

**Domestic Market Outlook**

**As per the latest estimates by ICF (Indian Cotton Federation), cotton production in India would be around in 37.6 million bales (each of 170 kg.)** in season 2013-14, which was estimated to be around 36.1 million bales in January. ICF has also mentioned that there is no yield loss in Andhra Pradesh as anticipated earlier. In Maharashtra also, both yield and quality is far better what was expected before. Though Gujarat is expected to decline on output at 12 million bales in 2013-14, which was earlier estimated to be around 12.5 million bales.

**UAE (United Arab Emirates) became the major export destination of Indian made fabric with increase of 35%** in its export during April-January 2013-14. India has exported MMF worth of \$429 million to UAE during period mentioned, while USA stood the second largest export destination after UAE with export worth of \$352 million.

**Department of Agriculture, Karnataka has banned the sale of Bt cotton seeds produced by Maharashtra Hybrid Company (Mahyco)** on supply of substandard quality of seeds. As reported by protesting farmers, kharif crop failed in Haveri, Chitradurga, Dharwad, Belgaum and Bellary districts due to the bad quality seeds supplied by Mahyco.

**Cotton yarn prices are under pressure as China has revised the buying prices for yarn.** One of the reason for the same is the having situation of strong rupee versus dollar. Under the new policy applicable from April 1<sup>st</sup> 2014, government has lowered the bids from current floor price of 18000 Yuan per ton to 17250 per ton.

**A suggestion of moderate increase of 1-5% in MSP has been proposed by Commission of Agriculture Costs and Practices (CACP)** for the agriculture commodities of Kharif crop season 2014-15. This recommendation has been forwarded to the Ministry of Agriculture, where final decision would be made by the new cabinet after the elections.

**Export of cotton from India is picking uptrend amid exchange rate stability.** China is showing good demand for Indian cotton. Pakistan, Bangladesh, Vietnam and Indonesia have also reported higher demand.

**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.

### Domestic Balance Sheet

All figures in Lakh Bales (of 170 Kgs. Each)							
Item	2012-13	2013-14	Oct_13*	Nov_13*	Dec_13*	Jan_14*	Feb_14*
<b>Supply</b>							
Opening stock (CCI)	40	35					
Crop size (DAC)	350	356.02					
Imports (CCI)	14.59	17	1.2	0.24	0.133	0.41	0.46
Availability	404.59	408.02					
<b>Demand</b>							
Mill consumption (CCI)	250.14	258					
Small Mill consumption (CCI)	23.02	24					
Non-Mill consumption (CCI)	10	15					
Total consumption (USDA)	283.16	297					
Export (USDA)	101.43	90	1.45	9.06	23.12	68.6	13.15
Total Demand	384.59	387					

CCI: Cotton Corporation of India

DAC: Department of Agriculture and cooperation

USDA : United States Department of Agriculture

\*Exim data source: IBIS (International Business Information Services)

### Balance Sheet Highlights

Opening stock this season (Oct. '13-Sep'14) would be on lower side amid lesser production last season. Crop size is comparatively high from the last season due to the boosted yield driven by plantation of BT cotton.

Despite the higher production, Imports would be on higher side amid increased demand in domestic market and cheaper cotton available in overseas.

Taking all the factors collectively, total availability of cotton this season would be higher, which could put pressure on the domestic prices.

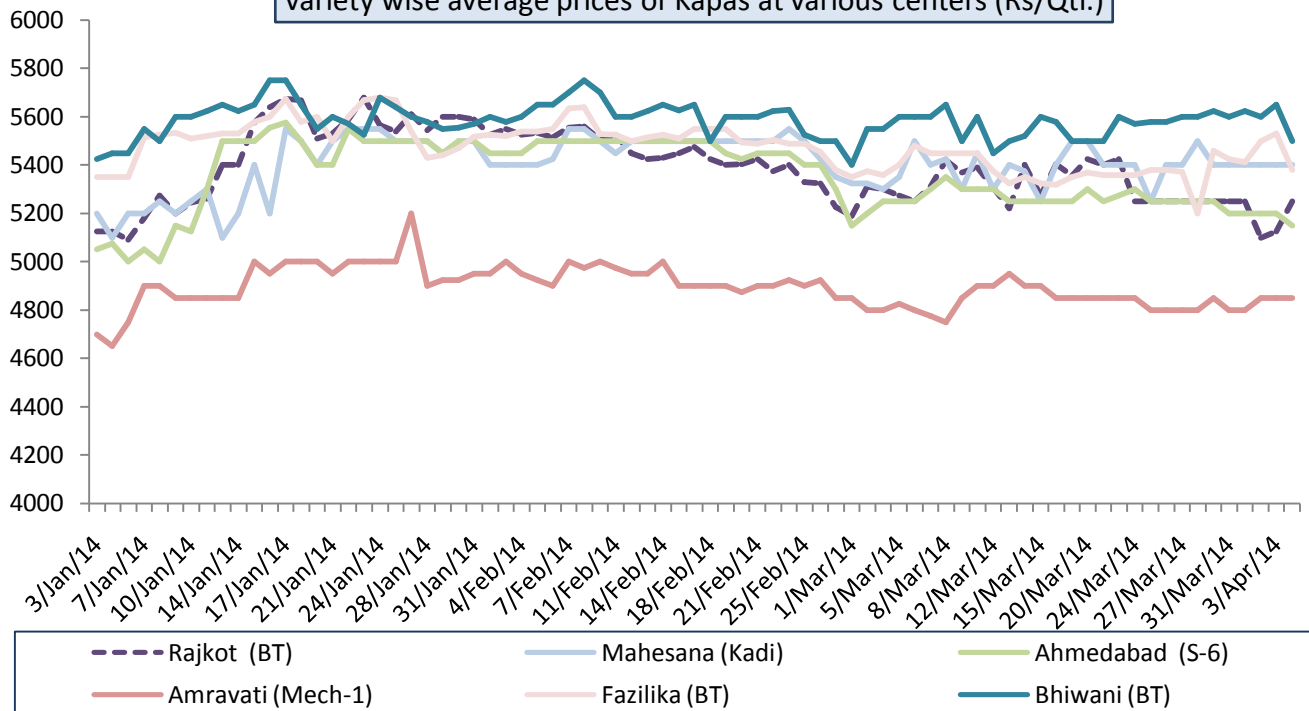
Consumption has increased, which would lift the total demand up though there is moderate fall in exports due to the weak global market.

### Cotton Prices and Arrivals

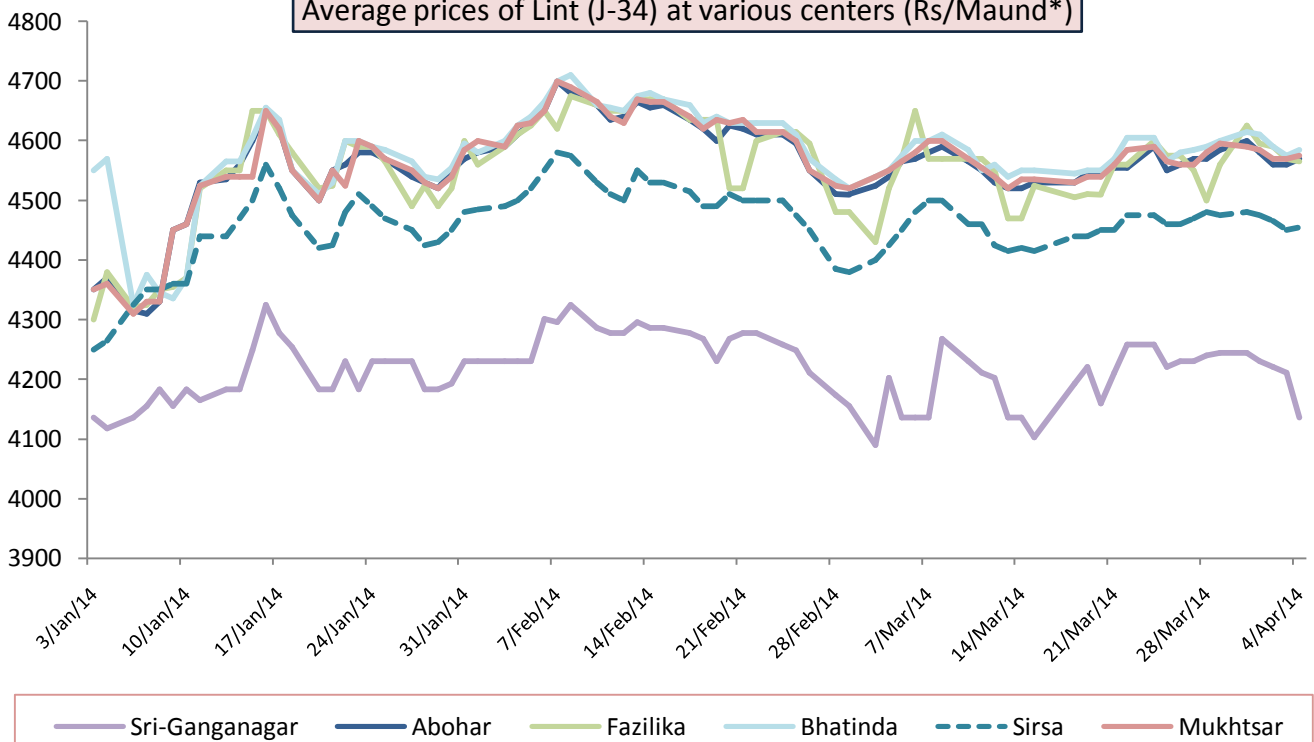
#### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		% Change
		4-Apr-14	28-Mar-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4850	4800	1.04
Khandwa	Mech-1	NR	5200	-
Khargaon	Mech-1	NR	5200	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5400	5500	-1.82
Rajkot	B.T. Cotton	5250	Closed	-
Patan	B.T. Cotton	5605	Closed	-
Deesa	B.T. Cotton	NA	Closed	-
Muktsar	B.T. Cotton	5400	5500	-1.82
Fazilika	B.T. Cotton	5380	5200	3.46
Bhiwani	B.T. Cotton	5500	5600	-1.79
Adampur	B.T. Cotton	5340	5360	-0.37
Fatehabad	B.T. Cotton	5365	5400	-0.65
Dabwali	B.T. Cotton	5300	5320	-0.38
Jind	B.T. Cotton	5360	5350	0.19
Uchana (Jind)	B.T. Cotton	5370	5400	-0.56
Rawatsar (Hanumangarh)	B.T. Cotton	5300	5300	0.00
Hubli	B.T. Cotton	5080	5090	-0.20
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5150	5250	-1.90
Gondal	Shankar-6	5245	Closed	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5223	5169	1.04
Hubli	D.C.H.	5029	4609	9.11
Raichur	H-44 Cotton	5030	5075	-0.89
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4570	4570	0.00
Muktsar	J-34	4575	4580	-0.11
Fazilika	J-34	4565	4500	1.44
Bhatinda	J-34	4585	4590	-0.11
Mansa	J-34	4550	4550	0.00
Sirsa	J-34	4455	4480	-0.56
Sri-Ganganagar	J-34	4136	4240	-2.45
Hanumangarh	B.T. Cotton	4500	4500	0.00
Adilabad	>30mm	4377	4314	1.46
Warangal	>30mm	4335	4335	0.00
Guntur	>30mm	4403	4419	-0.36

Variety wise average prices of Kapas at various centers (Rs/Qtl.)



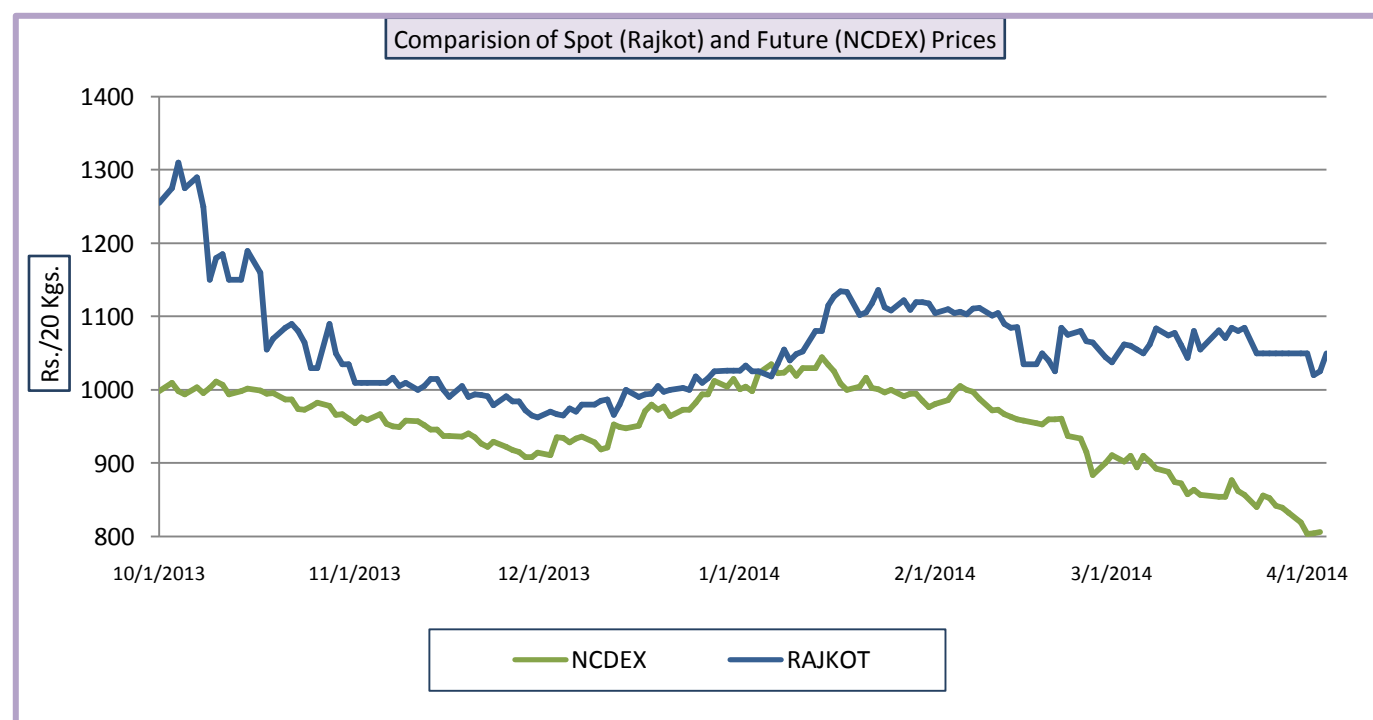
Average prices of Lint (J-34) at various centers (Rs/Maund\*)



\*Maund of 37.3242kgs each

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				3-Apr-14	27-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	38000	38000	0.00
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38500	38500	0.00
J-34(202)	26mm	3.5 - 4.9	23	41700	42200	-1.18
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40400	40400	0.00
Shankar-6(105)	29mm	3.5 - 4.9	28	42000	41800	0.48
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42200	0.47
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43400	43200	0.46
DCH-32(107)	34mm	3.0 - 3.8	33	59300	60500	-1.98


**Cotton Prices: Weekly Outlook**

Prices of cotton this week remained range weak amid lackluster demand. Ample supply of cotton has made total availability higher. Despite higher availability, overall exports would be on weaker side amid diminished demand from overseas, which will make prices to move downwards. Though a slight recovery could be seen in coming month as demand from China and other neighboring countries is likely to improve.

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		% Change
		4-Apr-14	28-Mar-14	
Amravati	Mech-1	158500	194500	-18.51
Khandwa	Mech-1	1800	9700	-81.44
Khargaon	Mech-1	6000	29000	-79.31
Mahesana(Kadi)	B.T. Cotton	155000	200000	-22.50
Rajkot	B.T. Cotton	9050	8000	13.13
Patan	B.T. Cotton	28270	44100	-35.90
Deesa	B.T. Cotton	NA	2750	-
Fazilika	B.T. Cotton	3100	2350	31.91
Bhiwani	B.T. Cotton	2700	2800	-3.57
Adampur	B.T. Cotton	4590	4250	8.00
Fatehabad	B.T. Cotton	4100	4250	-3.53
Dabwali	B.T. Cotton	630	1095	-42.47
Jind	B.T. Cotton	2783	1316	111.47
Uchana (Jind)	B.T. Cotton	10150	10500	-3.33
Rawatsar (Hanumangarh)	B.T. Cotton	1260	1100	14.55
Hubli	B.T. Cotton	452	1075	-57.95
Ahmedabad	Shankar-6	360400	416500	-13.47
Gondal	Shankar-6	4162	Closed	-
Bijapur	Bunny	4698	7255	-35.24
Hubli	D.C.H.	22	230	-90.43
Raichur	H-44 Cotton	8544	18524	-53.88
Abohar	J-34	3570	3740	-4.55
Muktsar	J-34	1066	1190	-10.42
Bhatinda	J-34	103700	109990	-5.72
Mansa	J-34	3400	2975	14.29
Sirsa	J-34	5780	5950	-2.86
Sri-Ganganagar	J-34	5695	11900	-52.14
Hanumangarh	B.T. Cotton	1100	3100	-64.52

**Cotton Arrival: Weekly Outlook**

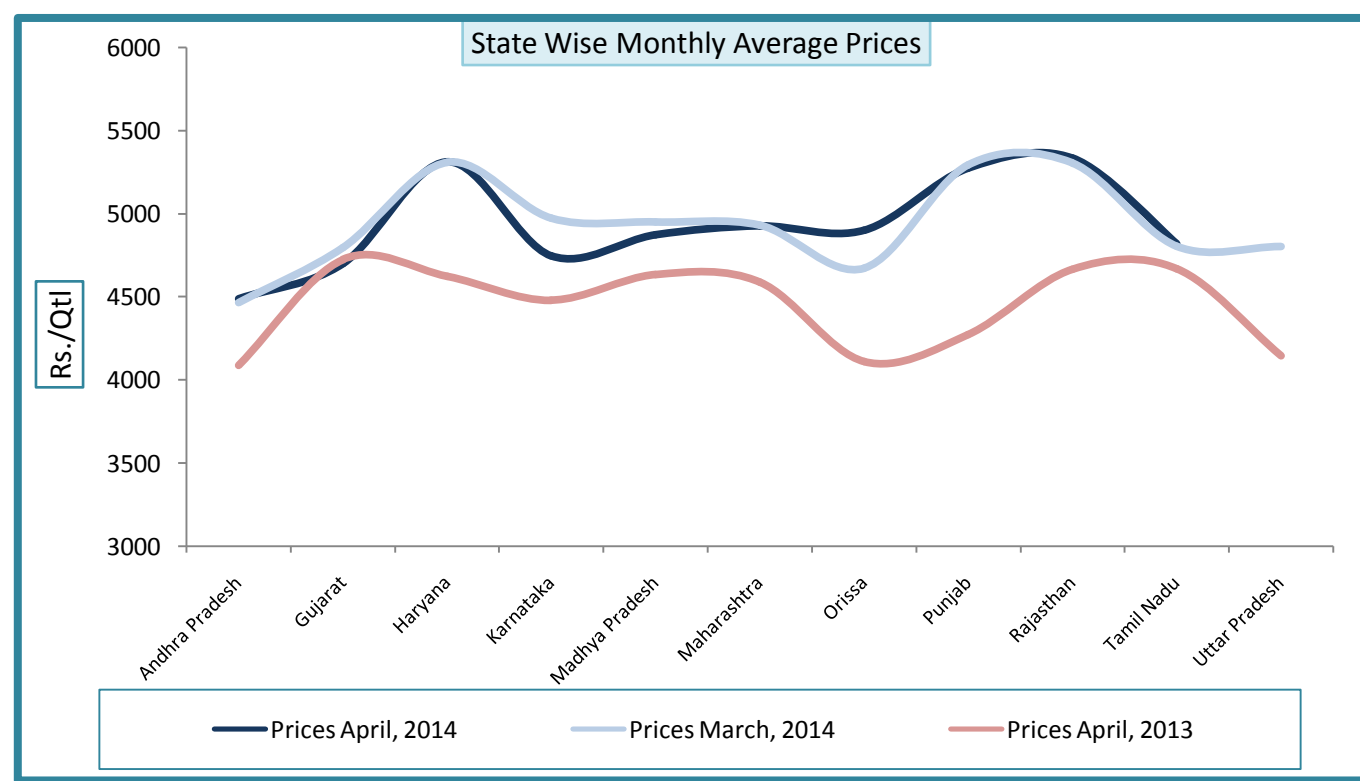
Arrivals are showing downtrend pattern during the week. Farmers have released their final produce and very little inventories have been stocked in most of the regions. We expect fall in arrivals in coming days in most of the markets in the country.

## State-Wise Scenario

### State Wise Prices

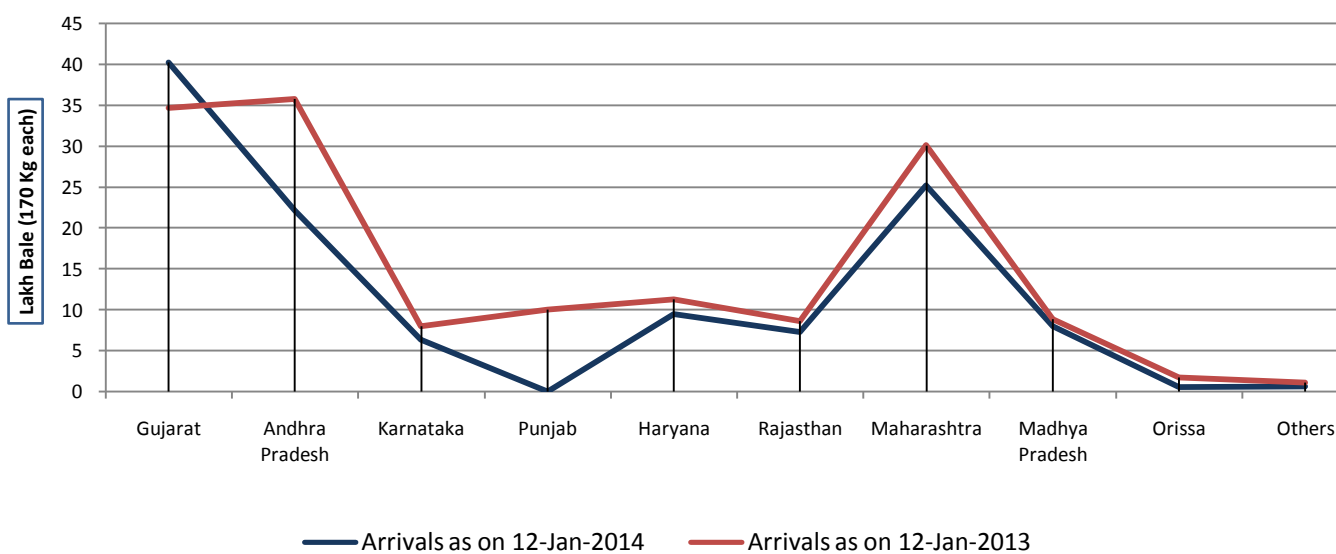
State	Prices April, 2014	Prices March, 2014	Prices April, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4488.1	4463.18	4086.51	0.56	9.83
Gujarat	4700.61	4796.02	4724.3	-1.99	-0.5
Haryana	5310.86	5309.37	4622.19	0.03	14.9
Karnataka	4747.04	4972.16	4478.06	-4.53	6.01
Madhya Pradesh	4871.9	4949.66	4632.97	-1.57	5.16
Maharashtra	4925.48	4930.43	4588.27	-0.1	7.35
Orissa	4900	4672.33	4109.16	4.87	19.25
Punjab	5272.07	5291.29	4270.17	-0.36	23.46
Rajasthan	5333.26	5304.36	4665.54	0.54	14.31
Tamil Nadu	4818.63	4805.02	4668.61	0.28	3.21
Uttar Pradesh		4803.62	4144	—	—
<b>Average</b>	<b>4670.63</b>	<b>5386.13</b>	<b>4290.9</b>		

Source : APMC



**State Wise Arrivals (in 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>

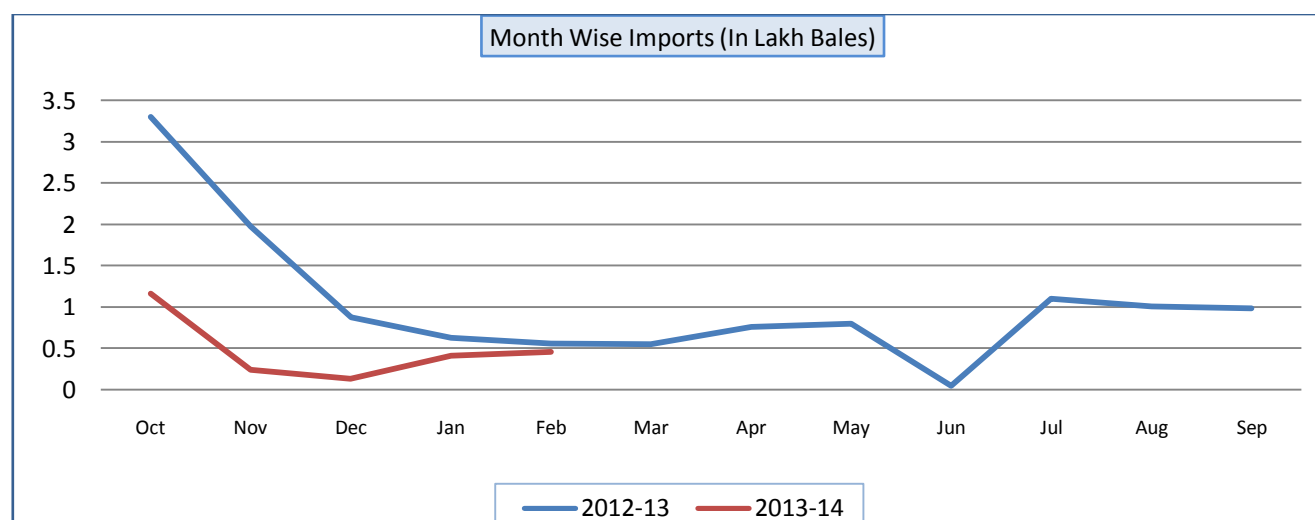
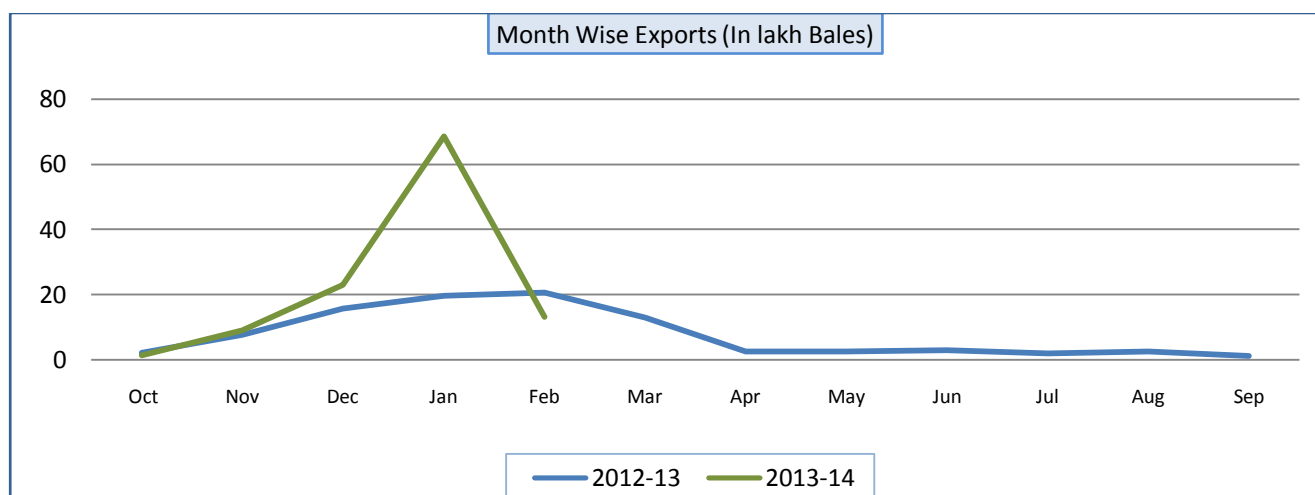
**State-Wise Arrival Progress**


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	13.15
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>115.36</b>

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	0.41
Feb	0.56	0.46
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>2.403</b>



Export Break Up by Major Countries During February'14	
Country	Quantity (In Lakh Bales)
China	5.43
Bangladesh	2.65
Pakistan	1.04
Vietnam	0.97
Turkey	0.57

Import Break Up by Major Countries During February'14	
Country	Quantity (In Lakh Bales)
USA	0.23
Pakistan	0.08
Sudan	0.05
Egypt	0.03
Israel	0.02

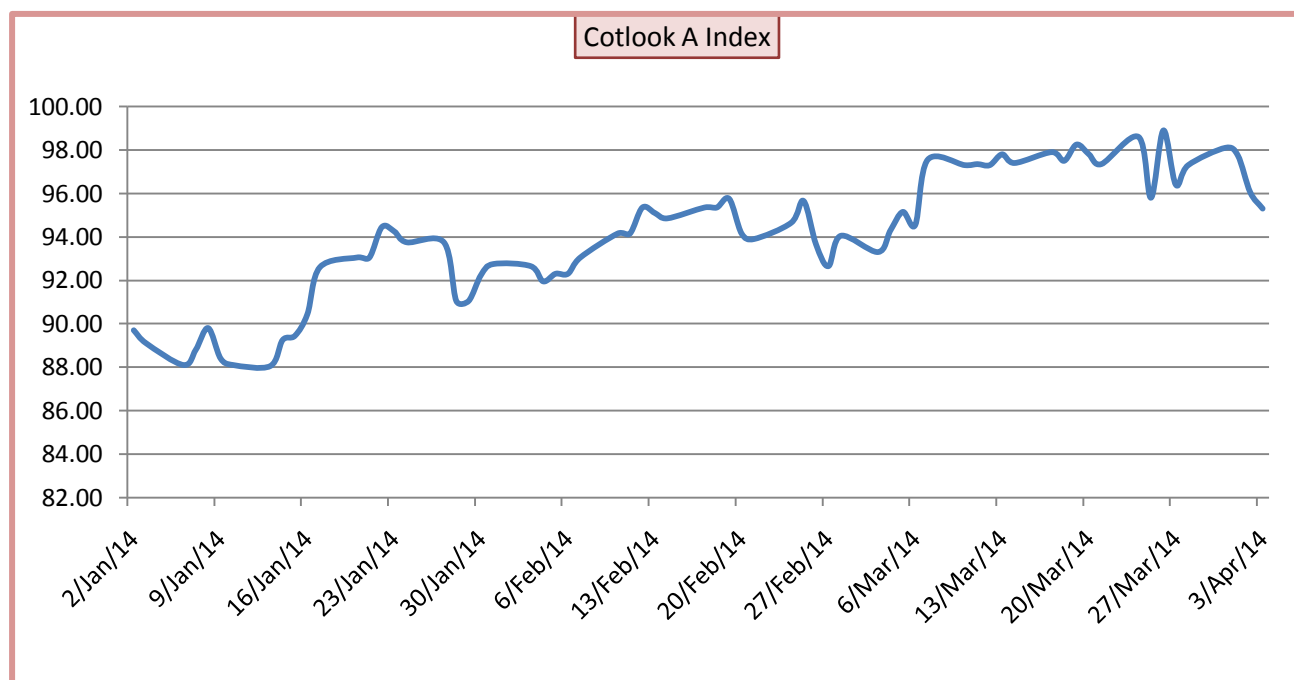
## International Market Scenario

**Cotton sowing in Uzbekistan, one of the top cotton producers in the world is likely to be delayed** by about two weeks to end of April this year, as predicted by USDA. Reason for the same is the unfavorable rainy weather forecasted in April. As area would remain unchanged this year, production could decline as yield is likely to fall.

**Global cotton ending stock, according to International Cotton Advisory Committee (ICAC)** is likely to be around 21.04 million tons in 2014-15, nearly 5% higher of the ending stock expected in 2013-14, which would be around 20.04 million tons as reported by ICAC.

**USA, largest exporter of cotton in the world, is expected to see increase in acreage of upland cotton** by 7% this season to 11.1 million acres. Last year area under cultivation of upland was 10.9 million acres. At the same time acreage of Pima cotton is likely to decline to 158000 acres, facing a fall of 21% on year on year basis.

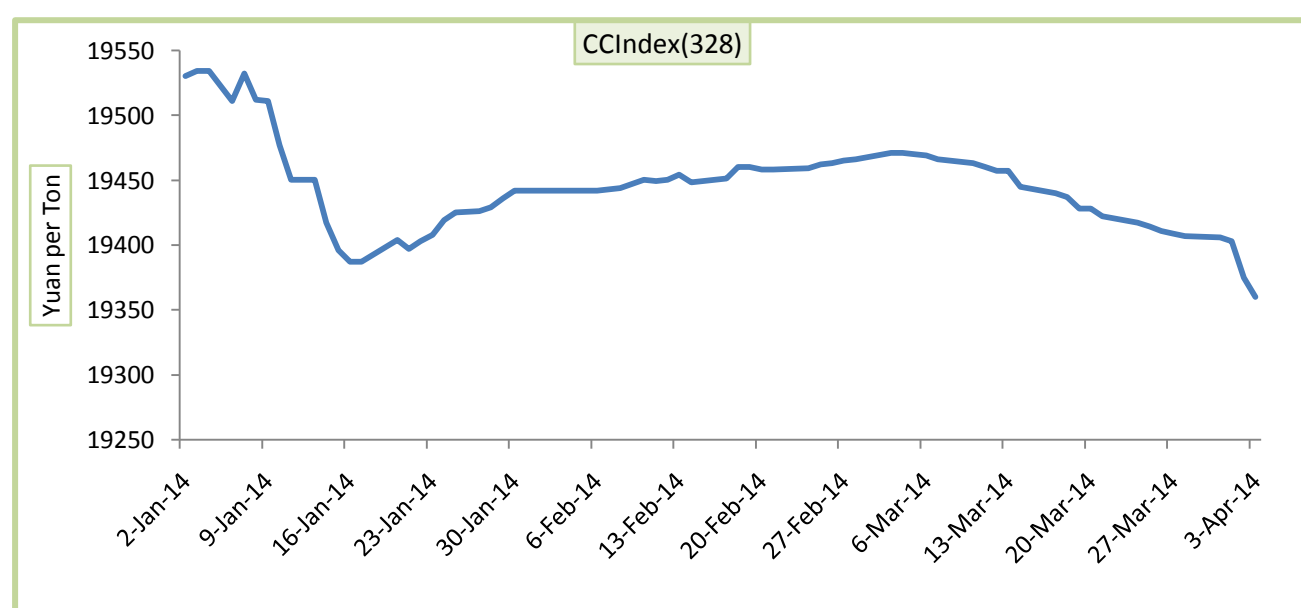
**On higher acreage, Brazil is expected to notice remarkable increase of 17% in cotton production on Y-o-Y basis in year 2014-15**, as reported by USDA. Brazil, the fifth largest producer of cotton in the world, is likely to increase cotton area by 18% to 1.3 million hectares in upcoming year, which stood 1.3 million hectares in 2013-14.



## International Prices and Indices

### China Cotton Index

CC Indices	03-04-2014	28-03-2014	% Change
CC Index(229)	19818	20252	-2.14
CC Index(328)	18985	19407	-2.17
CC Index(527)	17498	17721	-1.26
Prices in Yuan per Ton			

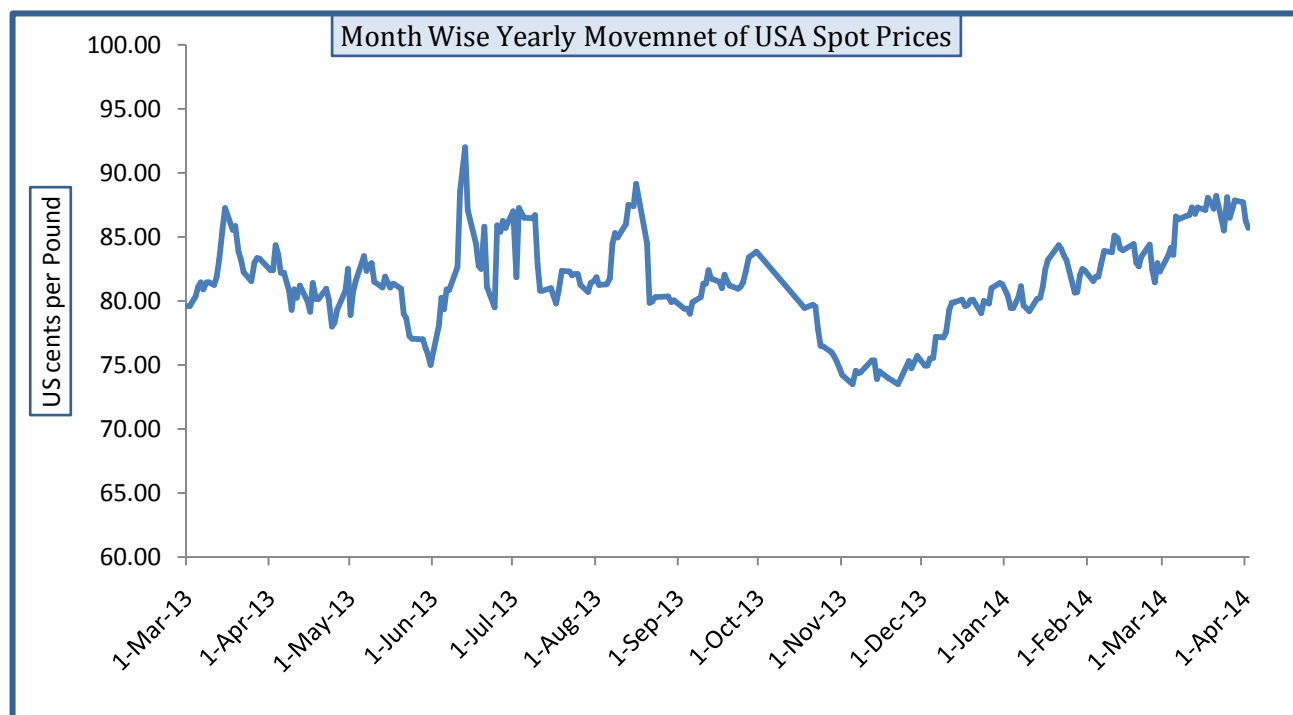


China cotton index is falling as shown by the above graph, due to the ample supply and stock available in China. China has decided to release the cotton stock for the domestic consumption. We expect to index fall further in near term.

### USA Spot Prices

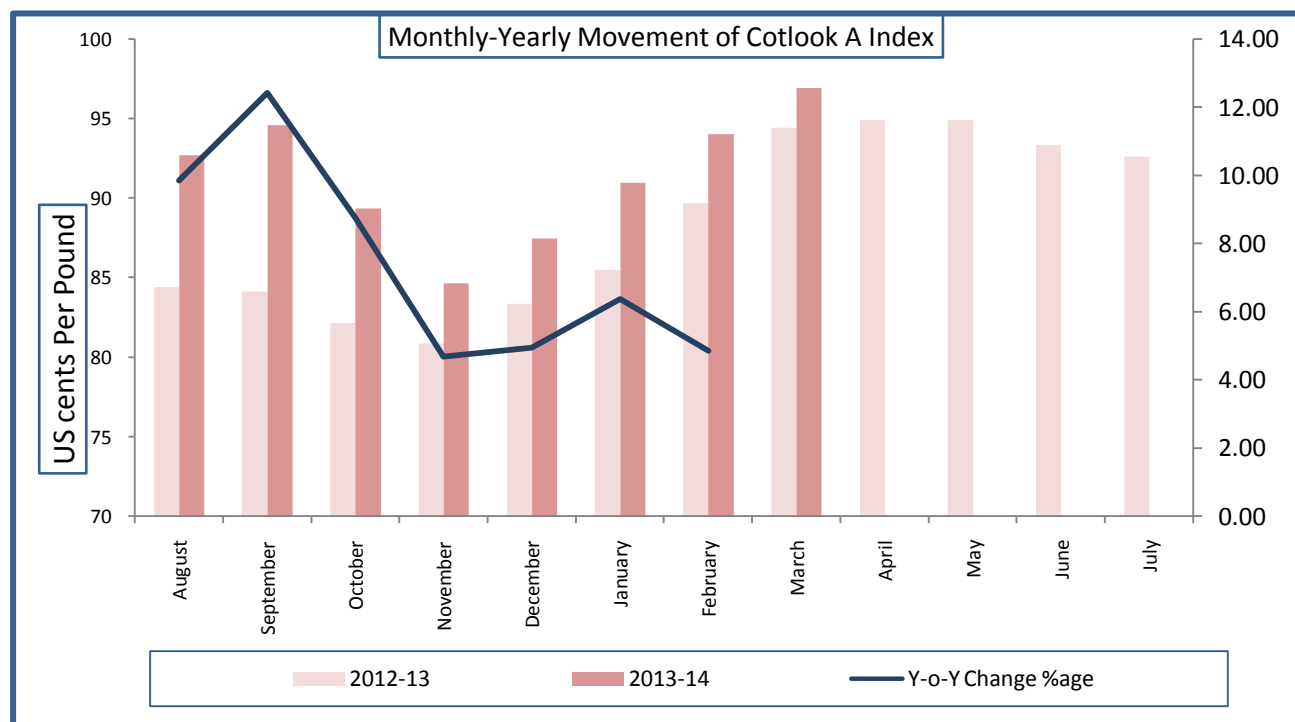
Date	03-04-2014	28-03-2014	% Change
<b>Prices</b>	87.69	79.53	-12.31
Prices in US cents per Pound			

Aligning with the movement of China Index spot prices in USA are falling too, as China has lowered the prices for buying Cotton Yarn. It should be noted that USA is the largest exporter of cotton in the world, and hence would be impacted by Chinese policy for cotton.



### World Monthly Average Cotlook A Index (FE) in US cents per Pound

Month	2012-13	2013-14	Y-o-Y % Change
August	84.4	92.71	9.85
September	84.15	94.6	12.42
October	82.17	89.35	8.74
November	80.87	84.65	4.67
December	83.37	87.49	4.94
January	85.51	90.96	6.37
February	89.71	94.05	4.84
March	94.45	96.94	
April	94.94		
May	94.92		
June	93.35		
July	92.62		



### Cotton Future Contracts on ICE (International Market)

Contracts	28/03/2014	28/02/2014	28/03/2013	% Month Change	% Y-o-Y Change
Mar-14		88.32	87.56	-	-
May-14	92.40	89.22	87.23	3.56	5.93
Jul-14	92.67	88.47		4.75	-
Oct-14	81.95	81.36		0.73	-
Dec-14	79.92	78.81		1.41	-
Mar-15	79.85	78.99		1.09	-
May-15	79.86				-
Prices in US cents per Pound					

## Cotton Futures

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



### Weekly Technical Outlook:

- Candlestick denotes bearish note in the market.
- RSI on other hand is moving in oversold region supporting recovery in near term.
- We expect prices to move in range.

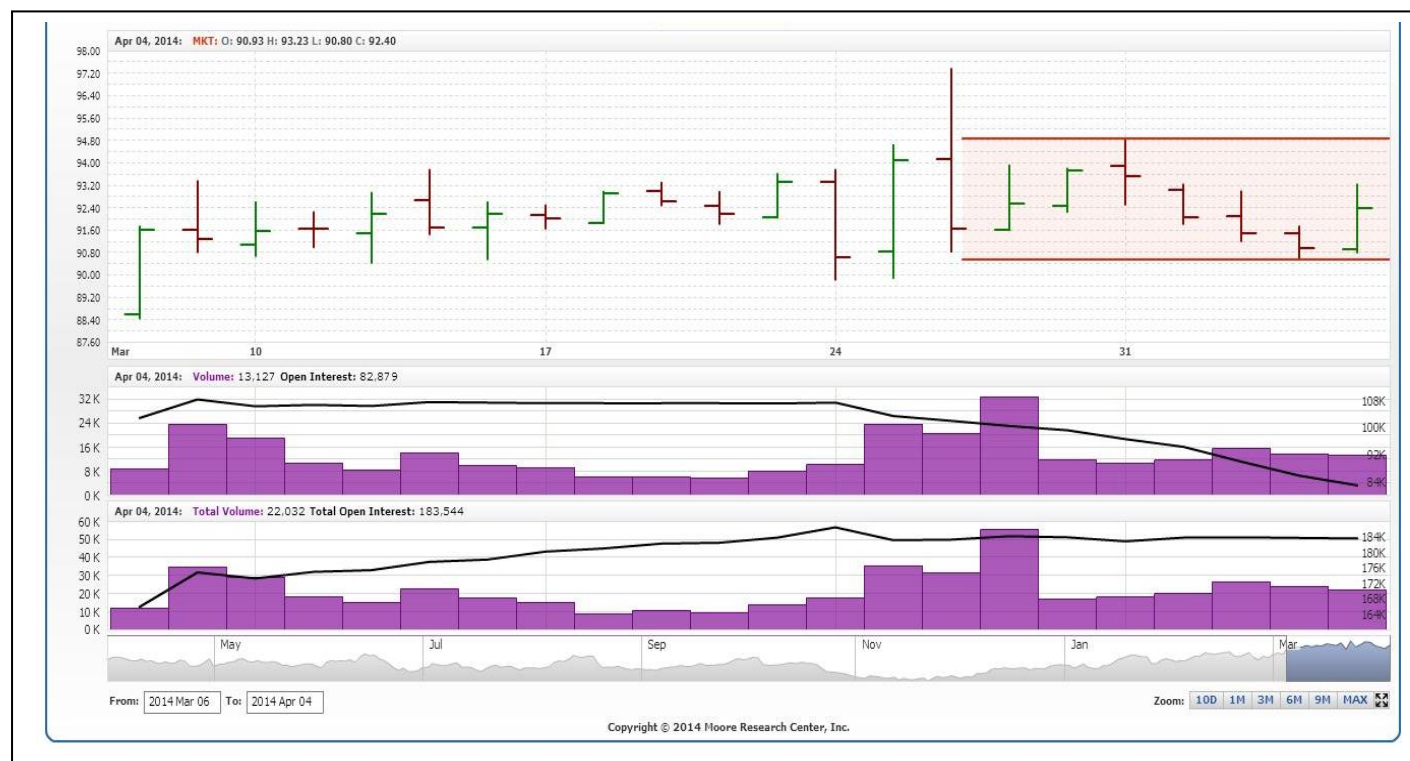
### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range Bound Momentum	790-830

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
780	765	850	875

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



### Weekly Technical Outlook:

- Candlestick denotes bearish note in the market.
- RSI on other hand is moving in oversold region supporting recovery in near term.
- We expect prices to move in range.

### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range Bound Momentum	89-96

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
87	85	98	99

#### Disclaimer

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