

**Domestic Market Outlook**

**Area under cotton cultivation is likely to increase to 11.8 million hectares in season 2014-15** from 11.7 million hectares in season 2013-14, as per the USDA latest estimates. Farmers have shown their preference for cotton over other relative crops as cotton is fetching relatively higher prices as compared to other crops. In upcoming season, production of cotton would be on lower side and consumption would be higher which will make cotton prices to boost up.

**On lower production prospects, exports of cotton from India during 2014-15 could fall to 7.7 million bales** from 10 million bales expected in 2013-14, noticing a decline of 23% as reported by USDA. In coming season India is likely to produce 36 million bales against 37.2 million bales in current season.

**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.

### 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.

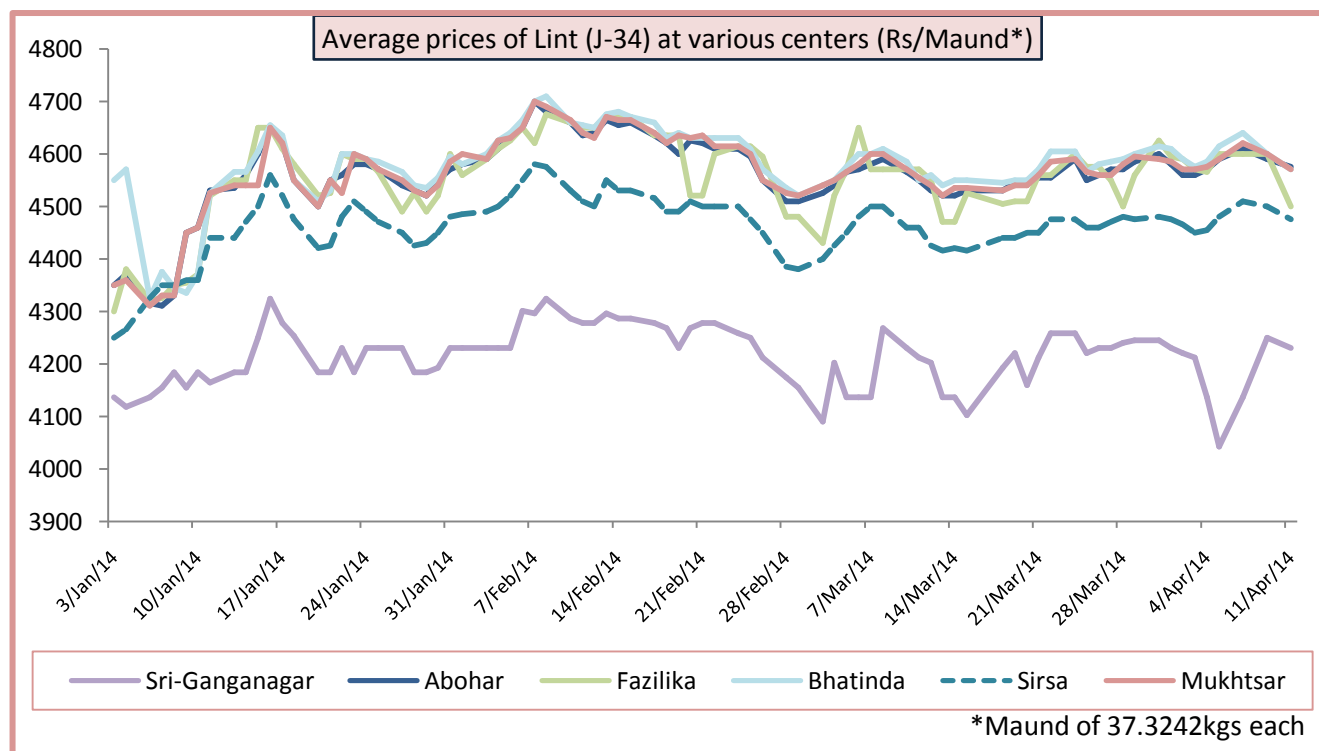
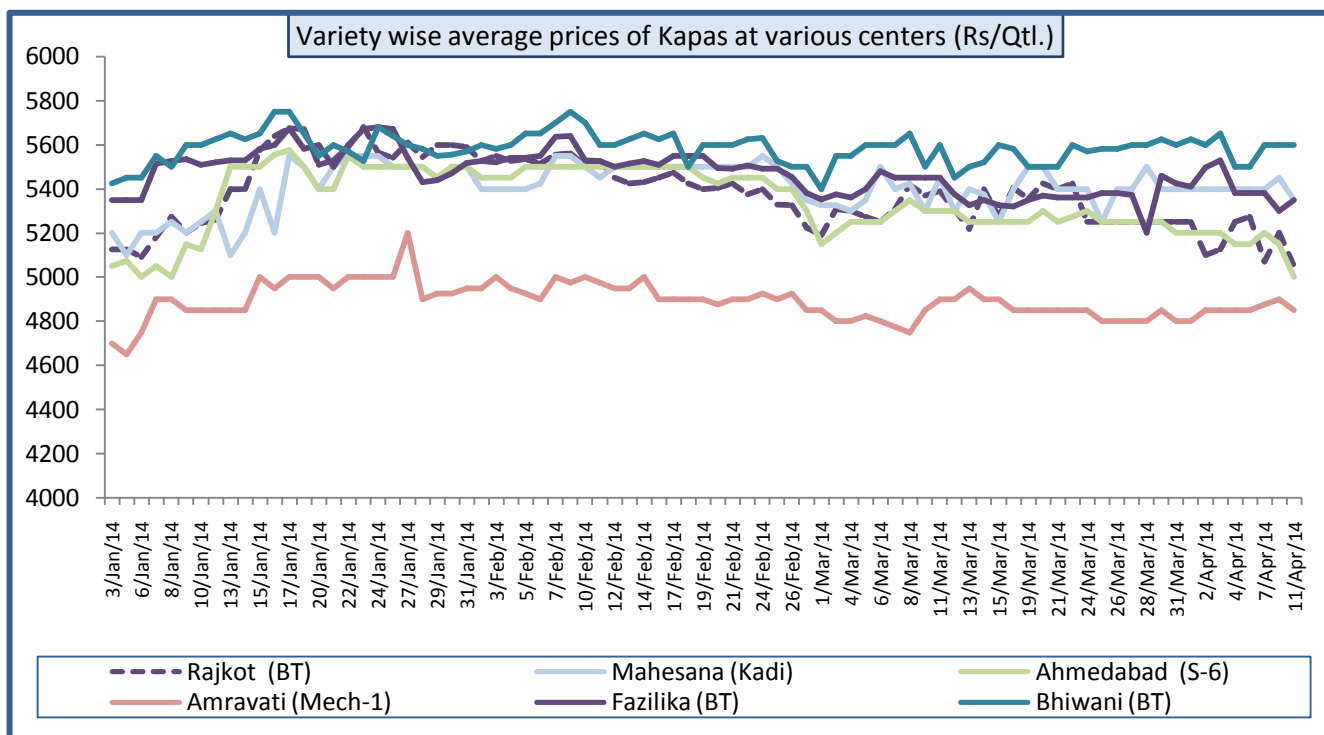
Taking all the factors collectively, total availability of cotton this season would be higher, which could put pressure on the domestic prices.

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,

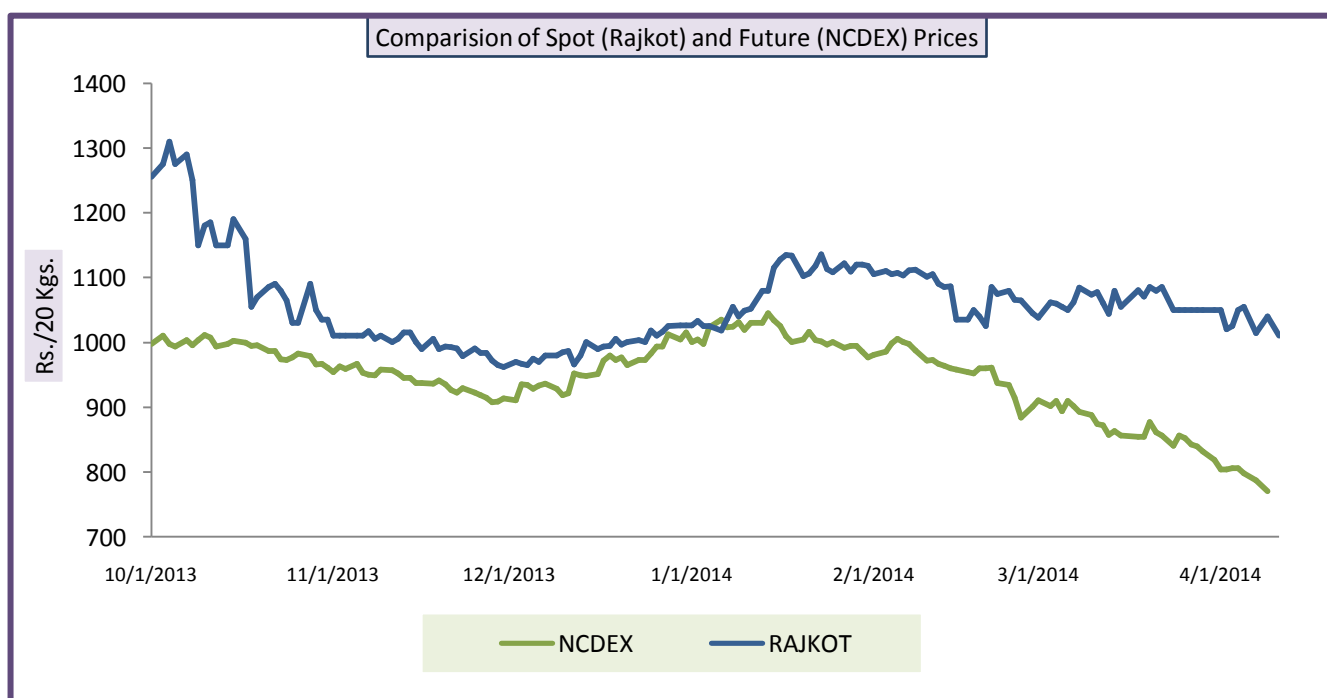
#### Cotton Prices at Key Markets:

Centre	Variety	Prices		Change
		11-Apr-14	4-Apr-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4850	4850	Unch
Khandwa	Mech-1	5100	NR	-
Khargaon	Mech-1	5100	NR	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5350	5400	-0.93
Rajkot	B.T. Cotton	5050	5250	-3.81
Patan	B.T. Cotton	5725	5605	2.14
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5350	5380	-0.56
Bhiwani	B.T. Cotton	5600	5500	1.82
Adampur	B.T. Cotton	5410	5340	1.31
Fatehabad	B.T. Cotton	5425	5365	1.12
Dabwali	B.T. Cotton	5350	5300	0.94
Jind	B.T. Cotton	NA	5360	-
Uchana (Jind)	B.T. Cotton	NA	5370	-
Rawatsar (Hanumangarh)	B.T. Cotton	5325	5300	0.47
Hubli	B.T. Cotton	0	5080	-100
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5000	5150	-2.91
Gondal	Shankar-6	5405	5245	3.05
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5311	5223	1.68
Hubli	D.C.H.	NA	5029	-
Raichur	H-44 Cotton	5000	5030	-0.60
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4575	4570	0.11
Muktsar	J-34	4570	4575	-0.11
Fazilika	J-34	4500	4565	-1.42
Bhatinda	J-34	4570	4585	-0.33
Mansa	J-34	4550	4550	Unch
Sirsa	J-34	4475	4455	0.45
Sri-Ganganagar	J-34	4230	4136	2.27
Hanumangarh	B.T. Cotton	4530	4500	0.67
Adilabad	>30mm	4377	4377	Unch
Warangal	>30mm	4393	4335	1.34
Guntur	>30mm	4403	4403	Unch
Bhainsa	>30mm	NA	NA	-



### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	% Change
				10-Apr-14	3-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	41900	41700	0.48
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40200	40400	-0.50
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	42000	-0.48
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43400	43400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	58500	59300	-1.35



### Cotton Prices: Weekly Outlook:

Prices of cotton this week remained mostly weak. Reason for the same is the ample supply in domestic and world market and lackluster export demand forged by this situation. Besides all these factors China has reduces the floor price for buying cotton yarn which has drastically moved the China cotton Index prices to the lower level and hence the cotton prices worldwide. For the coming course of time we expect prices to remain weak with sideways movements.

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change %
		11-Apr-14	4-Apr-14	
Amravati	Mech-1	105500	158500	-33.44
Khandwa	Mech-1	3900	1800	116.67
Khargaon	Mech-1	15000	6000	150.00
Mahesana(Kadi)	B.T. Cotton	125000	155000	-19.35
Rajkot	B.T. Cotton	20500	9050	126.52
Patan	B.T. Cotton	24162	28270	-14.53
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	1200	3100	-61.29
Bhiwani	B.T. Cotton	400	2700	-85.19
Adampur	B.T. Cotton	1785	4590	-61.11
Fatehabad	B.T. Cotton	3150	4100	-23.17
Dabwali	B.T. Cotton	490	630	-22.22
Jind	B.T. Cotton	653	2783	-76.54
Uchana (Jind)	B.T. Cotton	3600	10150	-64.53
Rawatsar (Hanumangarh)	B.T. Cotton	850	1260	-32.54
Hubli	B.T. Cotton	1343	452	197.12
Ahmedabad	Shankar-6	246500	360400	-31.60
Gondal	Shankar-6	9119	4162	119.10
Bijapur	Bunny	7110	4698	51.34
Hubli	D.C.H.	22	22	Unch
Raichur	H-44 Cotton	12115	8544	41.80
Abohar	J-34	1700	3570	-52.38
Muktsar	J-34	391	1066	-63.32
Bhatinda	J-34	57800	103700	-44.26
Mansa	J-34	1870	3400	-45.00
Sirsa	J-34	2805	5780	-51.47
Sri-Ganganagar	J-34	2210	5695	-61.19
Hanumangarh	B.T. Cotton	150	1100	-86.36

**Cotton Arrival: Weekly Outlook:**

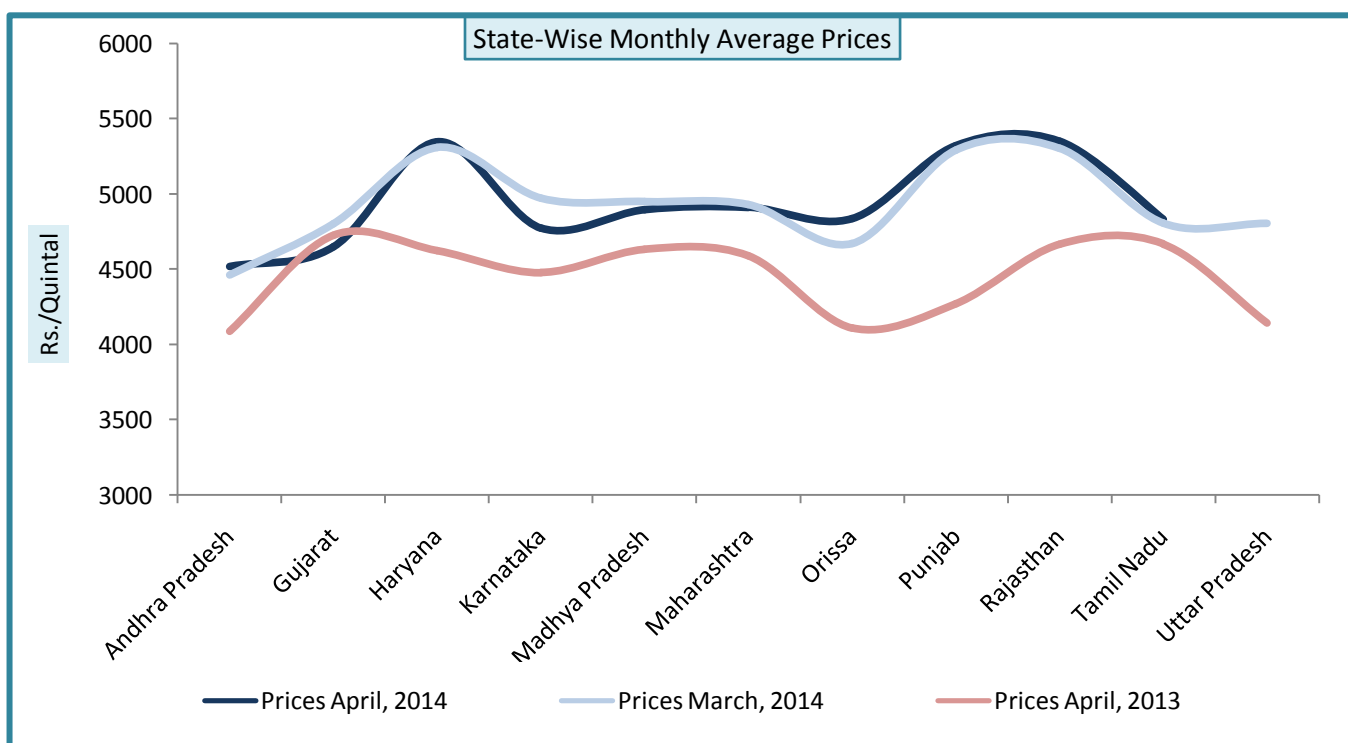
Arrivals are showing mostly downtrend pattern during the week. Farmers have released their final produce and very little inventories have been stocked for the later use. Even after this situation we have enough supply to fulfill the domestic demand as total availability is quite fair this year compared to previous season.

### State-Wise Scenario

#### State Wise Prices:

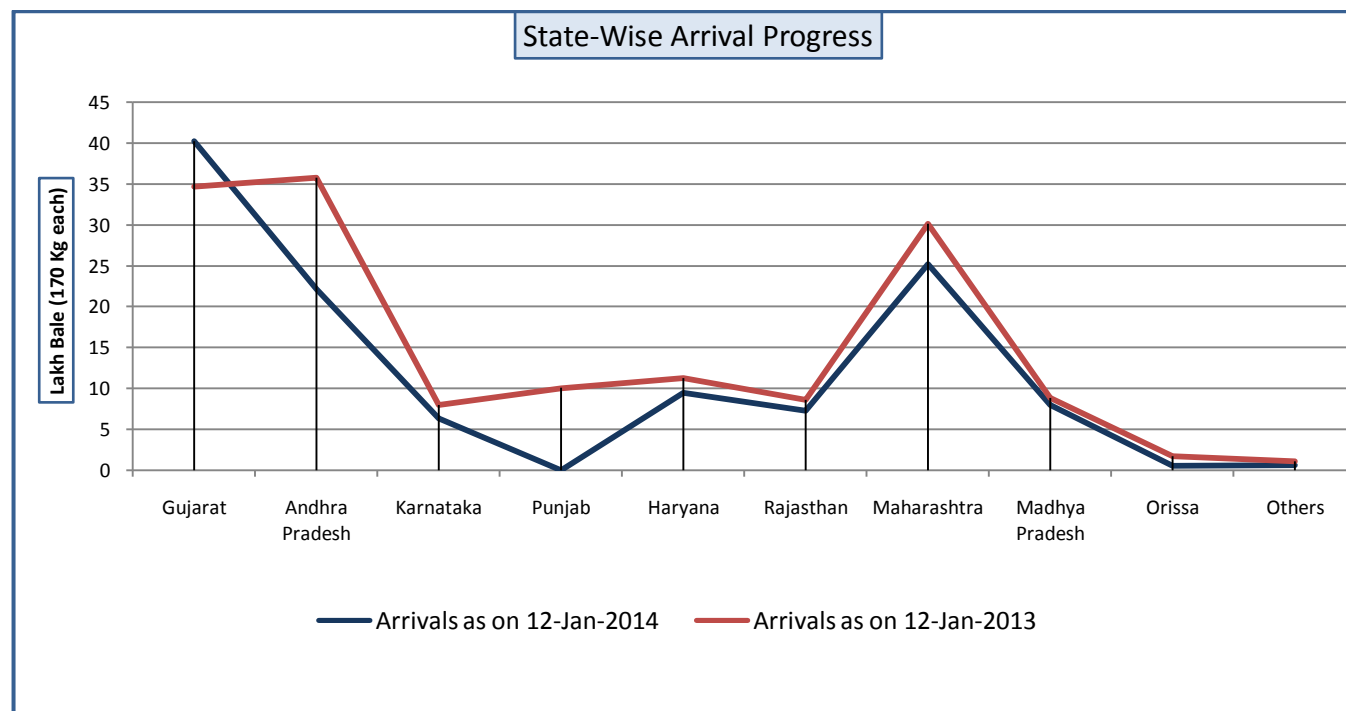
State	Prices April, 2014	Prices March, 2014	Prices April, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4518.96	4463.18	4086.51	1.25	10.58
Gujarat	4647.95	4803	4724.3	-3.23	-1.62
Haryana	5347.9	5309.37	4622.19	0.73	15.7
Karnataka	4774.15	4972.16	4478.06	-3.98	6.61
Madhya Pradesh	4897.83	4949.68	4632.97	-1.05	5.72
Maharashtra	4911.59	4930.43	4588.27	-0.38	7.05
Orissa	4835.25	4672.33	4109.16	3.49	17.67
Punjab	5322.17	5292.35	4270.17	0.56	24.64
Rajasthan	5350.84	5303.69	4665.54	0.89	14.69
Tamil Nadu	4833.39	4805.02	4668.61	0.59	3.53
Uttar Pradesh		4803.62	4144	—	—
<b>Average</b>	<b>4754.25</b>	<b>5386.7</b>	<b>4290.9</b>		

Source: Agmarknet



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>

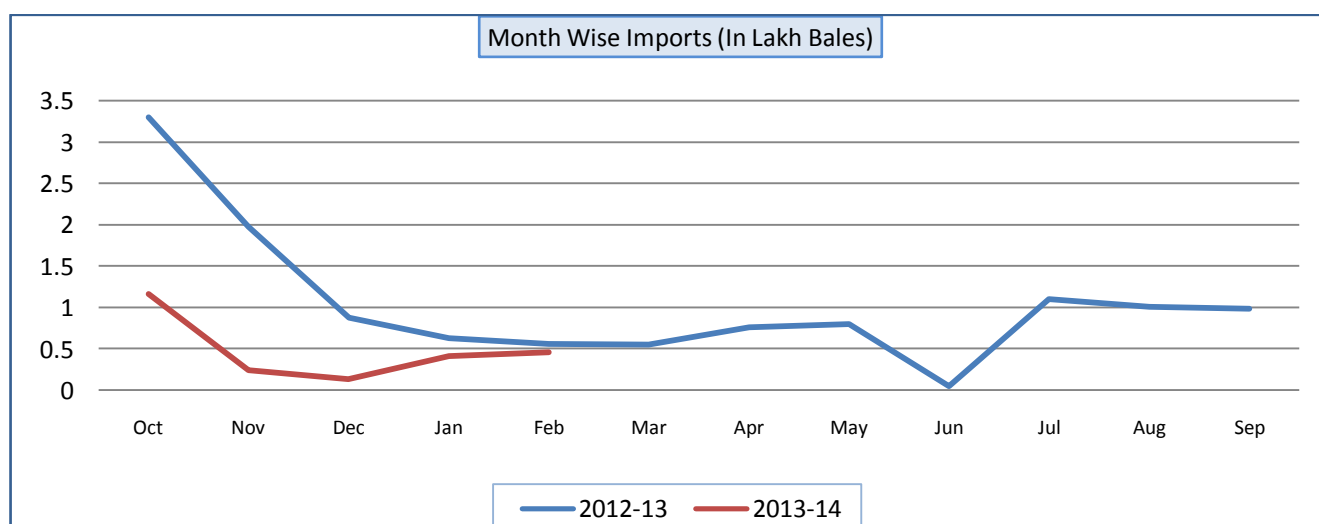
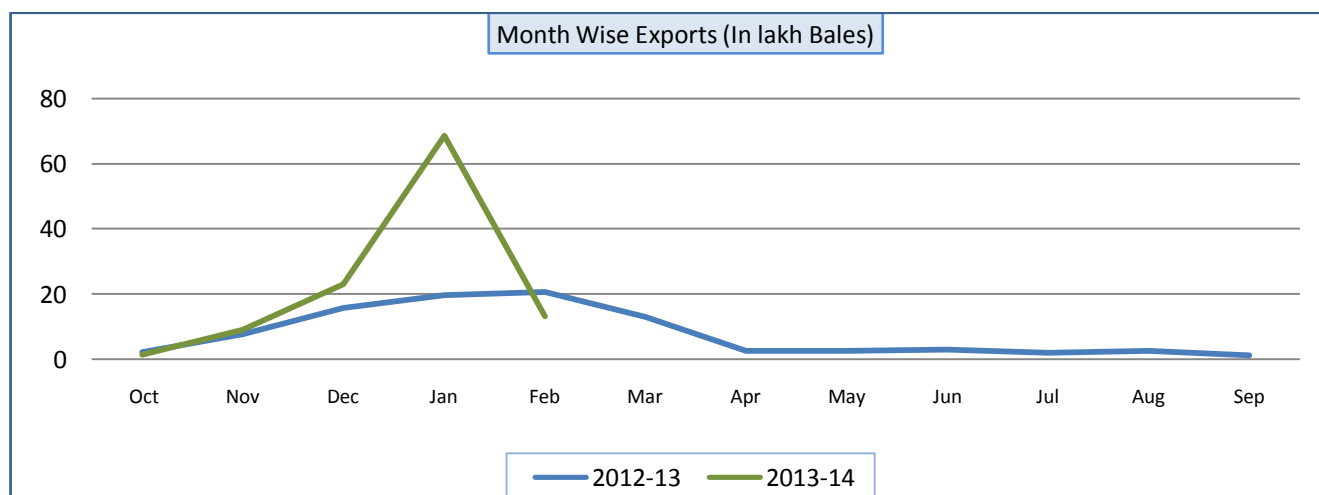


Source: Cotton Corporation of India



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

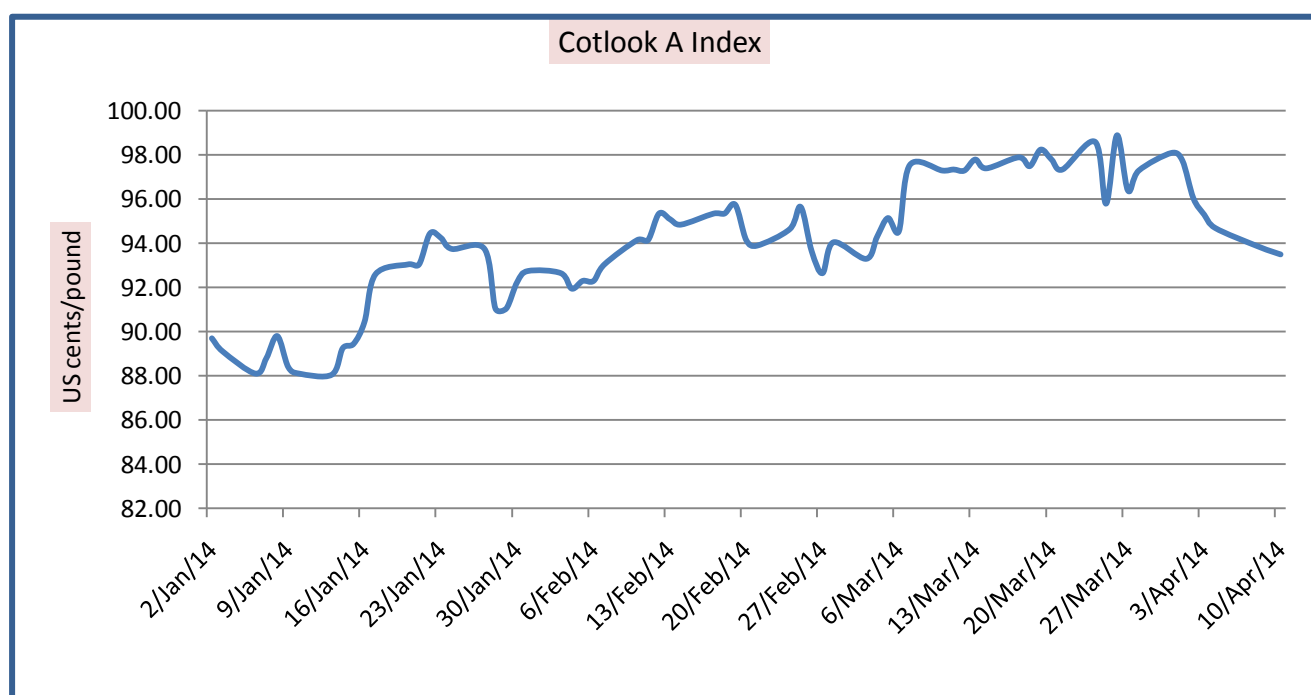
### International Market Scenario

**Besides the china policy of buying cotton, factor that could negatively impact the prices of cotton** is the price competitiveness of polyester. During 2013-14, average of Cotlook A index stood 90 cents per pound, whereas it remained about 97 cents per pound in March 14, which is clearly showing a uptrend in prices of cotton. On other hand side polyester has been averaged at 73 cents per pound in China during 2013-14 and in March it dropped down to 66 cents making average of 70 cents per pound.

**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.

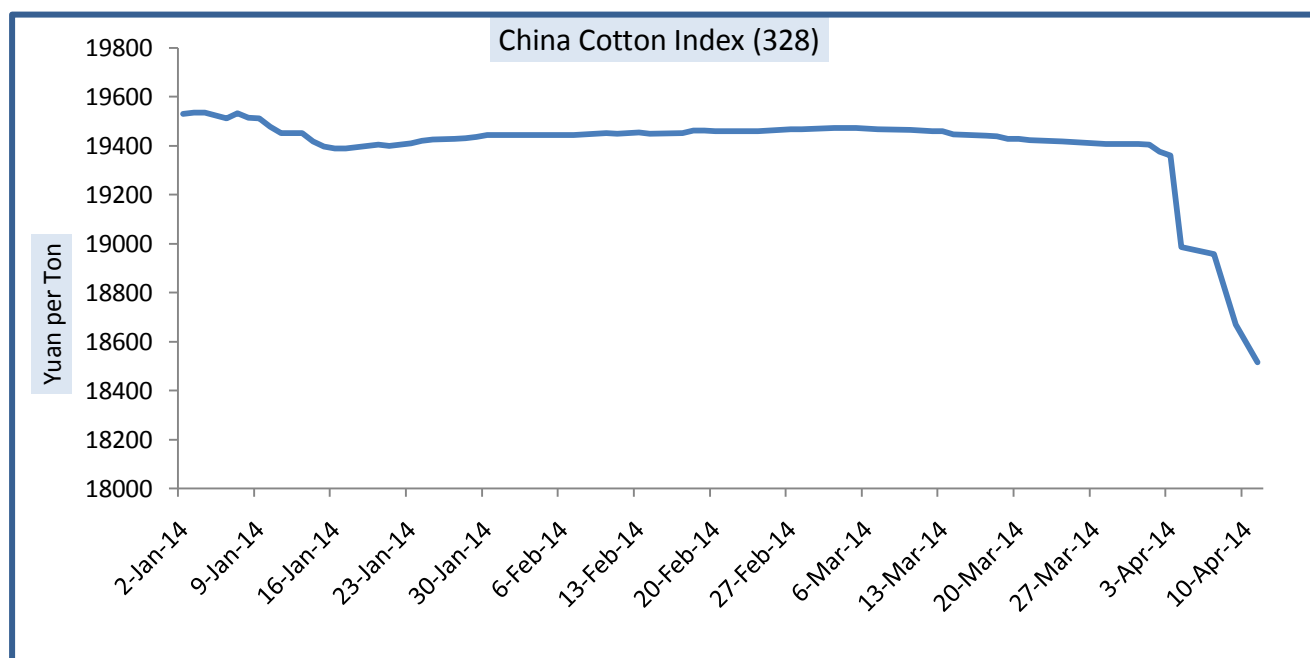
**USA, largest exporter of cotton in the world, is expected to see increase in acreage of upland cotton** by 7% this season to 11.1 million acres. Last year area under cultivation of upland was 10.9 million acres. At the same time acreage of Pima cotton is likely to decline to 158000 acres, facing a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



### International Prices and Indices

#### China Cotton Index

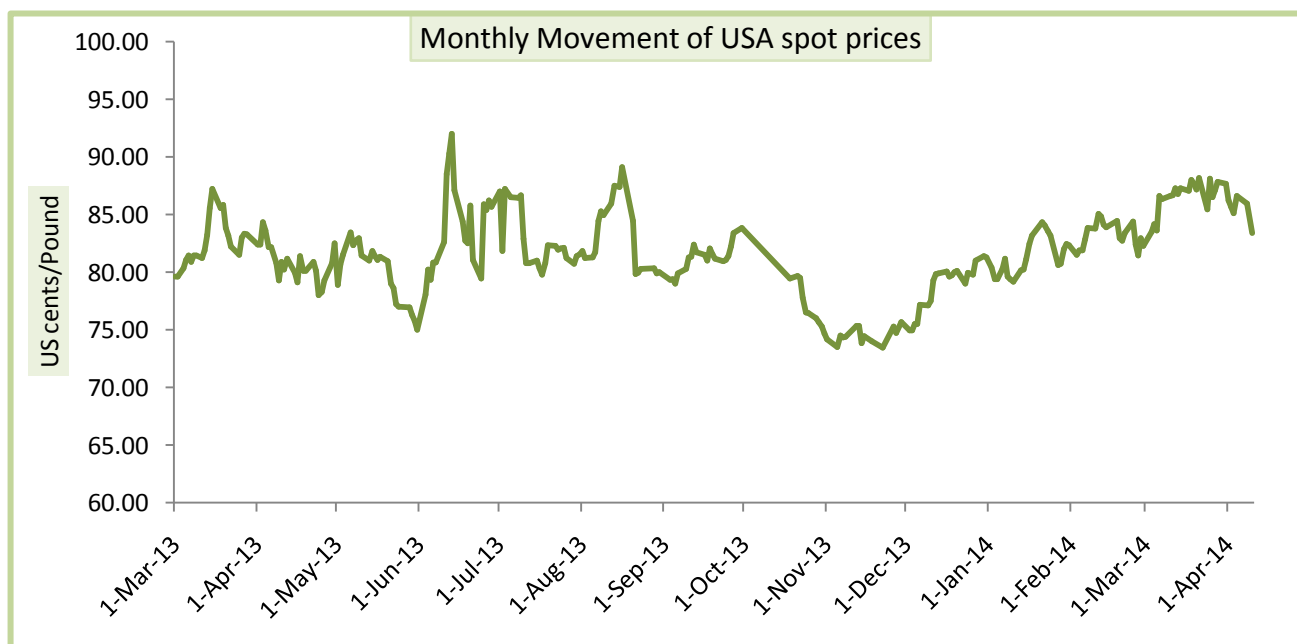
CC Indices	11/Apr/14	4/Apr/14	% Change
CC Index(229)	19343	19818	-2.40
CC Index(328)	18515	18985	-2.48
CC Index(527)	17088	17498	-2.34
Prices in Yuan per Ton			



China cotton index is falling as shown by the above graph, due to the ample supply and stock available in China. Also China has revised the prices for buying cotton yarn from 18000 to 17250 Yuan per Ton. Upon this situation China cotton market has reacted accordingly.

#### USA Spot Prices

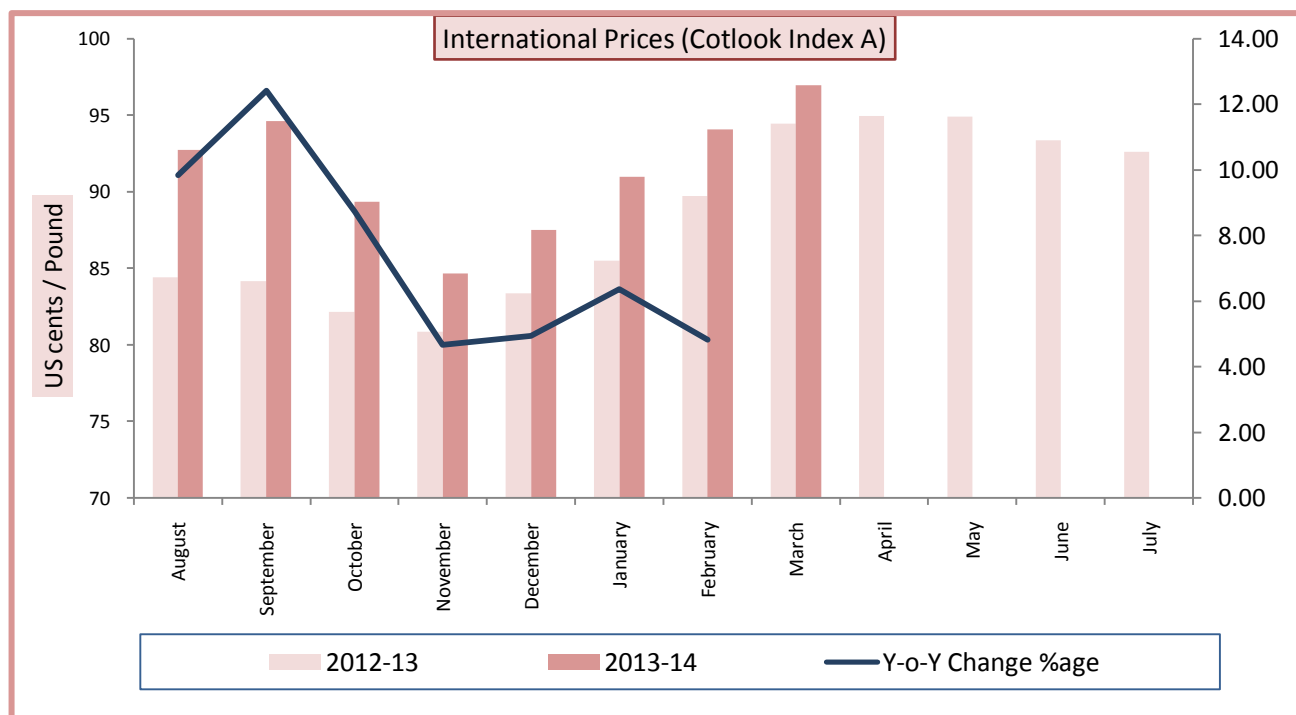
Date	11/Apr/14	4/Apr/14	% Change
<b>Prices</b>	83.41	87.69	-4.88
Prices in US cents per Pound			



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	10/04/2014	10/03/2014	10/04/2013	% Month Change	% Y-o-Y Change
<b>Mar-14</b>		91.56	86.6	-	-
<b>May-14</b>	89.02	90.46	86.55	-1.59	2.85
<b>Jul-14</b>	90.29	82.12		9.95	-
<b>Oct-14</b>	81.45	79.78		2.09	-
<b>Dec-14</b>	80.84	79.63		1.52	-
<b>Mar-15</b>	80.68	79.64		1.31	-
<b>May-15</b>	80.81				-
Prices in US cents per Pound					

## Cotton Futures

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



#### Weekly Technical Outlook:

- Candlestick denotes selling interest in the market.
- RSI is moving in oversold region supporting recovery in near term.
- We expect prices to be in range with weak biasness.

#### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range Bound to Bearish	730-790

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
725	700	810	825

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



### Weekly Technical Outlook:

- Candlestick denotes selling interest in the market.
- RSI is moving in oversold region supporting recovery in near term.
- We expect prices to be weak with range bound movement.

### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
<b>Bearish to Range Bound</b>	<b>87.5-93.5</b>

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
84	82	94	96



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