

Domestic Market Outlook

Department of Agriculture and Co-operation (DAC) has estimated the production of cotton for the season 2013-14 at 356 lakh bales in their report of second advance estimates, whereas as per the first advance estimates, cotton production was projected to be around 353 lakh bales.

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.

International Market Outlook

Textile mills owners in Pakistan are opposing the decision of All Pakistan Textile Mills Association (APTMA), which has recommended textile ministry to impose duty on imports of cotton yarn.

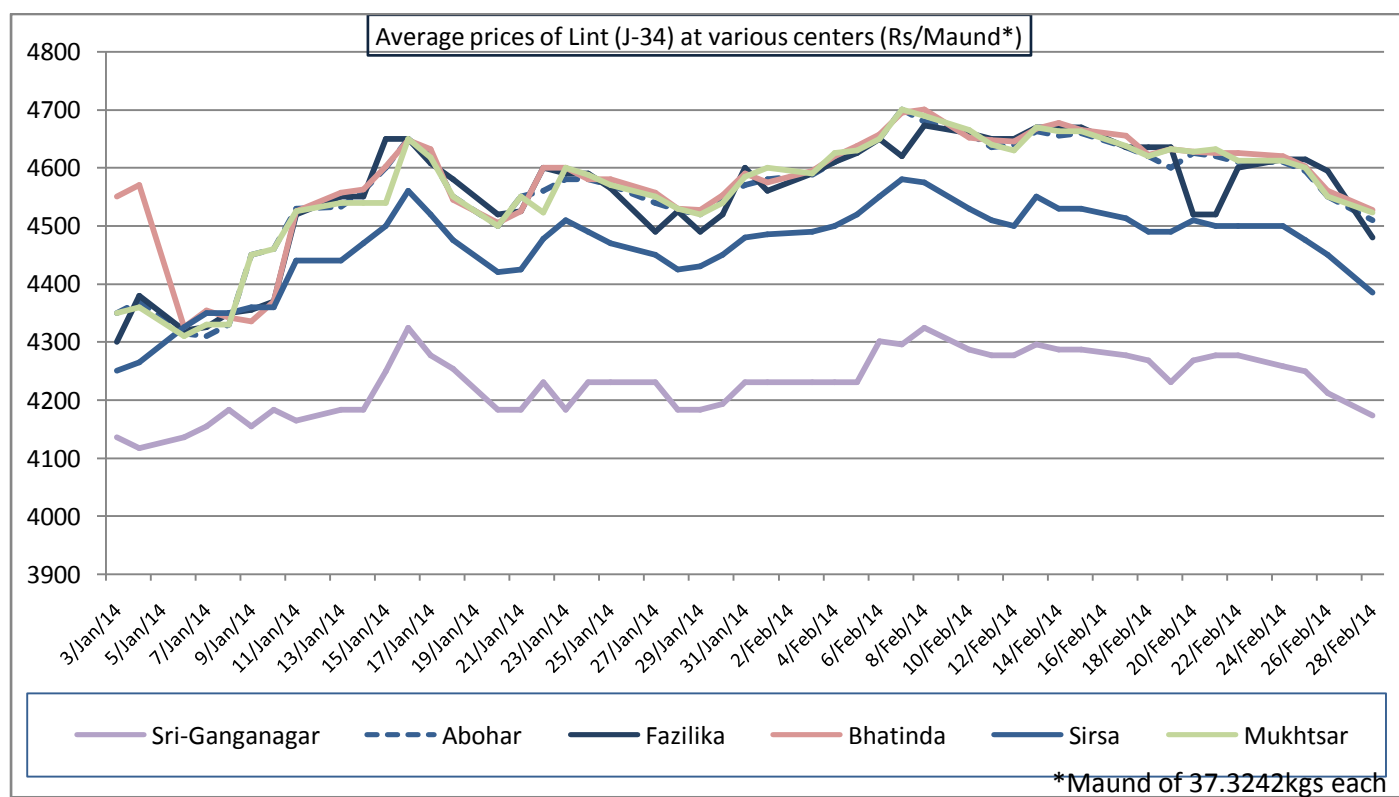
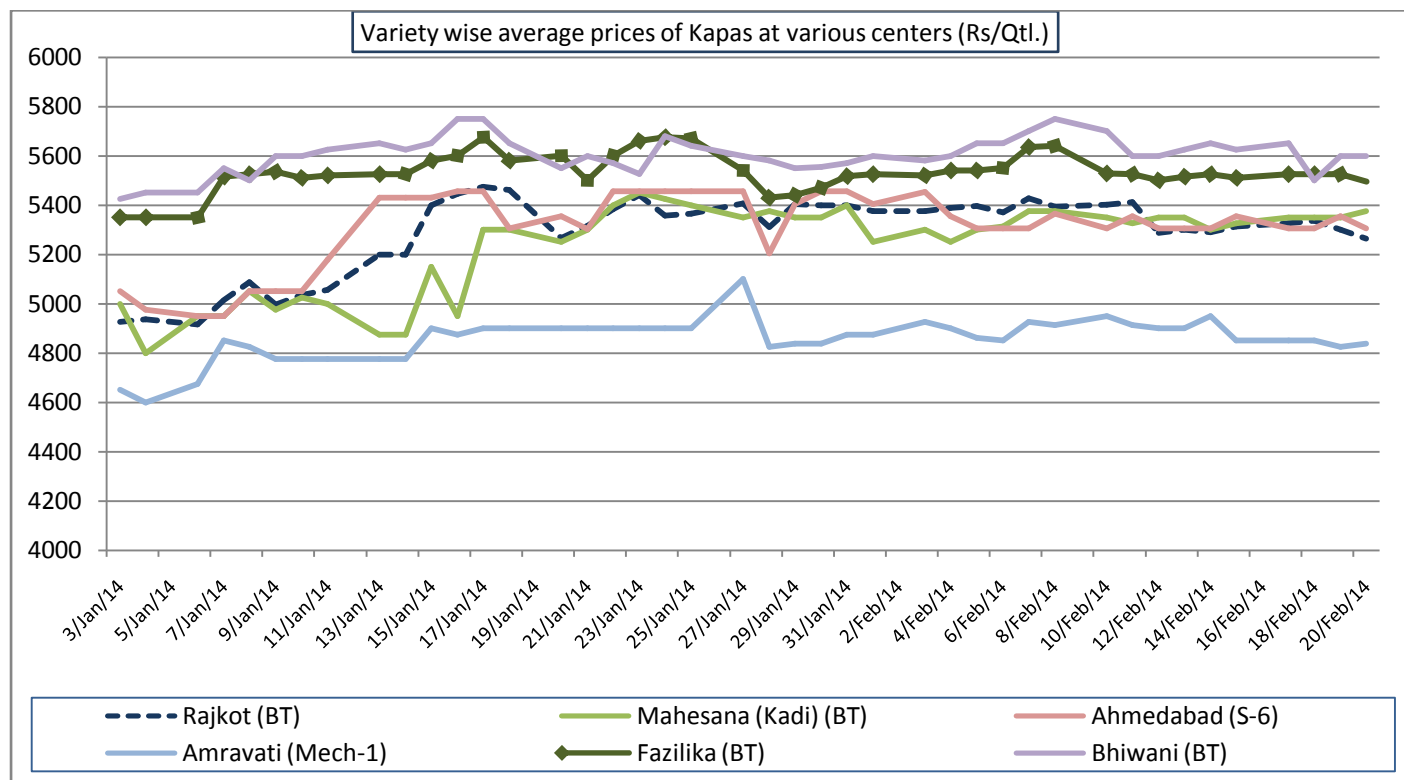
USDA projects cotton prices to decline by 10.5% decline in average prices to 68 cents per pound during the current marketing year. The projected price is level to five year low, and is below the average cost of production, 70 cents per pound.

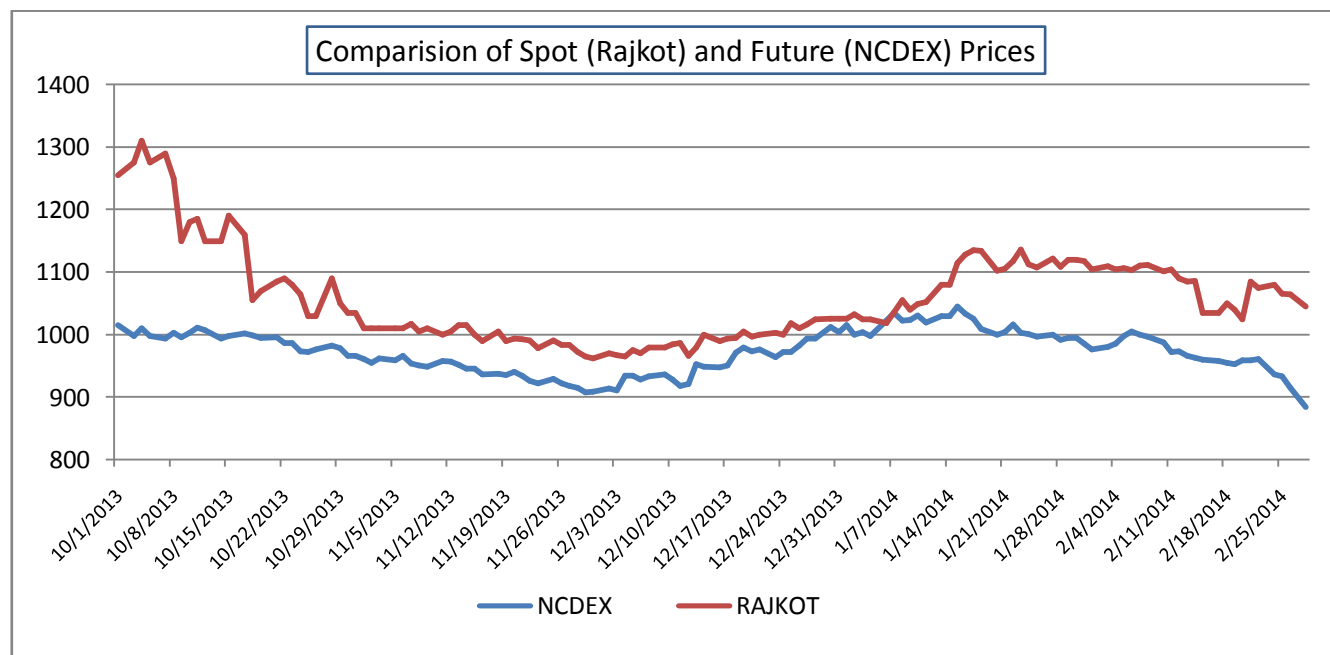
Federal Committee on Cotton (FCC) of Pakistan estimated the production target of cotton for season 2014-15 at 15.1 million bales (of 170 kgs each), whereas for the season 2013-14 it was estimated at 14.1 million bales.

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.

COTTON PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change %
		28-Feb-14	21-Feb-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4850	4900	-1.02
Khandwa	Mech-1	5150	5250	-1.90
Khargaon	Mech-1	5150	5250	-1.90
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5350	5500	-2.73
Rajkot	B.T. Cotton	5225	5425	-3.69
Patan	B.T. Cotton	5255	5355	-1.87
Deesa	B.T. Cotton	5300	5255	0.86
Muktsar	B.T. Cotton	5350	5400	-0.93
Fazilika	B.T. Cotton	5380	5490	-2.00
Bhiwani	B.T. Cotton	5400	5625	-4.00
Adampur	B.T. Cotton	5268	5430	-2.98
Fatehabad	B.T. Cotton	5390	5450	-1.10
Jind	B.T. Cotton	5340	5515	-3.17
Rawatsar (Hanumangarh)	B.T. Cotton	5400	5400	0.00
Hubli	B.T. Cotton	5195	5319	-2.33
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5300	5450	-2.75
Gondal	Shankar-6	5325	5370	-0.84
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5209	5261	-0.99
Hubli	D.C.H.	6209	6569	-5.48
Raichur	H-44 Cotton	5100	5115	-0.29
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4510	4620	-2.38
Muktsar	J-34	4525	4635	-2.37
Fazilika	J-34	4480	4520	-0.88
Bhatinda	J-34	4535	4630	-2.05
Mansa	J-34	4485	4630	-3.13
Sirsa	J-34	4385	4500	-2.56
Sri-Ganganagar	J-34	4174	4277	-2.41
Hanumangarh	B.T. Cotton	4420	4550	-2.86
Adilabad	>30mm	4367	4482	-2.57
Warangal	>30mm	4372	4493	-2.69
Guntur	>30mm	4414	4461	-1.05
Bhainsa	>30mm	4398	4498	-2.22





Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				26-Feb-14	20-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	39000	-1.28
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39000	39500	-1.27
J-34(202)	26mm	3.5 - 4.9	23	41700	42400	-1.65
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	41400	-0.97
Shankar-6(105)	29mm	3.5 - 4.9	28	42200	42600	-0.94
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42600	42800	-0.47
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43300	43500	-0.46
DCH-32(107)	34mm	3.0 - 3.8	33	61000	63000	-3.17

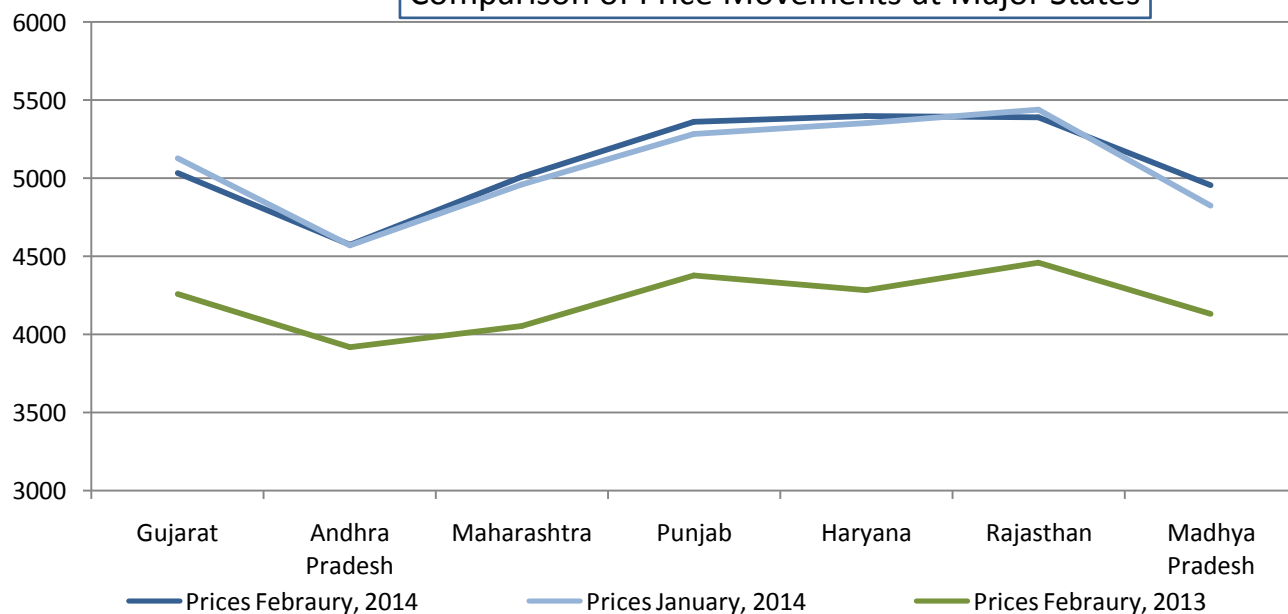
Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		28-Feb-14	21-Feb-14	
Amravati	Mech-1	176500	211500	-16.55
Khandwa	Mech-1	7000	12400	-43.55
Khargaon	Mech-1	28000	41000	-31.71
Mahesana(Kadi)	B.T. Cotton	255000	330000	-22.73
Rajkot	B.T. Cotton	21050	20600	2.18
Patan	B.T. Cotton	44529	43589	2.16
Deesa	B.T. Cotton	7475	9395	-20.44
Fazilika	B.T. Cotton	5900	5800	1.72
Bhiwani	B.T. Cotton	2600	2600	0.00
Adampur	B.T. Cotton	3825	5270	-27.42
Fatehabad	B.T. Cotton	5300	4900	8.16
Jind	B.T. Cotton	9520	24013	-60.35
Rawatsar (Hanumangarh)	B.T. Cotton	1200	1300	-7.69
Hubli	B.T. Cotton	3245	5321	-39.02
Ahmedabad	Shankar-6	450500	518500	-13.11
Gondal	Shankar-6	6435	3653	76.16
Bijapur	Bunny	4099	5326	-23.04
Hubli	D.C.H.	42	46	-8.70
Raichur	H-44 Cotton	12199	10181	19.82
Abohar	J-34	3315	5100	-35.00
Muktsar	J-34	1785	2635	-32.26
Bhatinda	J-34	158100	197200	-19.83
Mansa	J-34	5440	6120	-11.11
Sirsa	J-34	9690	12580	-22.97
Sri-Ganganagar	J-34	16150	26690	-39.49
Hanumangarh	B.T. Cotton	5700	5400	5.56

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	4571.32	4568.06	3915.79	0.07	16.74
Chattisgarh	6083.29	5911.77		2.9	—
Gujarat	5033.84	5126.83	4257.55	-1.81	18.23
Haryana	5396.69	5353.58	4280.6	0.81	26.07
Karnataka	5302.9	5427.11	4139.02	-2.29	28.12
Madhya Pradesh	4954.25	4823.66	4131.76	2.71	19.91
Maharashtra	5009.27	4958.53	4052.99	1.02	23.59
Meghalaya	7650			—	—
Orissa	4628.67	4459.98	3911.3	3.78	18.34
Punjab	5359.53	5280.93	4377.82	1.49	22.42
Rajasthan	5390.19	5439.01	4457.12	-0.9	20.93
Tamil Nadu	5316.65	5541.3	4103.95	-4.05	29.55
Uttar Pradesh	4934.6	5187.8	3876.48	-4.88	27.3
Average	5356.25	5173.21	4136.76		

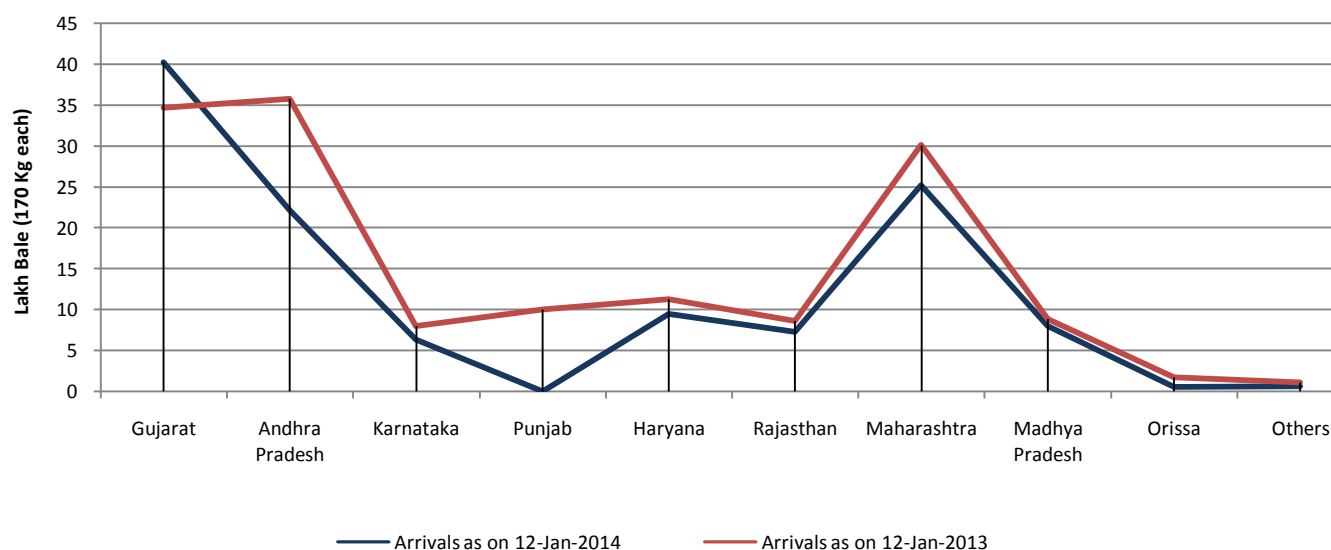
Source:APMC

Comparison of Price Movements at Major States


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

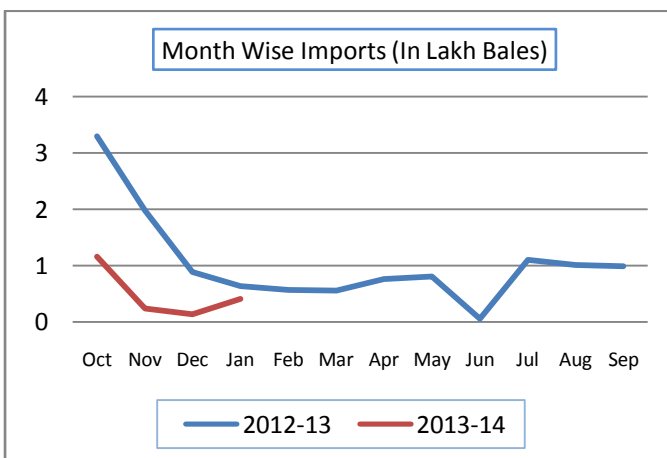
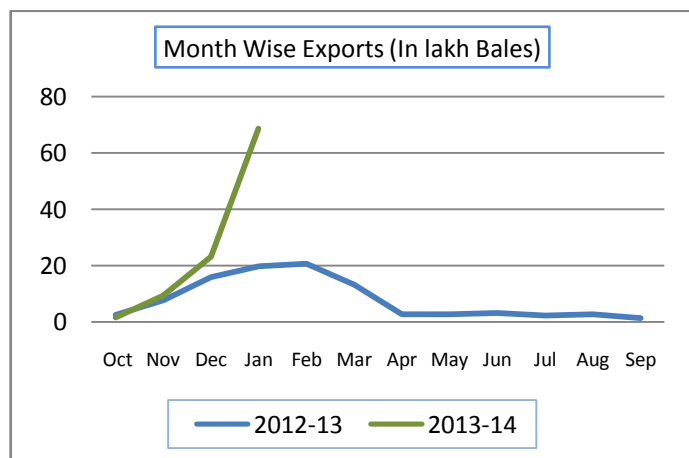
State wise Arrival Progress



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	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



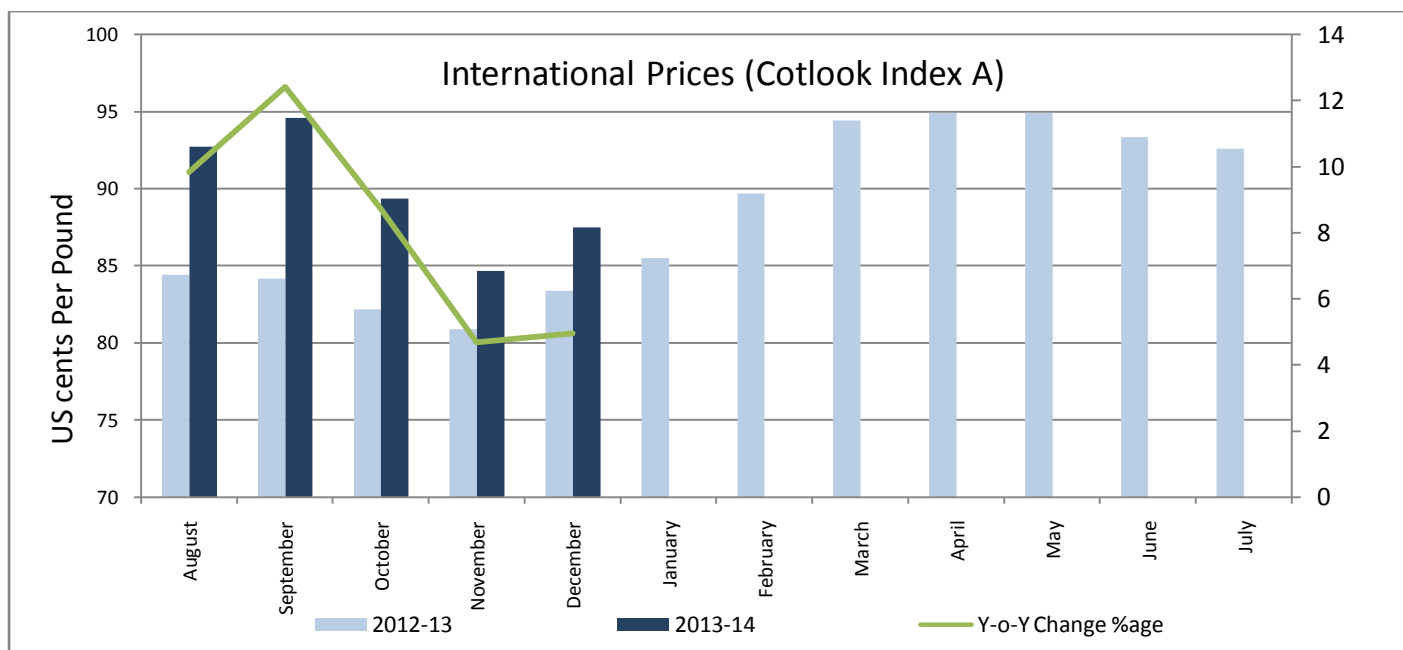
Export Break Up by Major Countries During January'14	
Country	Quantity (In Lakh Bales)
Indonesia	39.6
Pakistan	12.6
China	9.7
Bangladesh	3.0
Vietnam	1.2

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	38171.23	37183.77	36998.6	2.66	3.17
May-14	38413.68	37404.19		2.70	
Jul-14	38303.48	37439.45		2.31	
Oct-14	35297.03	34710.73		1.69	
Dec-14	34305.17	33904.02		1.18	
Mar-15	34516.77	34168.52		1.02	

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.

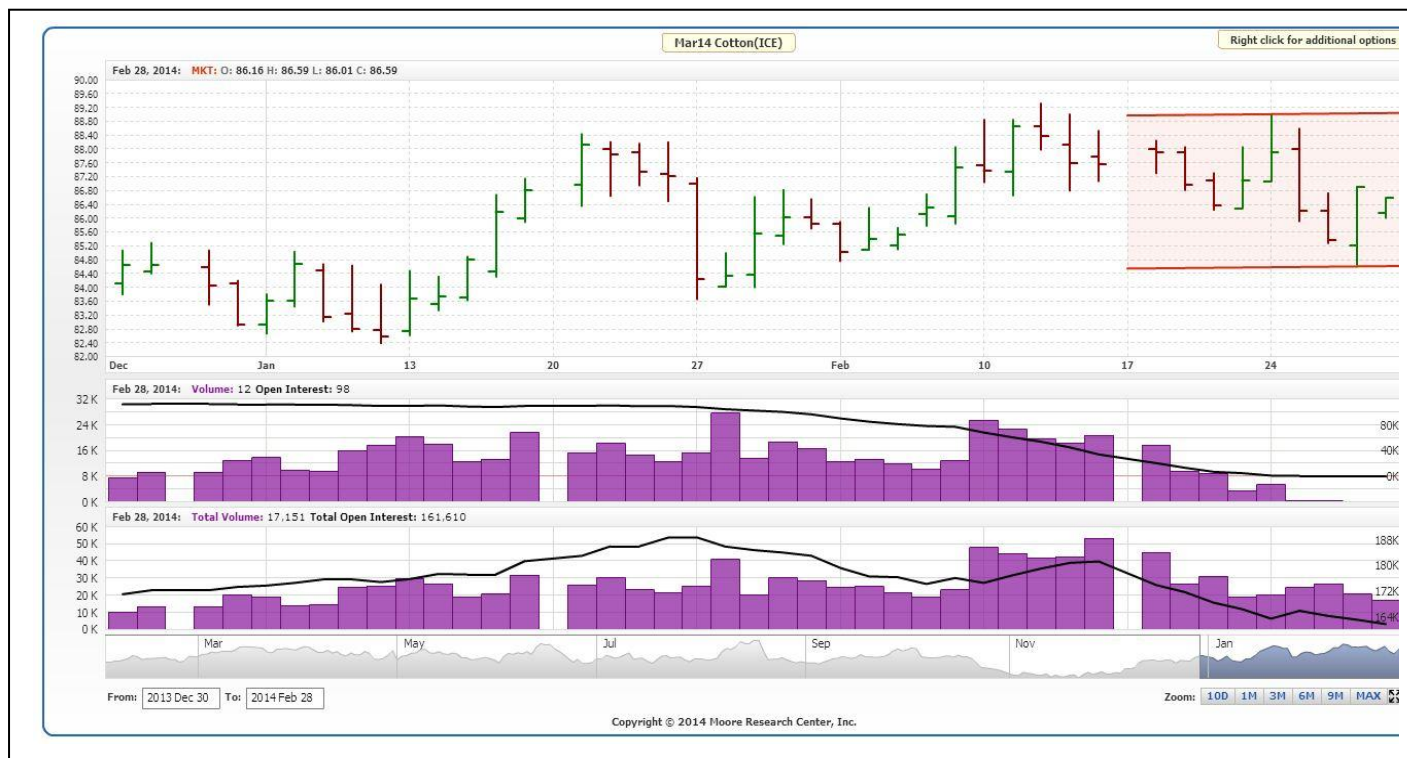
Expected Trend	Expected Trading Band
Sideways Momentum	875-935

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
870	865	945	960

*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	84-89

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
83	81	90	92

*values in Cents. /Pound

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