

Domestic Market Outlook

According to the latest estimates by Cotton Association of India (CAI), cotton output in India will be around 381.25 lakh bales (each of 170 Kgs.) in current season (Oct'13-Sep'14). Arrivals stood 301.75 lakh bales till March 31, around 7.50 lakh bales higher than the previous season during corresponding period. Gujarat alone is likely to produce 122 lakh bales in current season against 86.40 lakh bales produced yester season.

Pakistan government and other cotton stakeholder are willing to impose import duty on cotton yarn imported from India. However the final decision requires the mandate of others and final decision on this is yet to come. As officials said, they are not willing to ban the cotton yarn imports from India though they wish to impose duty to save the interest of their textile stakeholders.

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.

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. This scenario could switch the demand of yarn from cotton to polyester, particularly in China.

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*
Supply							
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					
Demand							
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.

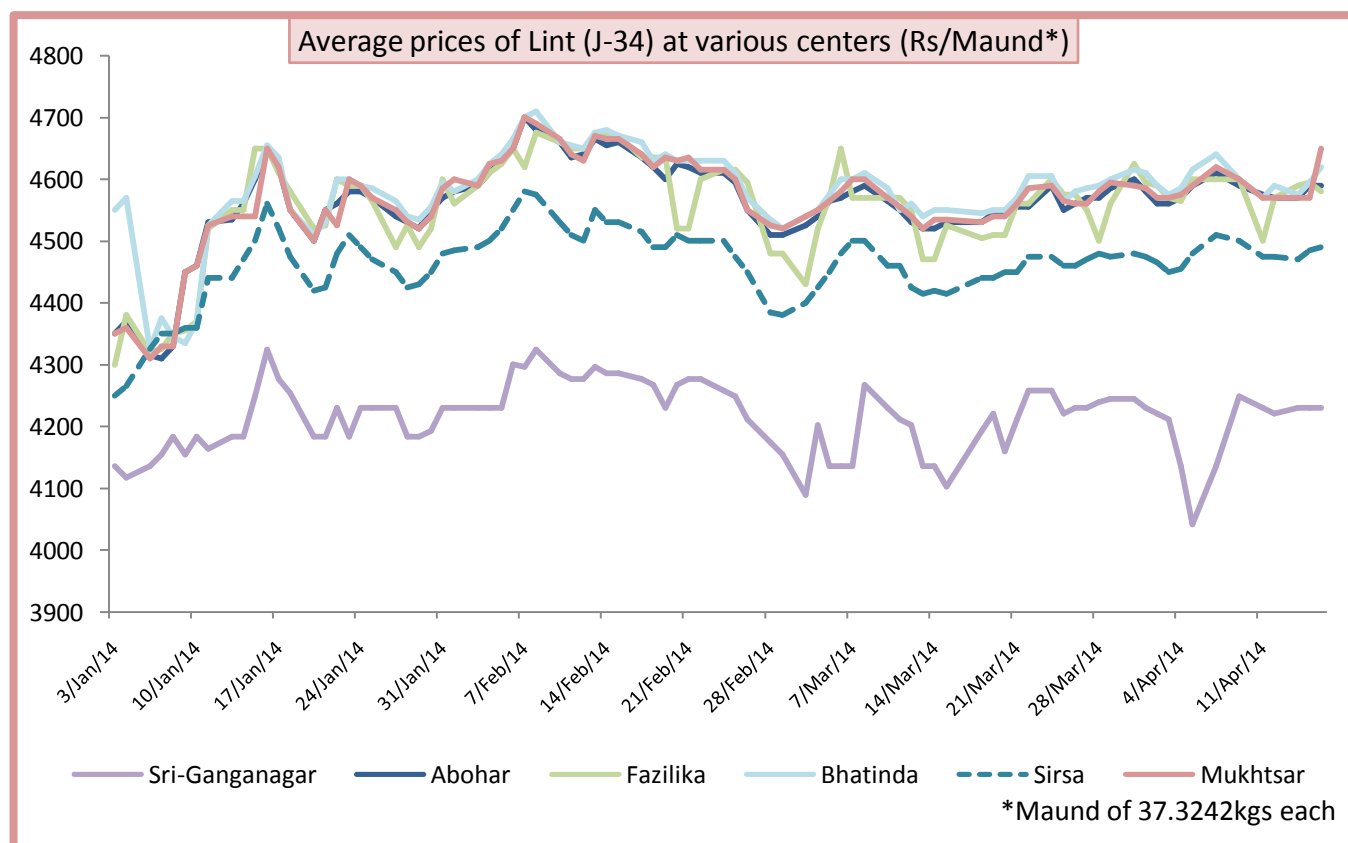
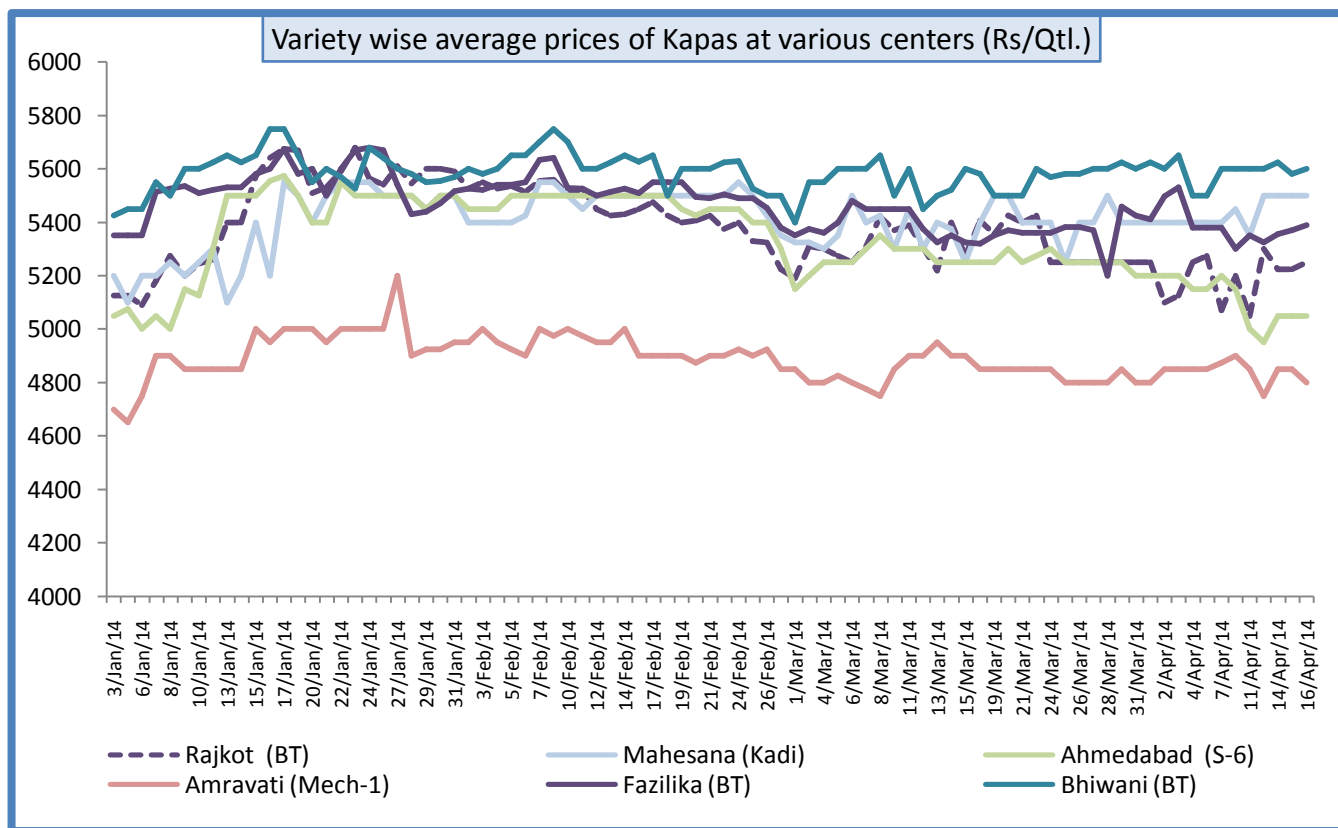
Taking all the factors collectively, total availability of cotton this season would be higher, which could put pressure on the domestic prices.

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:

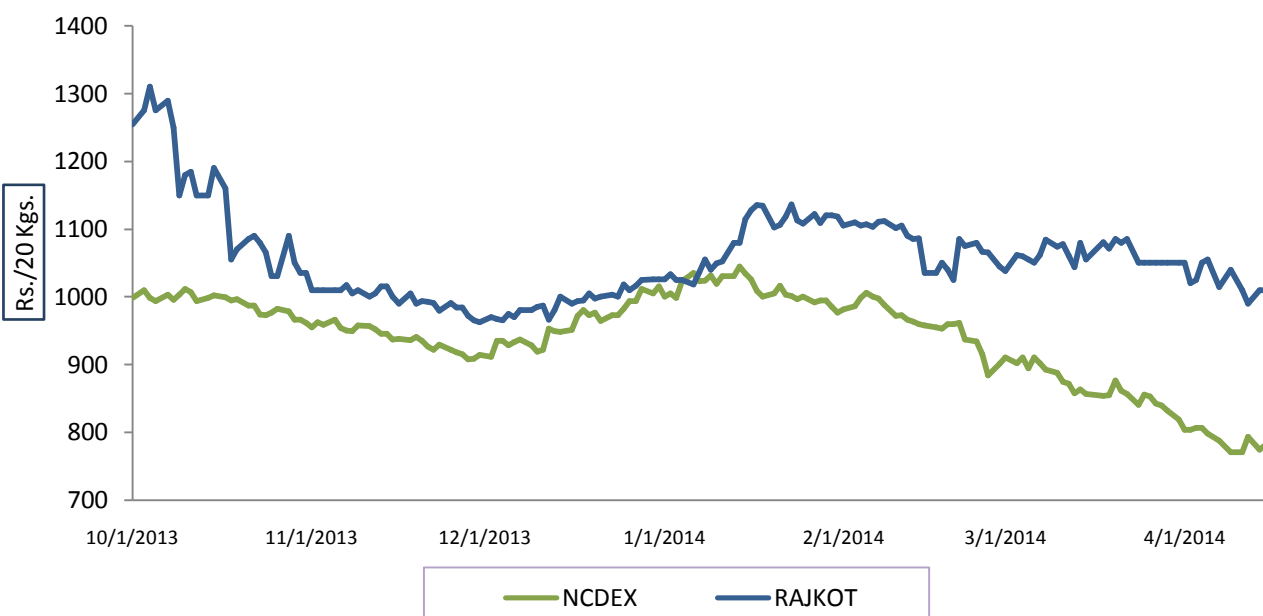
Centre	Variety	Prices		% Change
		17-Apr-14	11-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5000	4850	3.09
Khandwa	Mech-1	5200	5100	1.96
Khargaon	Mech-1	5200	5100	1.96
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5500	5350	2.80
Rajkot	B.T. Cotton	5310	5050	5.15
Patan	B.T. Cotton	5750	5725	0.44
Deesa	B.T. Cotton	NA	NA	
Muktsar	B.T. Cotton	5400	5400	0.00
Fazilika	B.T. Cotton	5390	5350	0.75
Bhiwani	B.T. Cotton	-	5600	-
Adampur	B.T. Cotton	5460	5410	0.92
Fatehabad	B.T. Cotton	5450	5425	0.46
Dabwali	B.T. Cotton	5365	5350	0.28
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	-	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	5325	-
Hubli	B.T. Cotton	Closed	NA	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5125	5000	2.50
Gondal	Shankar-6	5350	5405	-1.02
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	Closed	5311	-
Hubli	D.C.H.	Closed	NA	-
Raichur	H-44 Cotton	Closed	5000	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4620	4575	0.98
Muktsar	J-34	4625	4570	1.20
Fazilika	J-34	4580	4500	1.78
Bhatinda	J-34	4637	4570	1.47
Mansa	J-34	NR	4550	-
Sirsa	J-34	4510	4475	0.78
Sri-Ganganagar	J-34	Closed	4230	-
Hanumangarh	B.T. Cotton	Closed	4530	-
Adilabad	>30mm	4356	4377	-0.48
Warangal	>30mm	4419	4393	0.59
Guntur	>30mm	4351	4403	-1.18
Bhainsa	>30mm	NA	NA	-



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	% Change
				17-Apr-14	10-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37500	38000	-1.32
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38000	38500	-1.30
J-34(202)	26mm	3.5 - 4.9	23	41800	41900	-0.24
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39900	40200	-0.75
Shankar-6(105)	29mm	3.5 - 4.9	28	41500	41800	-0.72
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42400	-0.47
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43200	43400	-0.46
DCH-32(107)	34mm	3.0 - 3.8	33	58000	58500	-0.85

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


Cotton Prices: Weekly Outlook:

Prices of cotton this week remained mostly steady. 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
		17-Apr-14	11-Apr-14	
Amravati	Mech-1	42000	105500	-60.19
Khandwa	Mech-1	3000	3900	-23.08
Khargaon	Mech-1	12000	15000	-20.00
Mahesana(Kadi)	B.T. Cotton	100000	125000	-20.00
Rajkot	B.T. Cotton	17000	20500	-17.07
Patan	B.T. Cotton	46845	24162	93.88
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	1300	1200	8.33
Bhiwani	B.T. Cotton	200	400	-50.00
Adampur	B.T. Cotton	1785	1785	Unch
Fatehabad	B.T. Cotton	1750	3150	-44.44
Dabwali	B.T. Cotton	1025	490	109.18
Jind	B.T. Cotton	340	653	-47.93
Uchana (Jind)	B.T. Cotton	1600	3600	-55.56
Rawatsar (Hanumangarh)	B.T. Cotton	60	850	-92.94
Hubli	B.T. Cotton	452	1343	-66.34
Ahmedabad	Shankar-6	170000	246500	-31.03
Gondal	Shankar-6	9908	9119	8.65
Bijapur	Bunny	1722	7110	-75.78
Hubli	D.C.H.	NA	22	
Raichur	H-44 Cotton	5584	12115	-53.91
Abohar	J-34	1360	1700	-20.00
Muktsar	J-34	102	391	-73.91
Bhatinda	J-34	40800	57800	-29.41
Mansa	J-34	425	1870	-77.27
Sirsa	J-34	2890	2805	3.03
Sri-Ganganagar	J-34	1870	2210	-15.38
Hanumangarh	B.T. Cotton	NA	150	-

Cotton Arrival: Weekly Outlook:

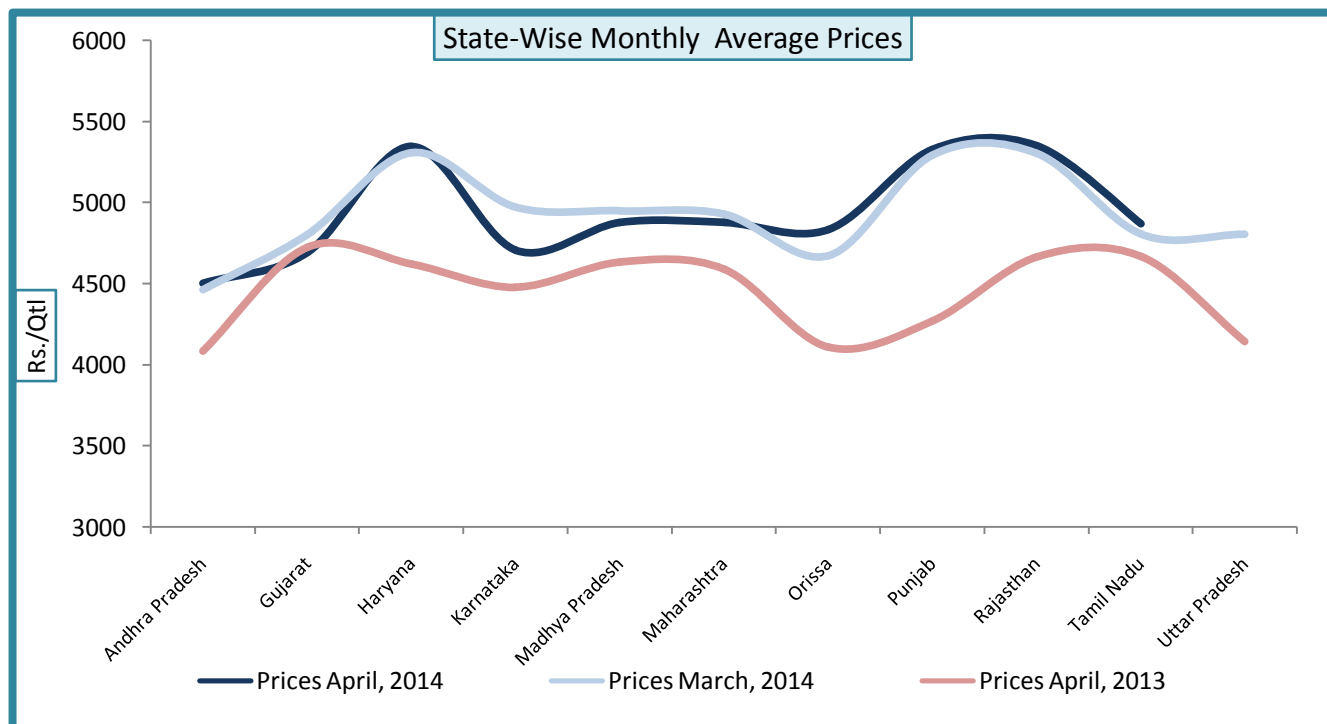
Arrivals are showing mostly downtrend pattern during the week. Farmers have released their final produce and very little inventories have been stocked for the later use. Even after this situation we have enough supply to fulfill the domestic demand as total availability is quite fair this year compared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

State-Wise Scenario

State Wise Prices:

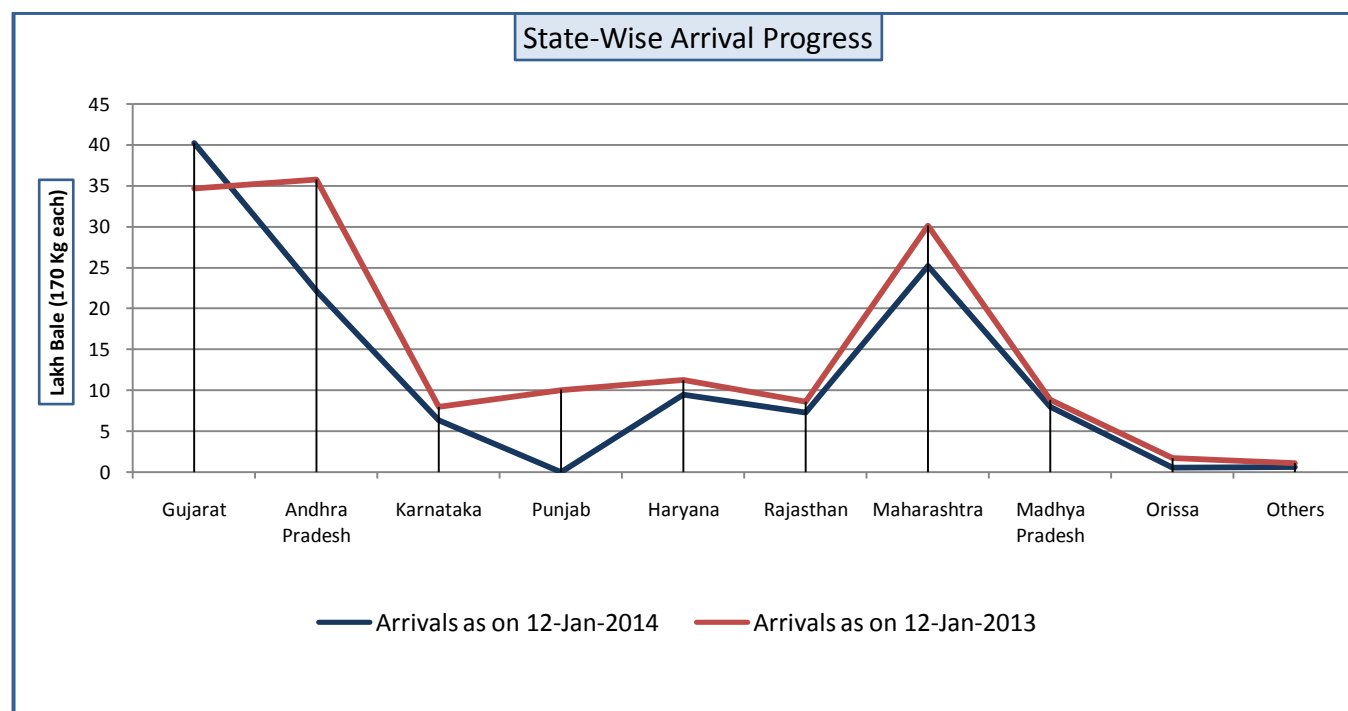
State	Prices April, 2014	Prices March, 2014	Prices April, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4504.04	4463.18	4086.51	0.92	10.22
Gujarat	4693.24	4803.4	4724.3	-2.29	-0.66
Haryana	5345.9	5309.37	4622.19	0.69	15.66
Karnataka	4707.18	4972.16	4478.06	-5.33	5.12
Madhya Pradesh	4878.26	4949.66	4632.97	-1.44	5.29
Maharashtra	4879.09	4930.43	4588.27	-1.04	6.34
Orissa	4835.25	4672.33	4109.16	3.49	17.67
Punjab	5326.54	5292.35	4270.17	0.65	24.74
Rajasthan	5349.76	5303.69	4665.54	0.87	14.67
Tamil Nadu	4871.88	4805.02	4668.61	1.39	4.35
Uttar Pradesh		4803.62	4144	—	—
Average	4749.8	5386.73	4290.9		

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
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

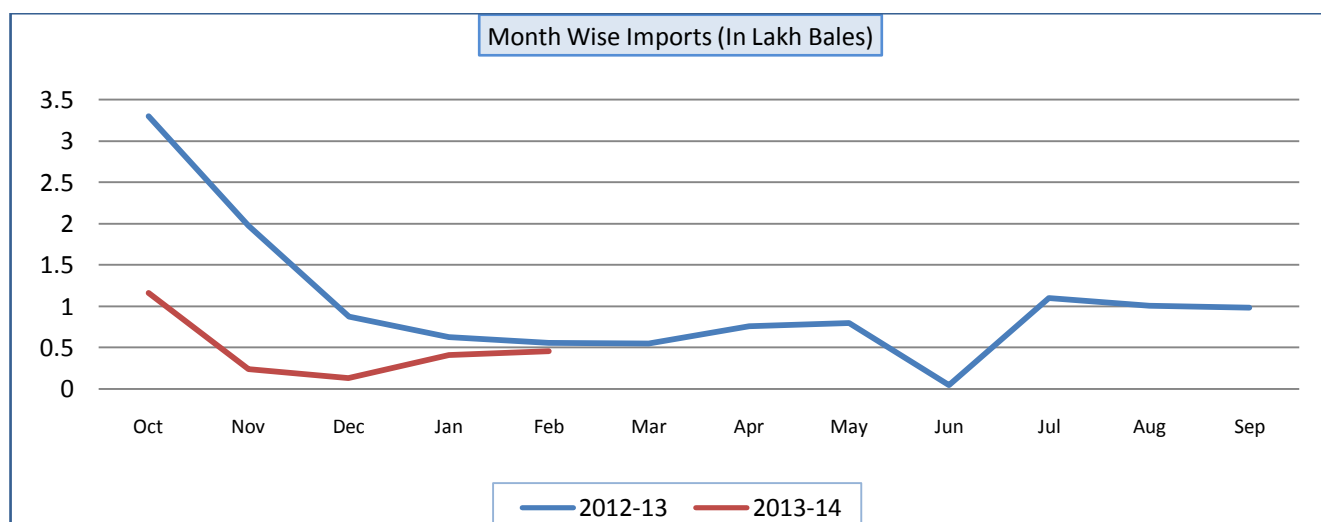
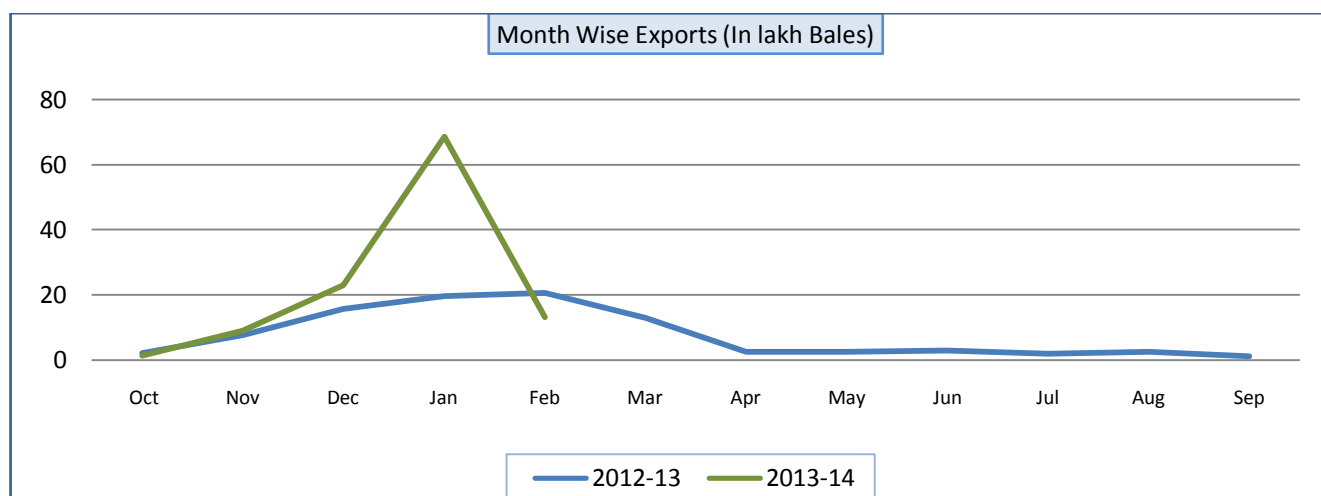


Source: Cotton Corporation of India

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	
Total	93.12	115.36

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	
Total	12.61	2.403



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

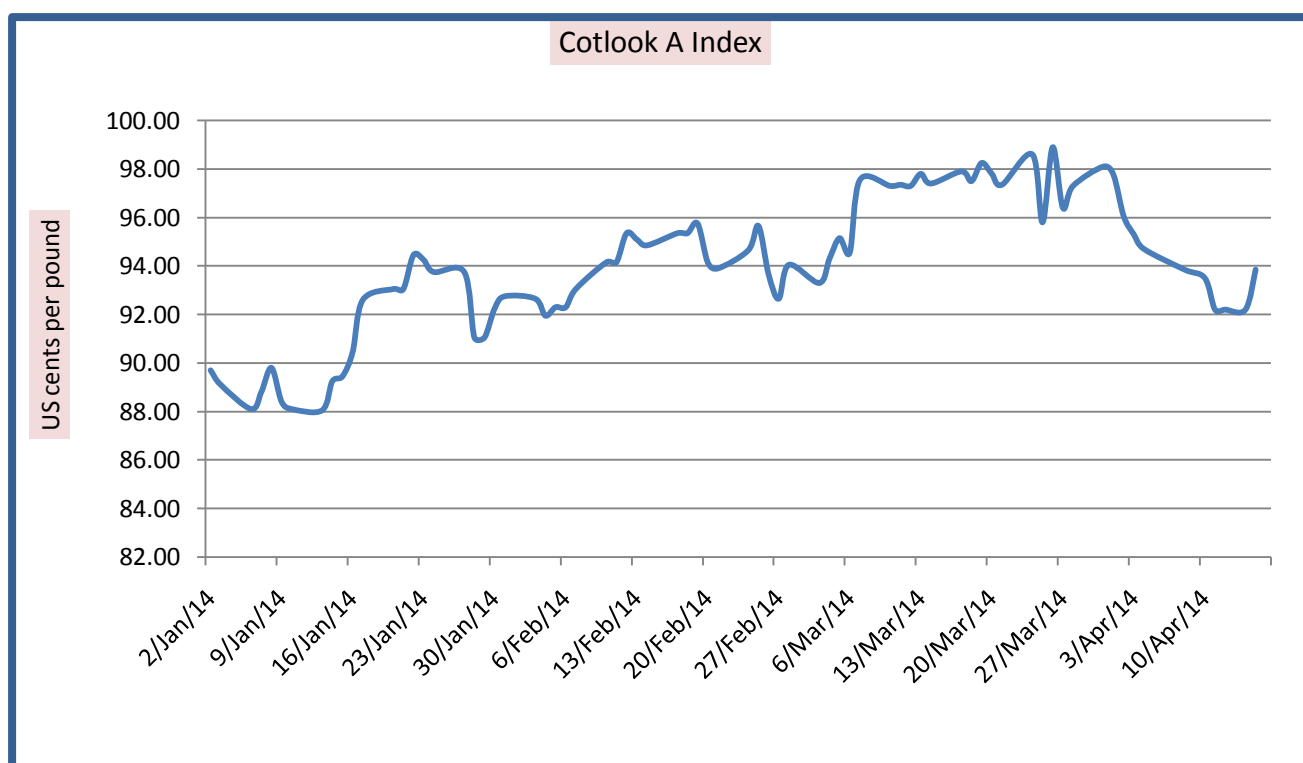
International Market Scenario

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.

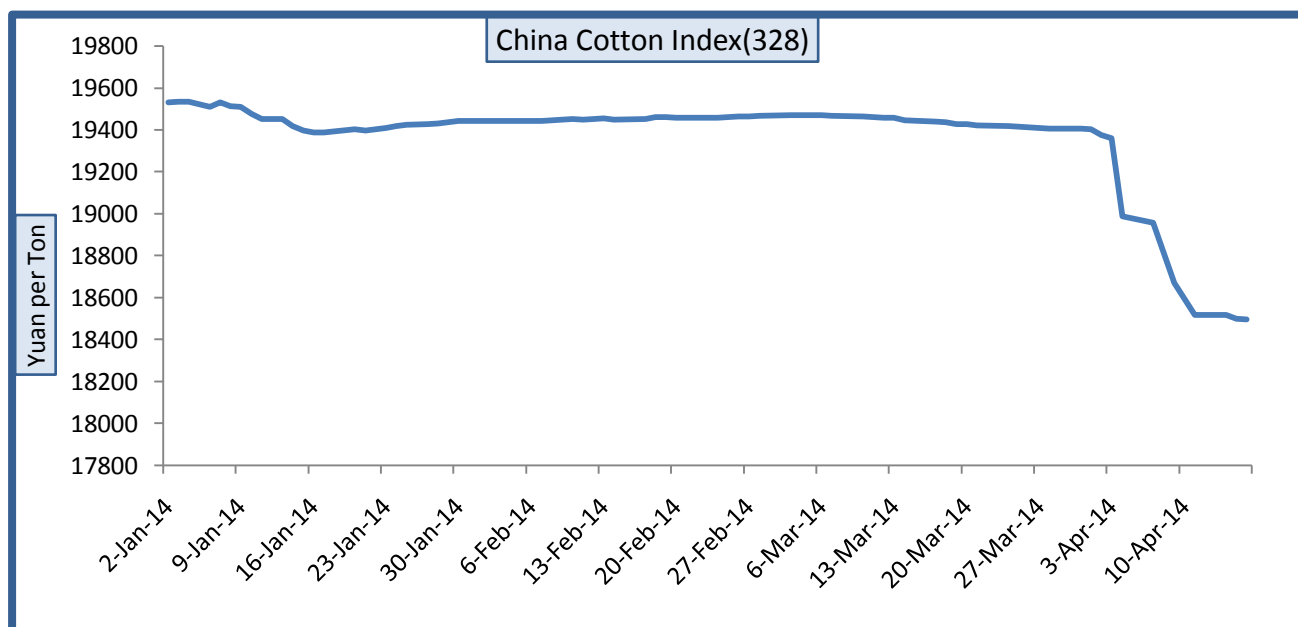
USA, largest exporter of cotton in the world, is expected to see increase in acreage of upland cotton by 7% this season to 11.1 million acres. Last year area under cultivation of upland was 10.9 million acres. At the same time acreage of Pima cotton is likely to decline to 158000 acres, facing a fall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



International Prices and Indices

China Cotton Index

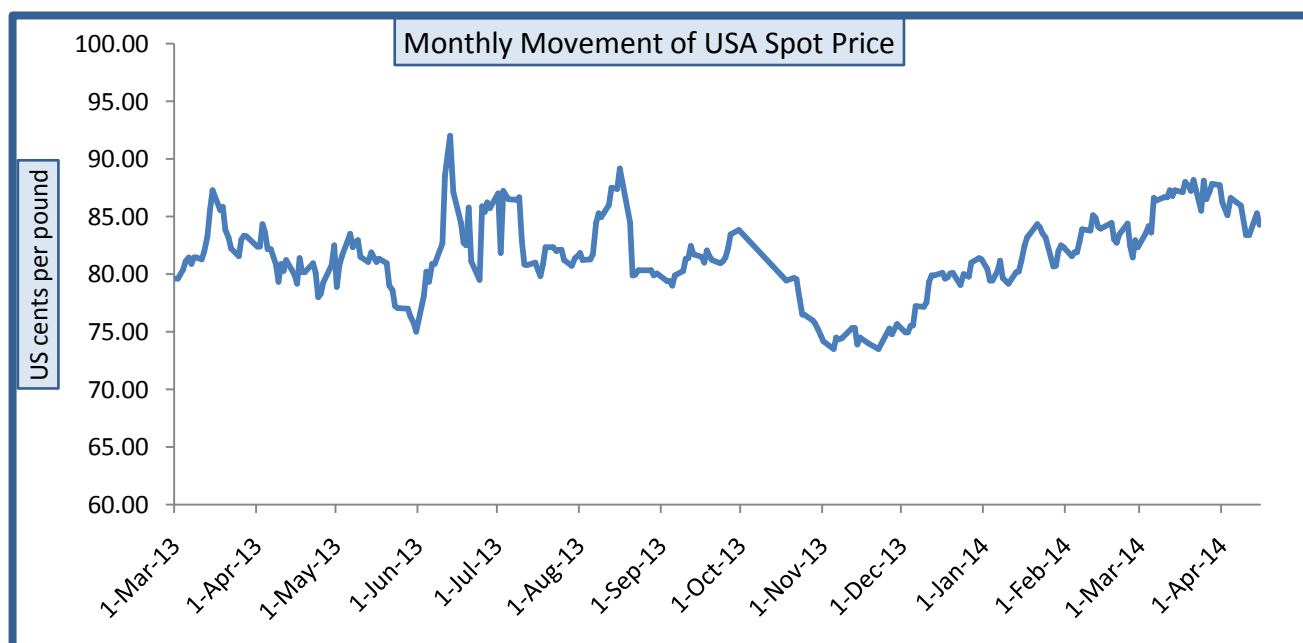
CC Indices	16/Apr/14	09/Apr/14	% Change
CC Index(229)	19310	19509	-1.02
CC Index(328)	18494	18668	-0.93
CC Index(527)	17015	17207	-1.12
Prices in Yuan per Ton			



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

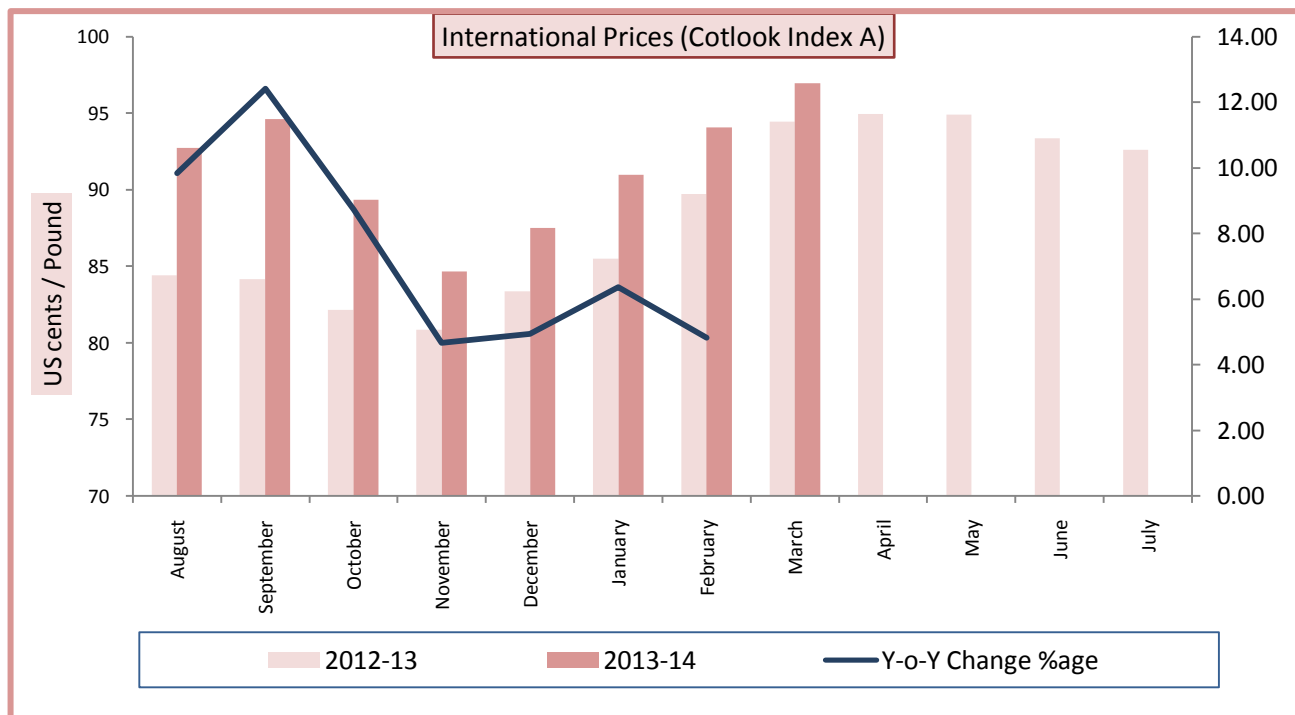
Date	11/Apr/14	4/Apr/14	% Change
Prices	84.26	85.96	-1.98
Prices in US cents per Pound			



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
May-14	91.04	92.03	84.8	-1.08	7.36
Jul-14	92.57	91.13		1.58	-
Oct-14	82.23	82.13		0.12	-
Dec-14	81.36	80		1.70	-
Mar-15	81.04	79.98		1.33	-
May-15	81.13	79.55		1.99	-
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 high in neutral region supporting recovery in near term.
- We expect prices to be in range with weak biasness.

Expected Price Range During Coming Week.

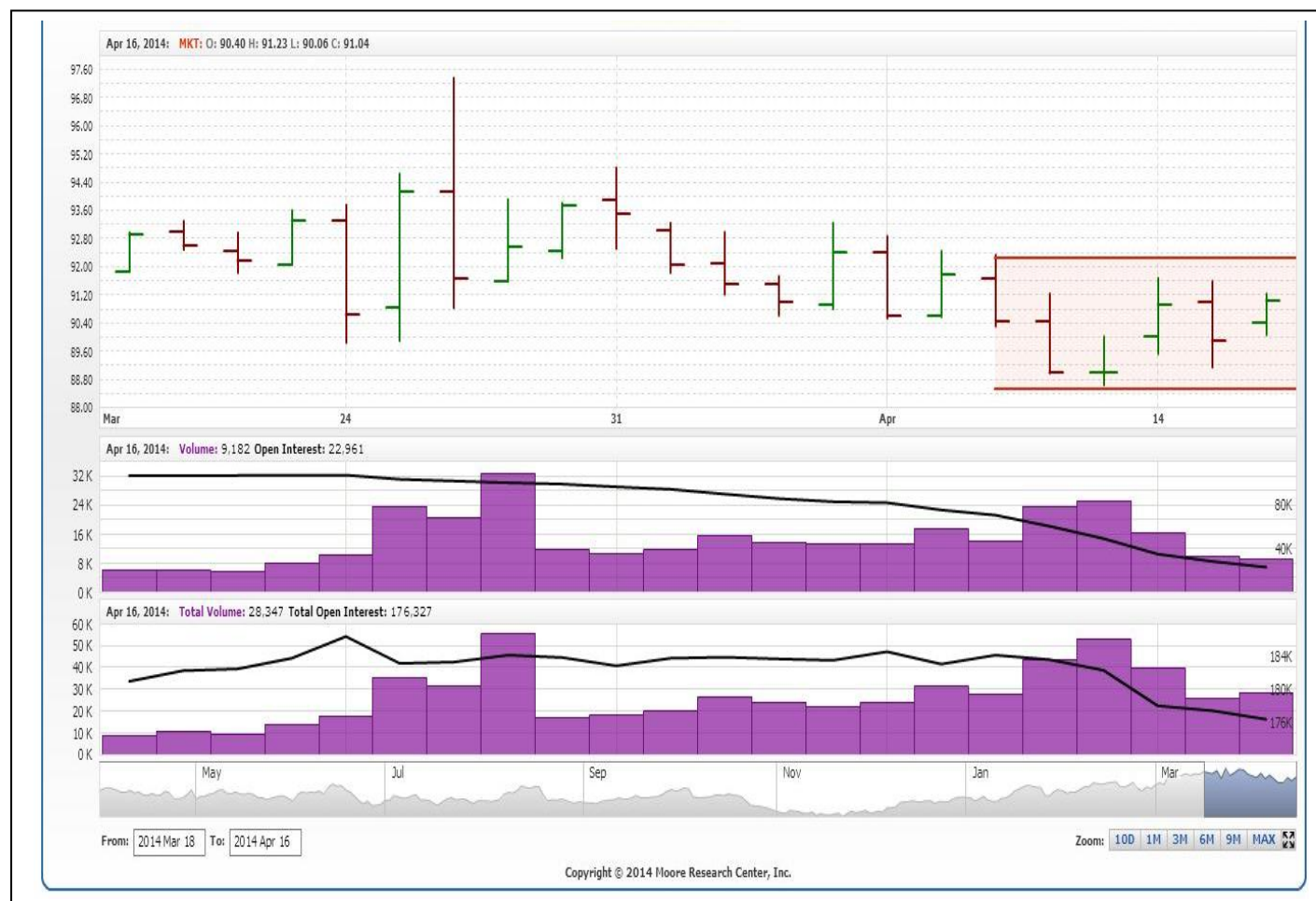
Expected Trend	Expected Trading Band
Range Bound to Bearish Momentum	750-800

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
755	730	835	850

Figures in Rs. per 20Kgs.

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



Weekly Technical Outlook:

- Candlestick denotes selling interest in the market.
- Aligned movement of Volume and Open Interest depicting recovery in market.
- We expect prices to be in Range.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range Bound Momentum	88-93

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
84	82	95	98

Figures in US cents per pound

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