly Technical Outlook

- Prices of cotton noticed downtrend during the week amid ample supplies.
- Though export inquiries could lift the prices slightly in near term.
- 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 sideways.

Expected Price Range During Coming Week.

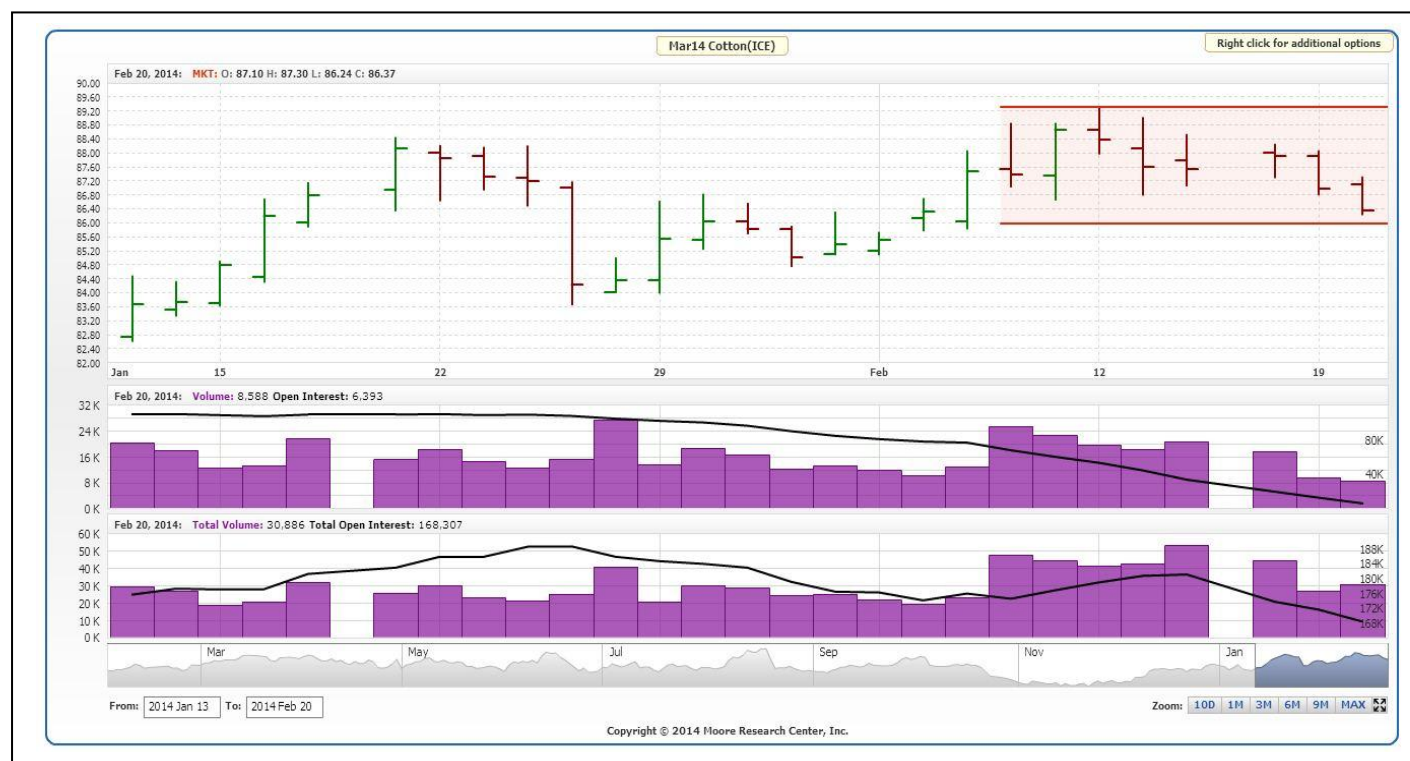
Expected Trend	Expected Trading Band
Sideways Momentum	940-975

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
930	925	985	1000

*values in Rs./20 kgs

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



Weekly Technical Outlook:

- Prices of cotton ruled sideways amid indecision in International market.
- Declining volume and open interest depicts consolidation in near term.
- We expect sideways movement in the coming week.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Sideways Movement	85-90

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
84	82	91	92

*values in Cents. /Pound

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