

### **Domestic Market Outlook**

**Arrival of cotton in India has been increased by 12.87% on Y-o-Y basis to 24.55 million bales** of 170 kgs each till 28 February 2014. During the corresponding period last year the same stood 21.75 million bales. Despite the lower acreage this year, production would be around 37.5 million bales compared to 34.5 million bales last year. Reason for the same is the cultivation of BT cotton majorly. Acreage of cotton is likely to increase by around 7-8% next year as farmers are getting good value of their produce this year compared to the previous.

**Export subsidies for textile sector are about to vanish as Indian textile sector** has become globally competitive. As per the WTO law, a product is called competitive if it acquires 3.25% share in world market for two consecutive years and a competitive product is not eligible to get export subsidy. Currently India posse 3.5% shares in global market and hence it should not be given any export incentives

**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.

### **International Market Outlook**

**Africa is finding scope to sell their cotton in India. A delegation of 18 members from Africa** is visiting Coimbatore and other cotton hubs in India. International Cotton Trade, an alliance of World Trade Organization (WTO) and United Nations (UN), is initiating a mission to make access for African cotton in Indian market. It is being reported that its is fourth visit of the team in three months.

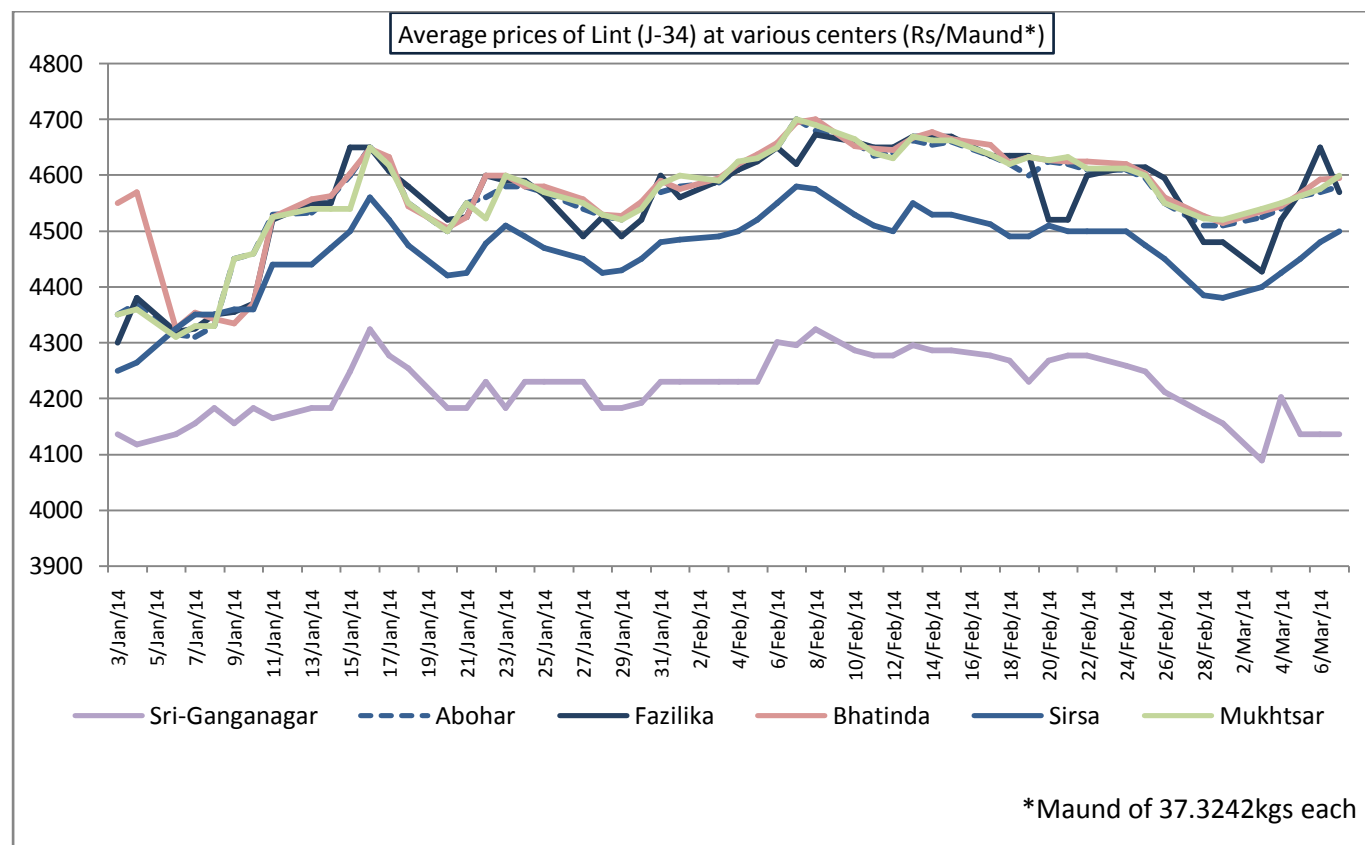
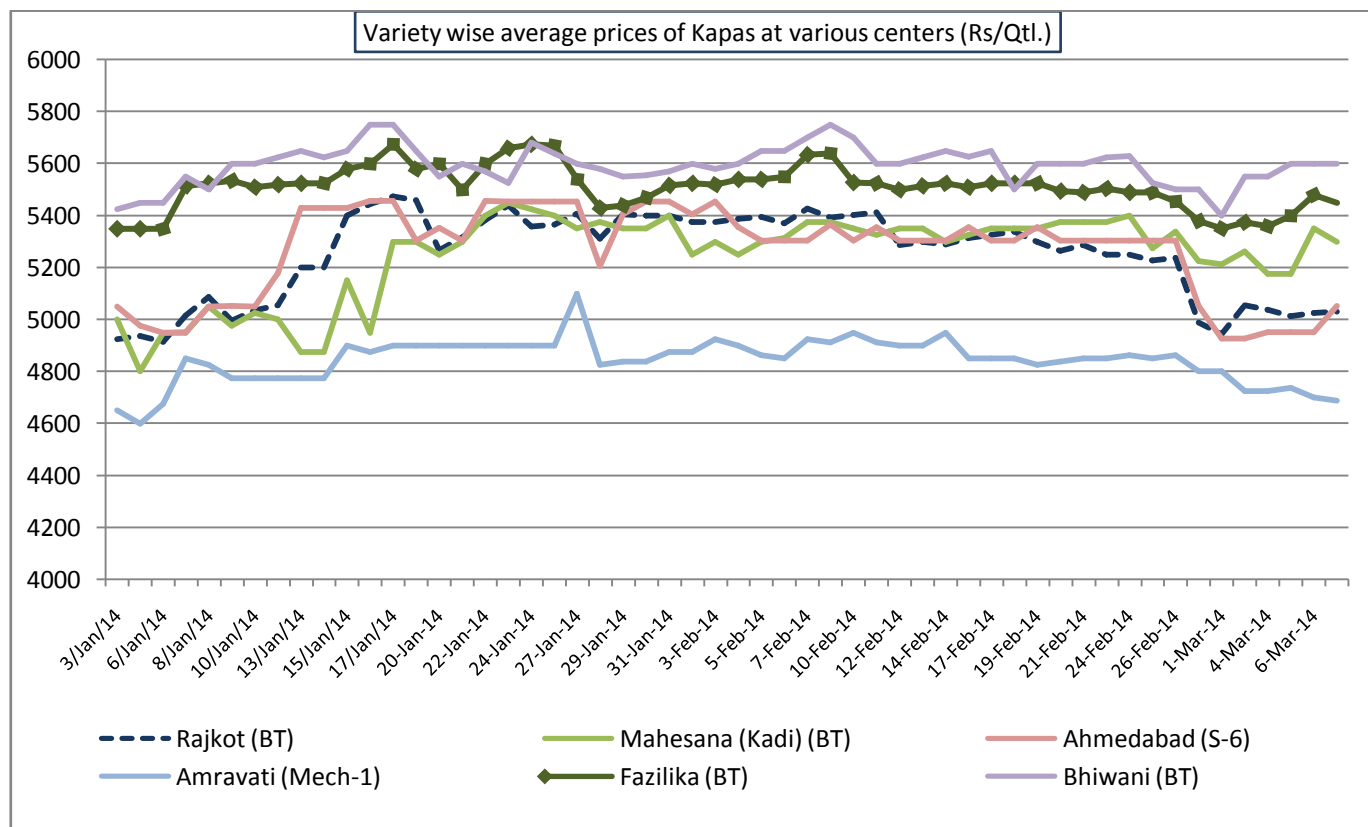
**Textile mills owners in Pakistan are opposing the decision of All Pakistan Textile Mills Association (APTMA),** which has recommended textile ministry to impose duty on imports of cotton yarn.

**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.

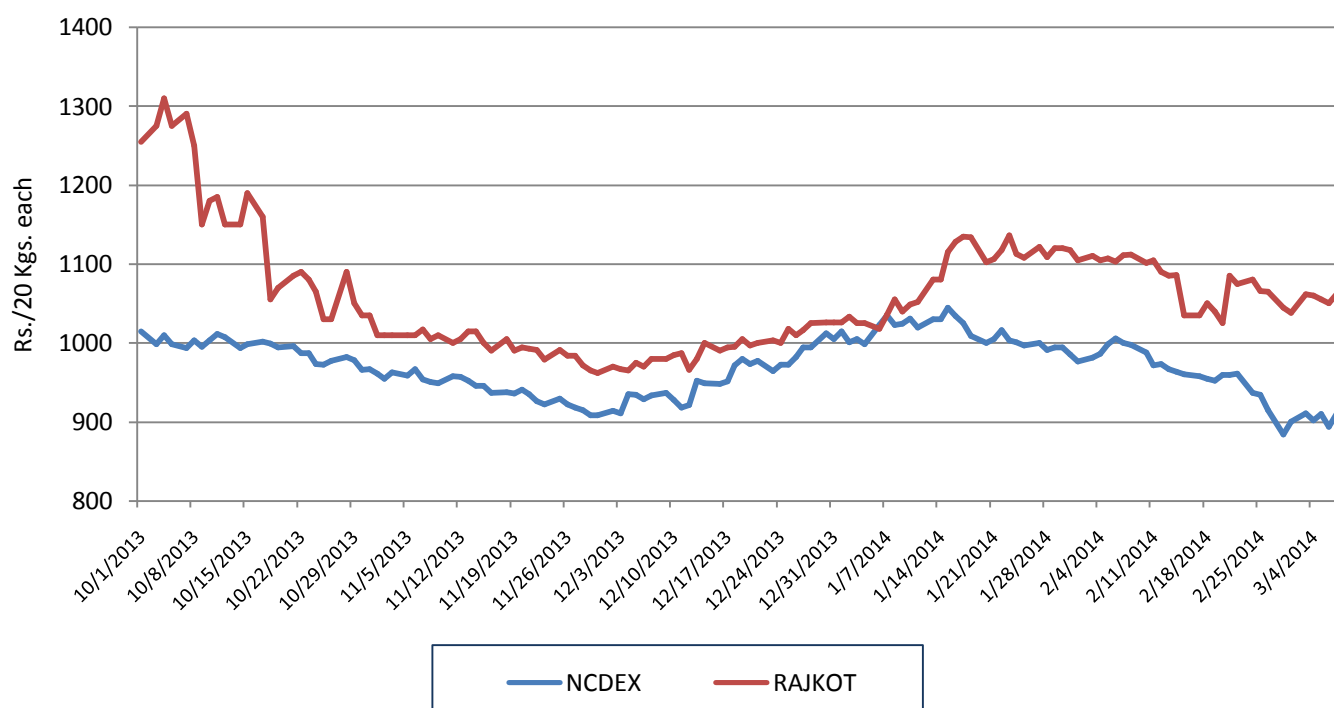
**COTTON PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change %
		7-Mar-14	28-Feb-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4775	4850	<b>-1.54</b>
Khandwa	Mech-1	5200	5150	<b>0.97</b>
Khargaon	Mech-1	5200	5150	<b>0.97</b>
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5400	5350	<b>0.93</b>
Rajkot	B.T. Cotton	5310	5225	<b>1.62</b>
Patan	B.T. Cotton	5395	5255	<b>2.66</b>
Deesa	B.T. Cotton	5405	5300	<b>1.98</b>
Muktsar	B.T. Cotton	5450	5350	<b>1.86</b>
Fazilika	B.T. Cotton	5450	5380	<b>1.30</b>
Bhiwani	B.T. Cotton	5600	5400	<b>3.70</b>
Adampur	B.T. Cotton	5450	5268	<b>3.45</b>
Fatehabad	B.T. Cotton	5480	5390	<b>1.66</b>
Jind	B.T. Cotton	5400	5340	<b>1.12</b>
Rawatsar (Hanumangarh)	B.T. Cotton	5390	5400	<b>-0.18</b>
Hubli	B.T. Cotton	4959	5195	<b>-4.54</b>
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5300	5300	<b>Unch</b>
Gondal	Shankar-6	5250	5325	<b>-1.40</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5221	5209	<b>0.23</b>
Hubli	D.C.H.	6119	6209	<b>-1.44</b>
Raichur	H-44 Cotton	5050	5100	<b>-0.98</b>
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4580	4510	<b>1.55</b>
Muktsar	J-34	4600	4525	<b>1.65</b>
Fazilika	J-34	4570	4480	<b>2.00</b>
Bhatinda	J-34	4600	4535	<b>1.43</b>
Mansa	J-34	4500	4485	<b>0.33</b>
Sirsa	J-34	4500	4385	<b>2.62</b>
Sri-Ganganagar	J-34	4136	4174	<b>-0.91</b>
Hanumangarh	B.T. Cotton	4470	4420	<b>1.13</b>
Adilabad	>30mm	4272	4367	<b>-2.17</b>
Warangal	>30mm	4361	4372	<b>-0.25</b>
Guntur	>30mm	4414	4414	<b>Unch</b>
Bhainsa	>30mm	4388	4398	<b>-0.22</b>



**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				6-Mar-14	26-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	39000	38500	1.29
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39500	39000	1.28
J-34(202)	26mm	3.5 - 4.9	23	42000	41700	0.71
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40700	41000	-0.73
Shankar-6(105)	29mm	3.5 – 4.9	28	41900	42200	-0.71
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42600	-1.17
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42800	43300	-1.15
DCH-32(107)	34mm	3.0 - 3.8	33	61000	61000	Unch

**Comparison of Spot (Rajkot) and Future (NCDEX) Prices**

**Cotton Prices: Weekly Outlook**

Prices of cotton ruled mostly firm this week as export inquires has been reported in the market. During previous month prices of cotton were on the weak side due to the ample supply this year amid higher production and lesser export this year. For the coming week, we expect prices to move sideways to slightly firm on export demand.

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change %
		7-Mar-14	28-Feb-14	
Amravati	Mech-1	34000	176500	<b>-80.73</b>
Khandwa	Mech-1	1800	7000	<b>-74.28</b>
Khargaon	Mech-1	6000	28000	<b>-78.57</b>
Mahesana(Kadi)	B.T. Cotton	35000	255000	<b>-86.27</b>
Rajkot	B.T. Cotton	3510	21050	<b>-83.32</b>
Patan	B.T. Cotton	7025	44529	<b>-84.22</b>
Deesa	B.T. Cotton	1000	7475	<b>-86.62</b>
Fazilika	B.T. Cotton	1600	5900	<b>-72.88</b>
Bhiwani	B.T. Cotton	600	2600	<b>-76.92</b>
Adampur	B.T. Cotton	765	3825	<b>-80.00</b>
Fatehabad	B.T. Cotton	800	5300	<b>-84.90</b>
Jind	B.T. Cotton	680	9520	<b>-92.85</b>
Rawatsar (Hanumangarh)	B.T. Cotton	200	1200	<b>-83.33</b>
Hubli	B.T. Cotton	124	3245	<b>-96.17</b>
Ahmedabad	Shankar-6	76500	450500	<b>-83.01</b>
Gondal	Shankar-6	970	6435	<b>-84.92</b>
Bijapur	Bunny	950	4099	<b>-76.82</b>
Hubli	D.C.H.	2	42	<b>-95.23</b>
Raichur	H-44 Cotton	1917	12199	<b>-84.28</b>
Abohar	J-34	680	3315	<b>-79.48</b>
Muktsar	J-34	340	1785	<b>-80.95</b>
Bhatinda	J-34	28900	158100	<b>-81.72</b>
Mansa	J-34	1190	5440	<b>-78.12</b>
Sirsa	J-34	1700	9690	<b>-82.45</b>
Sri-Ganganagar	J-34	850	16150	<b>-94.73</b>
Hanumangarh	B.T. Cotton	1000	5700	<b>-82.45</b>

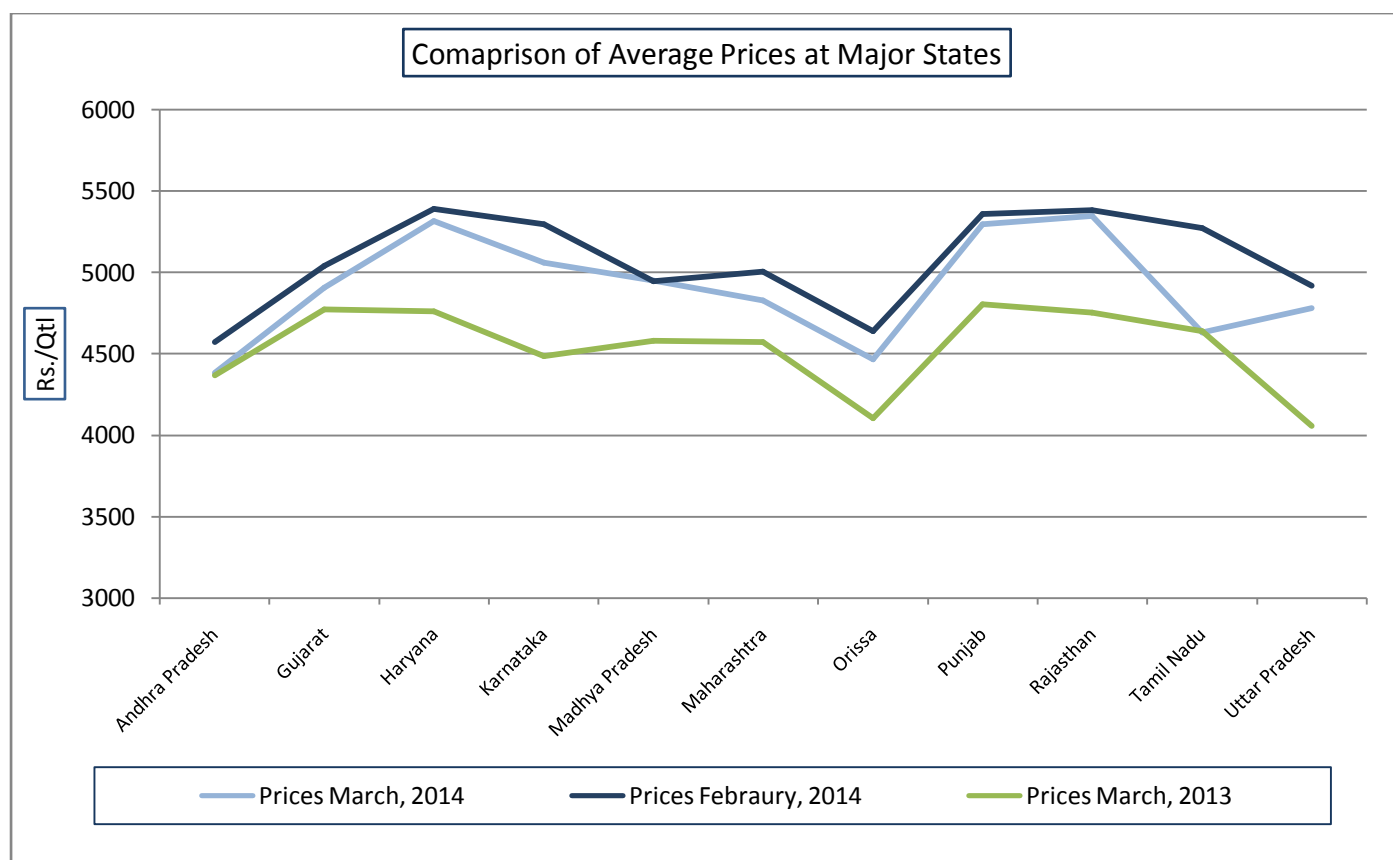
**Cotton Arrival: Weekly Outlook**

Arrivals on the weekly basis have declined in almost every region. Most of the farmers have sold out their produce and rest have stored for selling it later, as they seek prices to rise further during the coming months of the season.

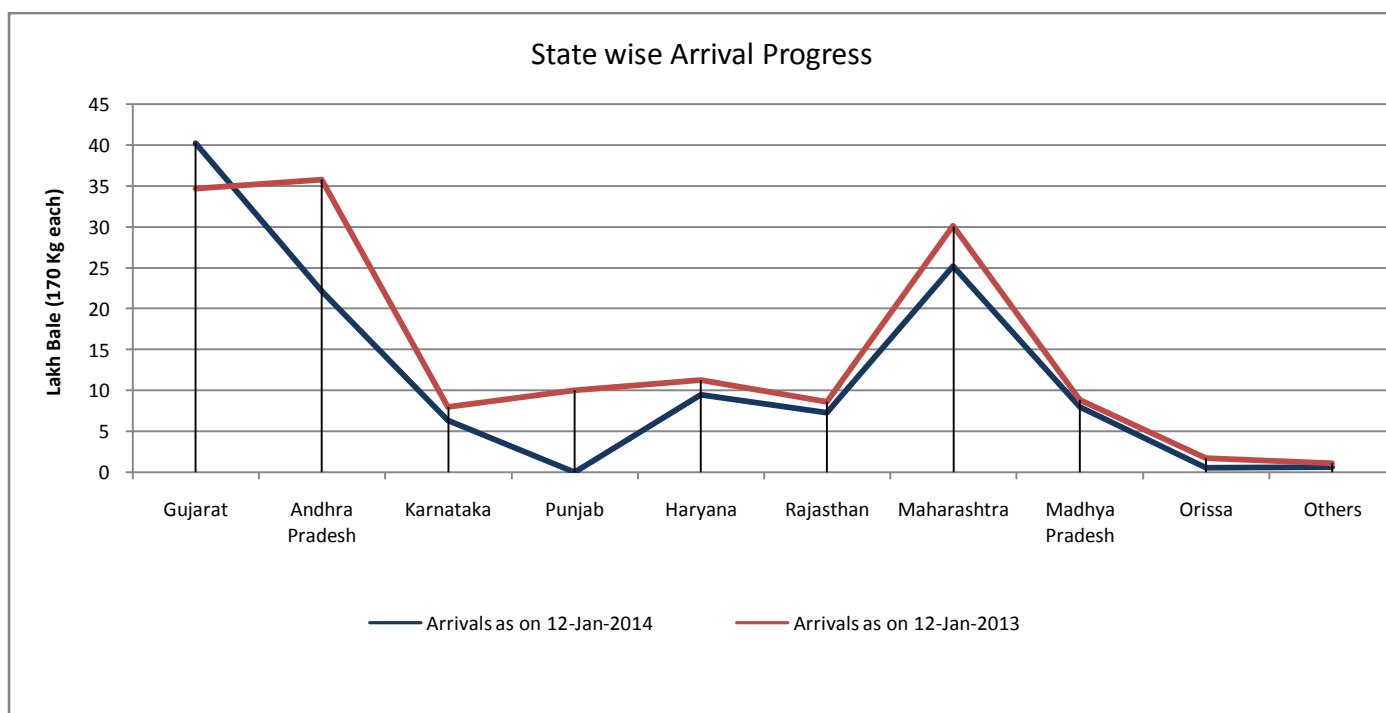
**STATE WISE PRICES AND ARRIVALS**
State wise Prices (Rs./Qtl.)

State	Prices March, 2014	Prices February, 2014	Prices March, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4382.58	4571.07	4367.01	-4.12	0.36
Gujarat	4907.94	5039.08	4774.4	-2.6	2.8
Haryana	5316.69	5390.91	4761.94	-1.38	11.65
Karnataka	5061.52	5298.17	4485.53	-4.47	12.84
Madhya Pradesh	4948.47	4947.19	4579.79	0.03	8.05
Maharashtra	4829.41	5006.12	4573.28	-3.53	5.6
Orissa	4468.12	4640.8	4104	-3.72	8.87
Punjab	5295.72	5359.03	4805.05	-1.18	10.21
Rajasthan	5346.61	5384.8	4752.27	-0.71	12.51
Tamil Nadu	4631.11	5273.15	4638.4	-12.18	-0.16
Uttar Pradesh	4779.31	4916.99	4055.47	-2.8	17.85
Average	5349.59	5351.32	4536.1		

Source:APMC



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
<b>A. North Total (1+2+3)</b>	<b>58</b>	<b>25.04</b>	<b>63</b>	<b>36.6</b>
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>B. Central Total (4+5+6)</b>	<b>216</b>	<b>87.79</b>	<b>191</b>	<b>89.05</b>
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
<b>C. South Total (7+8+9)</b>	<b>95</b>	<b>36.96</b>	<b>105</b>	<b>53.28</b>
10. Orissa	4	0.86	4	2.15
11. Others	2	0.76	2	1.15
<b>D. Total (10+11)</b>	<b>6</b>	<b>1.62</b>	<b>6</b>	<b>3.3</b>
<b>Grand Total (A+B+C+D)</b>	<b>375</b>	<b>151.41</b>	<b>365</b>	<b>182.23</b>

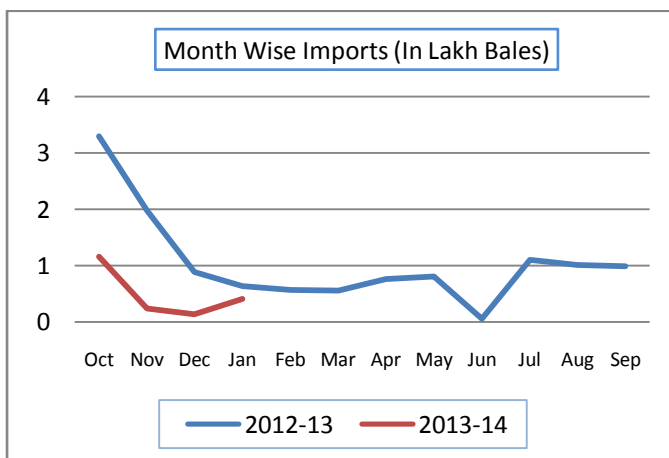
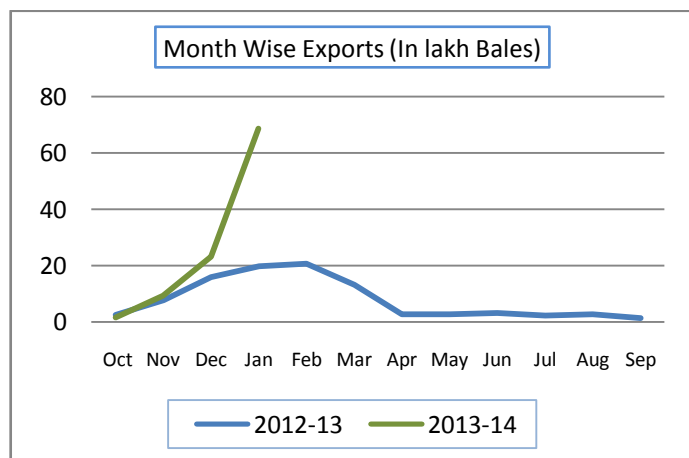


Source: Cotton Corporation of India

**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	
<b>Total</b>	<b>93.12</b>	<b>102.21</b>

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	
<b>Total</b>	<b>12.61</b>	<b>1.943</b>



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

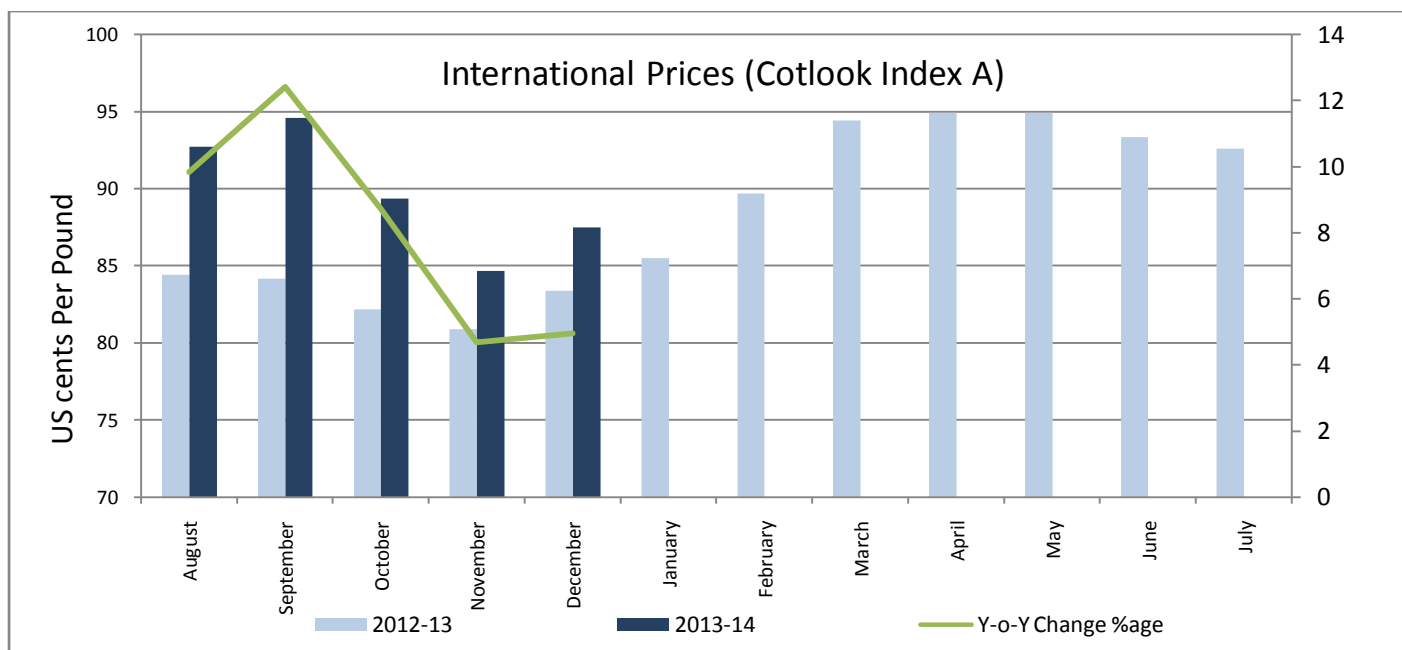
Import Break Up by Major Countries During January'14	
Country	Quantity (In Lakh Bales)
Usa	0.1
Pakistan	0.09
Australia	0.09
Egypt	0.04
Israel	0.03



### 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	07/03/2014	07/02/2014	07/03/2013	% Month change	%Y-o-Y change
<b>Mar-14</b>	40124.09	38559.16	37814.15722	4.06	<b>6.11</b>
<b>May-14</b>	40234.30	38726.67		3.89	
<b>Jul-14</b>	39837.55	38400.46		3.74	
<b>Oct-14</b>	36081.71	35213.28		2.47	
<b>Dec-14</b>	34966.41	34358.07		1.77	
<b>Mar-15</b>	34931.15	34591.71		0.98	

## COTTON FUTURES

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



### Weekly Technical Outlook

- Prices of cotton noticed sideways during the week amid indecision in the market.
- Export inquiries are likely to bring a slight firmness in near term.
- Candlestick denotes range bound movement.
- RSI is moving high in neutral region supporting bullishness.
- For the coming week, we expect prices to move sideways to slightly firm.

### Expected Price Range During Coming Week.

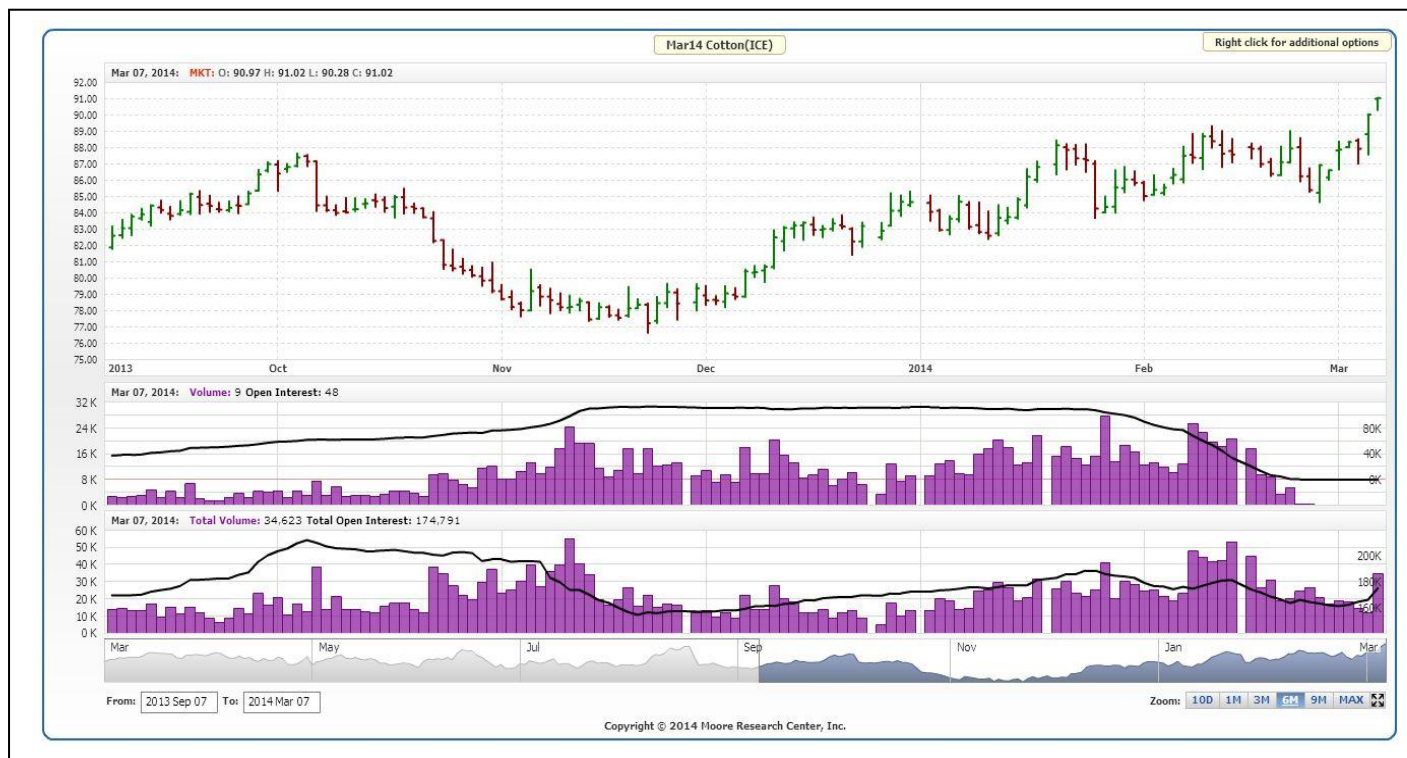
Expected Trend	Expected Trading Band
Sideways to Firm Momentum	860-940

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
855	845	950	965

\*values in Rs./20 kgs

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



### Weekly Technical Outlook:

- Prices of cotton remained bullish during the week amid supply deficit on global front.
- Aligned movement of volume and open interest depicts strong market.
- We expect upward movement in the prices in coming week.

### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bullish Momentum	87-93

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
85	83	94	96

\*values in Cents. /Pound

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