

### **Domestic Market Outlook**

**Cotton exports from India have increased by 5 percent on Y-o-Y basis in February to 7.8 million bales** on higher international demand. However in coming month, it is likely to decline. As per the estimates of USDA, total cotton export from India this year would be around 10.2 million bales.

**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.

### **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.

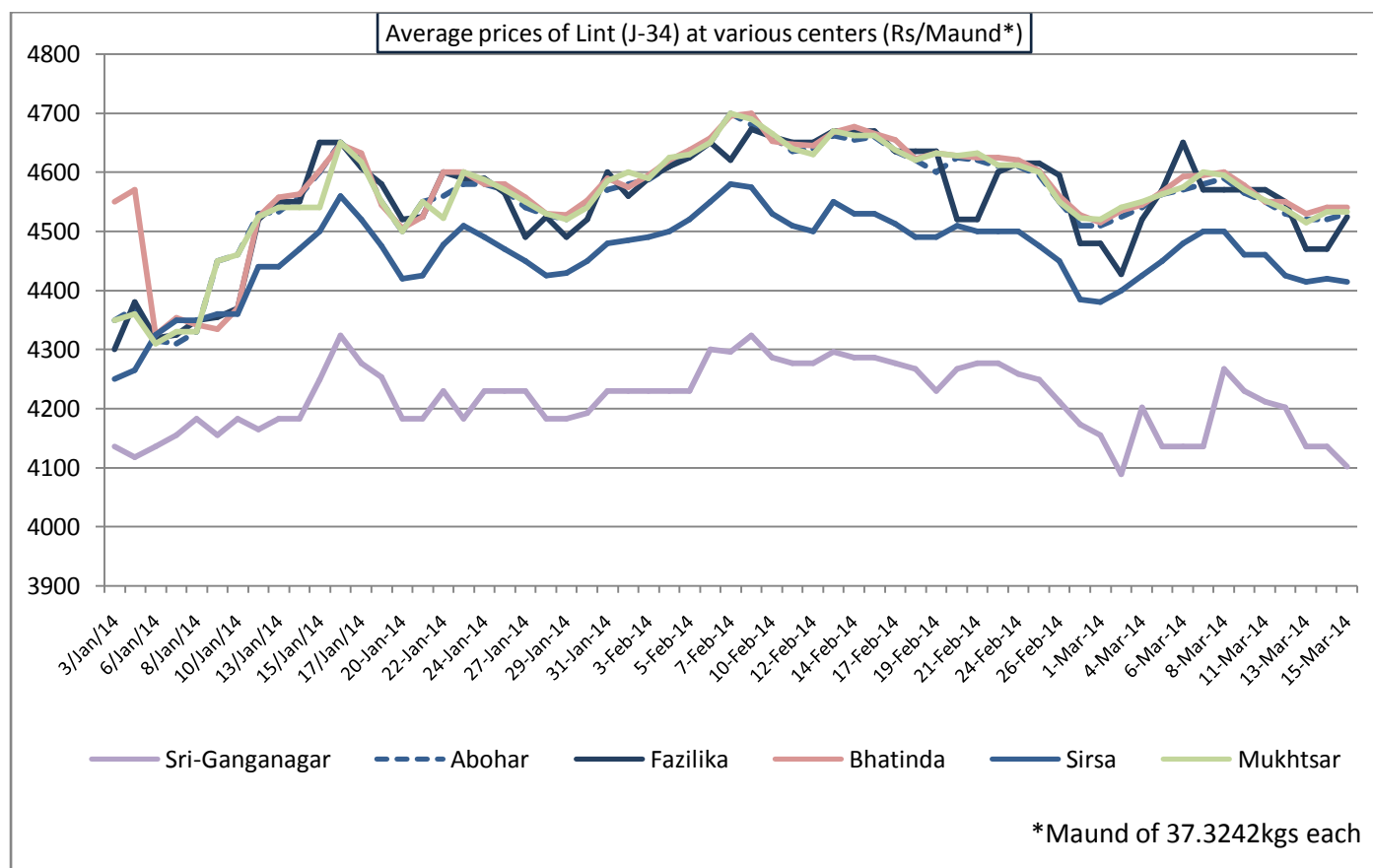
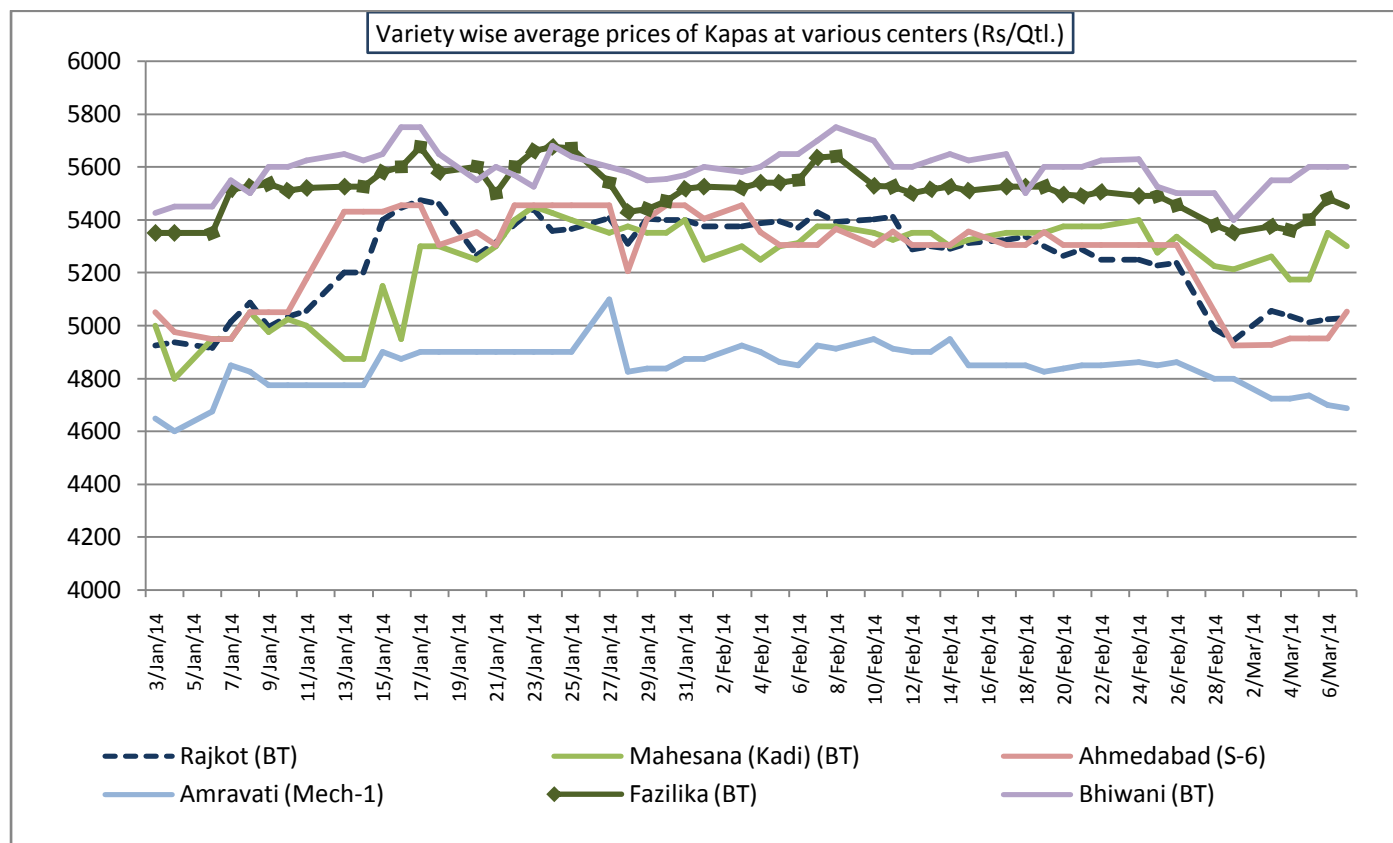
**Textile mills owners in Pakistan are opposing the decision of All Pakistan Textile Mills Association (APTMA)**, which has recommended textile ministry to impose duty on imports of cotton yarn.

**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.

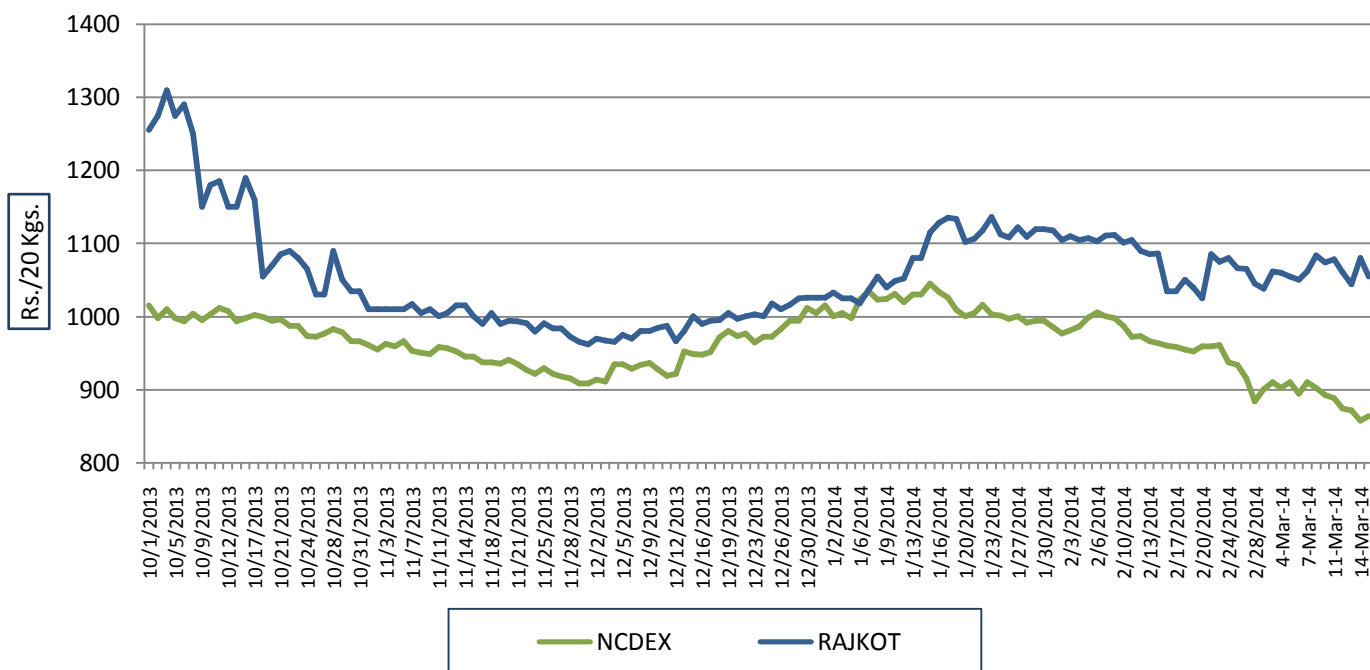
**COTTON PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change %
		14-Mar-14	7-Mar-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4900	4900	0.00
Khandwa	Mech-1	5200	5250	-0.95
Khargaon	Mech-1	5200	5250	-0.95
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5375	5500	-2.27
Rajkot	B.T. Cotton	5400	5425	-0.46
Patan	B.T. Cotton	5340	5355	-0.28
Deesa	B.T. Cotton	4850	5255	-7.71
Muktsar	B.T. Cotton	4520	5400	-16.30
Fazilika	B.T. Cotton	5350	5490	-2.55
Bhiwani	B.T. Cotton	5520	5625	-1.87
Adampur	B.T. Cotton	5350	5430	-1.47
Fatehabad	B.T. Cotton	5400	5450	-0.92
Jind	B.T. Cotton	5410	5515	-1.90
Rawatsar (Hanumangarh)	B.T. Cotton	5400	5400	0.00
Hubli	B.T. Cotton	4989	5319	-6.20
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5250	5450	-3.67
Gondal	Shankar-6	5280	5370	-1.68
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5239	5261	-0.42
Hubli	D.C.H.	6109	6569	-7.00
Raichur	H-44 Cotton	5070	5115	-0.88
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4520	4620	-2.16
Muktsar	J-34	4535	4635	-2.16
Fazilika	J-34	4470	4520	-1.11
Bhatinda	J-34	4550	4630	-1.73
Mansa	J-34	4540	4630	-1.94
Sirsa	J-34	4420	4500	-1.78
Sri-Ganganagar	J-34	4136	4277	-3.30
Hanumangarh	B.T. Cotton	4480	4550	-1.54
Adilabad	>30mm	4388	4482	-2.10
Warangal	>30mm	4393	4493	-2.23
Guntur	>30mm	4377	4461	-1.88
Bhainsa	>30mm	4393	4498	-2.33



**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				12-Mar-14	6-Mar-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	41800	42000	-0.48
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40700	40700	0.00
Shankar-6(105)	29mm	3.5 - 4.9	28	41900	41900	0.00
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42100	0.00
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42900	42800	0.23
DCH-32(107)	34mm	3.0 - 3.8	33	62000	61000	1.64

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

**Cotton Prices: Weekly Outlook**

Prices of cotton this week remained weak amid lackluster demand. Ample supply of cotton has made total availability higher. Despite higher availability, exports would be on weaker side amid diminished demand from overseas, which will make prices to move downwards.

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change %
		14-Mar-14	7-Mar-14	
Amravati	Mech-1	206000	168500	22.26
Khandwa	Mech-1	9700	7100	36.62
Khargaon	Mech-1	30000	30000	0.00
Mahesana(Kadi)	B.T. Cotton	220000	175000	25.71
Rajkot	B.T. Cotton	20850	21610	-3.52
Patan	B.T. Cotton	54297	50932	6.61
Deesa	B.T. Cotton	7650	8350	-8.38
Fazilika	B.T. Cotton	3600	6800	-47.06
Bhiwani	B.T. Cotton	3500	3300	6.06
Adampur	B.T. Cotton	4420	3910	13.04
Fatehabad	B.T. Cotton	3065	5400	-43.24
Jind	B.T. Cotton	3448	3060	12.68
Rawatsar (Hanumangarh)	B.T. Cotton	1200	950	26.32
Hubli	B.T. Cotton	5203	5872	-11.39
Ahmedabad	Shankar-6	448800	493000	-8.97
Gondal	Shankar-6	6963	6554	6.24
Bijapur	Bunny	5601	4603	21.68
Hubli	D.C.H.	148	158	-6.33
Raichur	H-44 Cotton	16316	9619	69.62
Abohar	J-34	4165	3825	8.89
Muktsar	J-34	2125	1955	8.70
Bhatinda	J-34	158100	183600	-13.89
Mansa	J-34	4930	6970	-29.27
Sirsa	J-34	8330	10200	-18.33
Sri-Ganganagar	J-34	11900	9350	27.27
Hanumangarh	B.T. Cotton	6000	5300	13.21

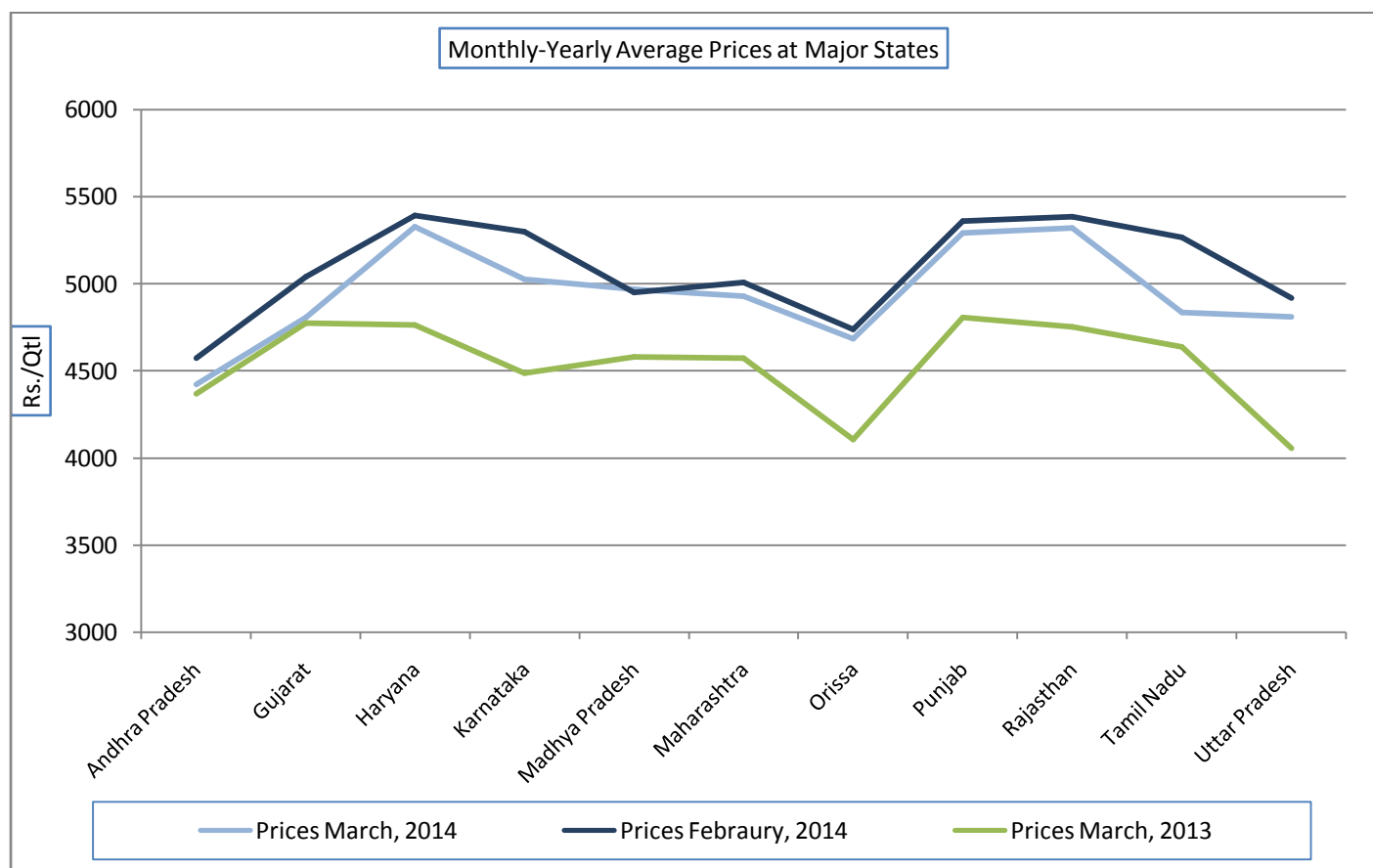
**Cotton Arrival: Weekly Outlook**

Arrivals are showing mixed pattern during the week. Few of the regions have been reported with rise in arrivals as farmers had released their final stocks, on which they were speculating hike in prices in future.

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

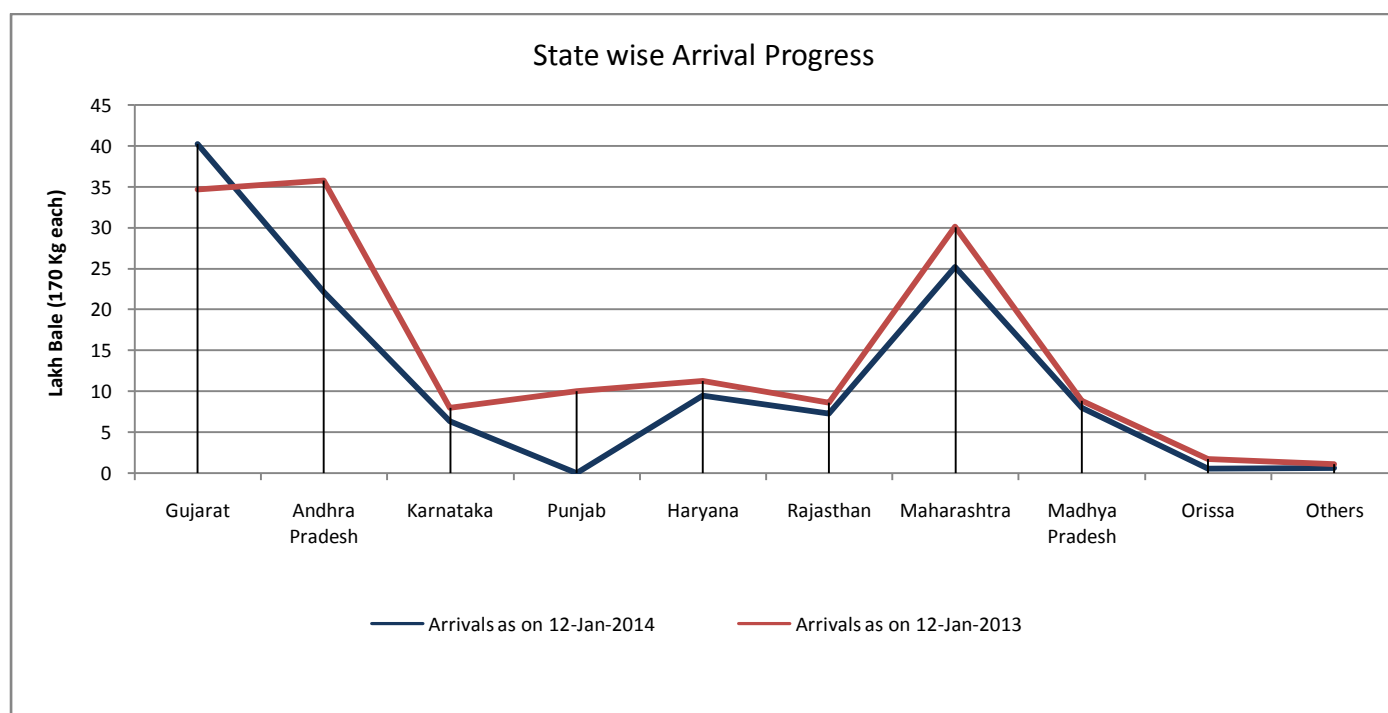
State	Prices March, 2014	Prices February, 2014	Prices March, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4422.23	4571.17	4367.01	-3.26	1.26
Gujarat	4807.07	5039.08	4774.4	-4.6	0.68
Haryana	5326.04	5393.58	4761.94	-1.25	11.85
Karnataka	5025.4	5298.17	4485.53	-5.15	12.04
Madhya Pradesh	4967.67	4950.15	4579.79	0.35	8.47
Maharashtra	4927.1	5006.12	4573.28	-1.58	7.74
Orissa	4685.79	4736.52	4104	-1.07	14.18
Punjab	5290.53	5359.03	4805.05	-1.28	10.1
Rajasthan	5320.88	5384.71	4752.27	-1.19	11.97
Tamil Nadu	4833.84	5267.86	4638.4	-8.24	4.21
Uttar Pradesh	4811.33	4916.99	4055.47	-2.15	18.64
Average	5392.55	5358.71	4536.1		

\*Source: APMC



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
<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>

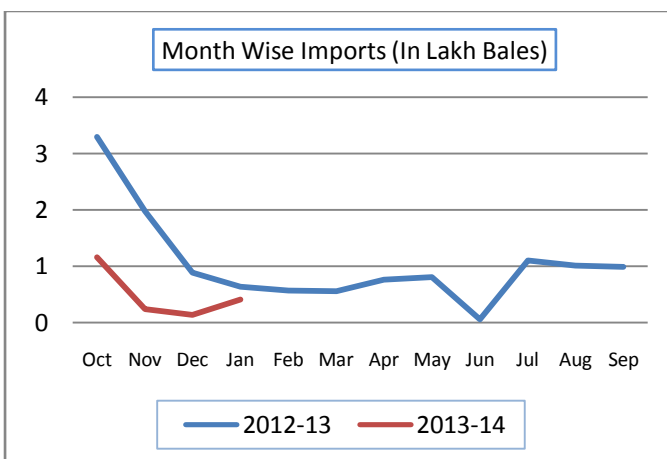
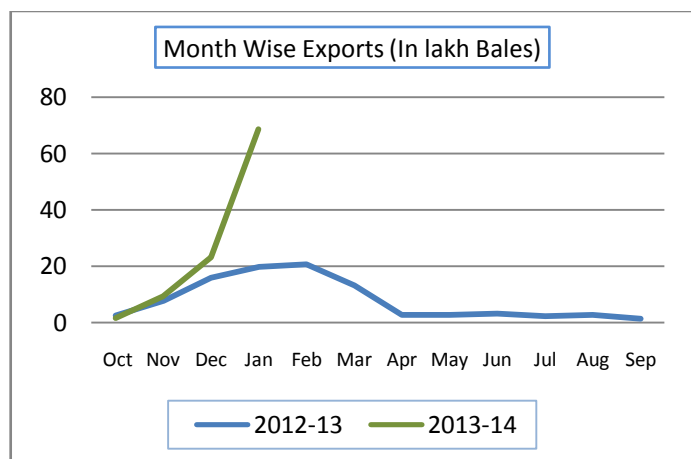


Source: Cotton Corporation of India

### 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

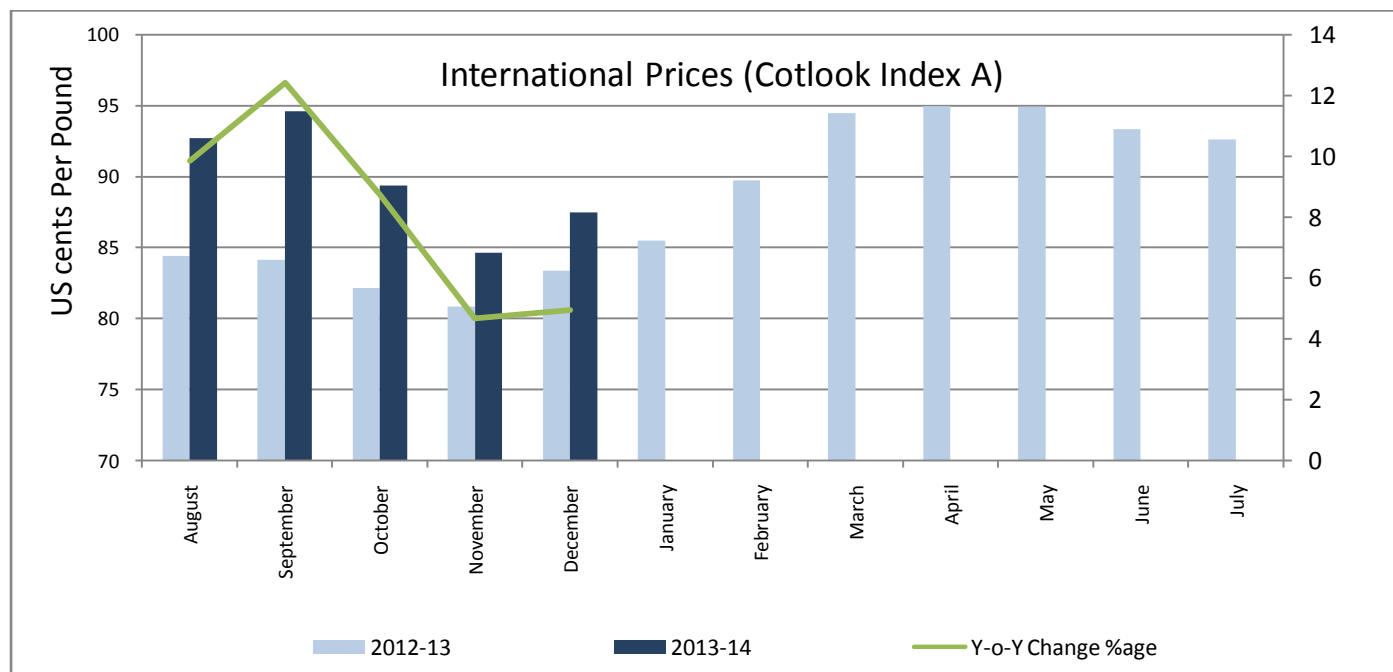
Import Break Up by Major Countries During January'14	
Country	Quantity (In Lakh Bales)
Usa	0.1
Pakistan	0.09
Australia	0.09
Egypt	0.04
Israel	0.03



### 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	14/03/2014	14/02/2014	14/03/2013	% Month Change	% Y-o-Y Change
<b>Mar-14</b>		87.50	87.66		
<b>May-14</b>	92.19	89.04	87.45	3.54	5.42
<b>Jul-14</b>	90.84	88.58		2.55	
<b>Oct-14</b>	82.04	80.63		1.75	
<b>Dec-14</b>	79.84	77.68		2.78	
<b>Mar-15</b>	79.74	78.20		1.97	
<b>May-15</b>	79.50				

## COTTON FUTURES

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



### Weekly Technical Outlook

- Prices of cotton moved downwards movement during the week, amid ample supply.
- Candlesticks too denote weak movement
- RSI is moving in neutral region supporting weak tone in near term.
- For the coming week, we expect bearish movement.

### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bearish Momentum	830-890

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
815	800	900	920

\*values in Rs./20 kgs



### 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
	88-94

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
86	84	96	98

\*values in Cents. /Pound

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