

Market Outlook

According to the USDA report, Australian cotton lint production down by 4.4% to 900,000 tonne (or 4.1 million bales) in 2014-15 from 940,000 tonne produced in 2013-14. Meanwhile, cotton seed production dwindle to 1,200,000 tonne as compared with 1330,000 tonne produced in previous year. Cotton plantings in Australia are forecast to fall to 380,000 hectares in 2014-15 from 392,000 hectare in previous year. Australia exports around 95 percent of its raw cotton, with three quarters sold to China. In 2014-15, exports are expected to decline by 8% to 9 lakh tonne against the 9.75 lakh tonne exported in 2013-14. In April 2014, Australia and Japan signed an Economic Partnership Agreement (AJEPA) which allow zero tariffs in the Japanese market.

Commencement of Cotton planting in Pakistan reported in several regions.

China cotton yarn import during March month was up to 16.11% at 178,000 tonne from last month and down 10.72% from same corresponding period in last year. In this calendar year, China import totalled 448,188 tonne against 411,547 tonne during same period in 2013.

On Friday, China's State reserve sold 29707 tonne of cotton to mills, further leads the total cotton sales to 1,257,715 tonne from November 2013. The 580,292 tonne of cotton was sold since April 1. The remaining government cotton inventory is around 12.3 million tonne-Cotlook.

Tajikistan cotton export decline by 64% to USD 32.6 million during the January-March period in this year as compared with same corresponding period in last year.

USA Cotton planting completed by 9% during the week ended on April 20, behind the five year average of 12%- USDA

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

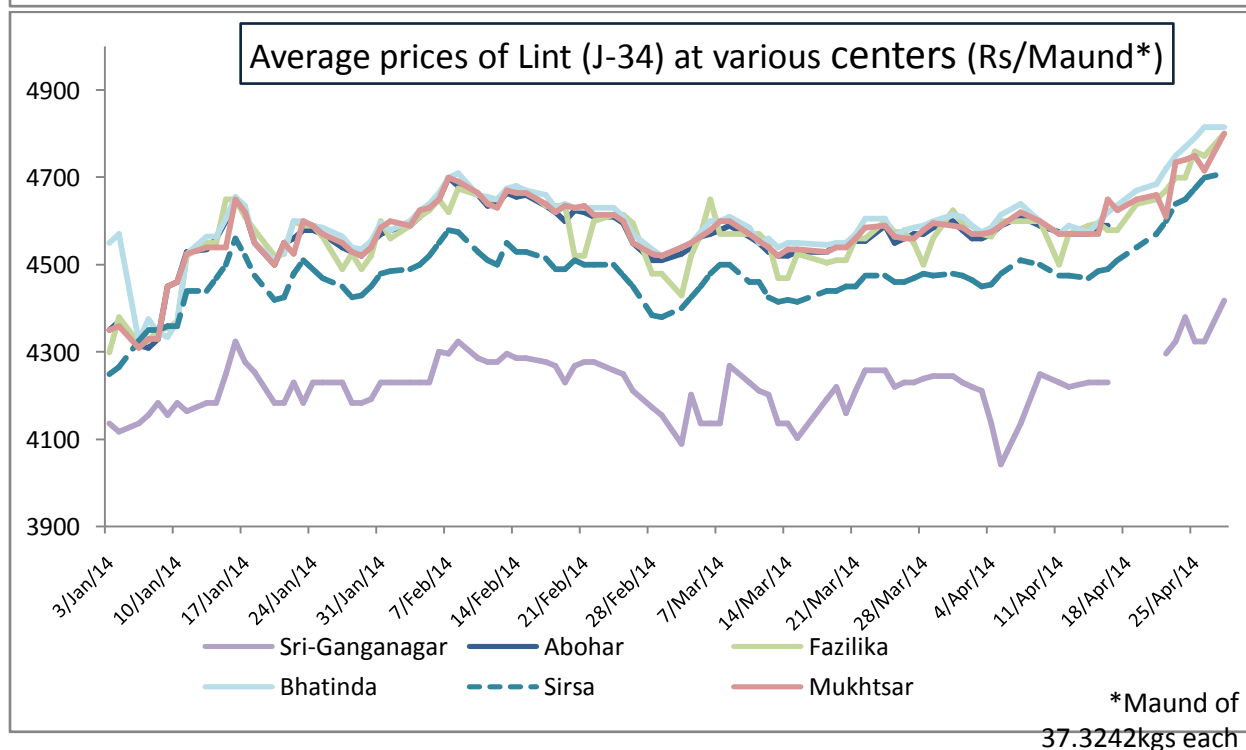
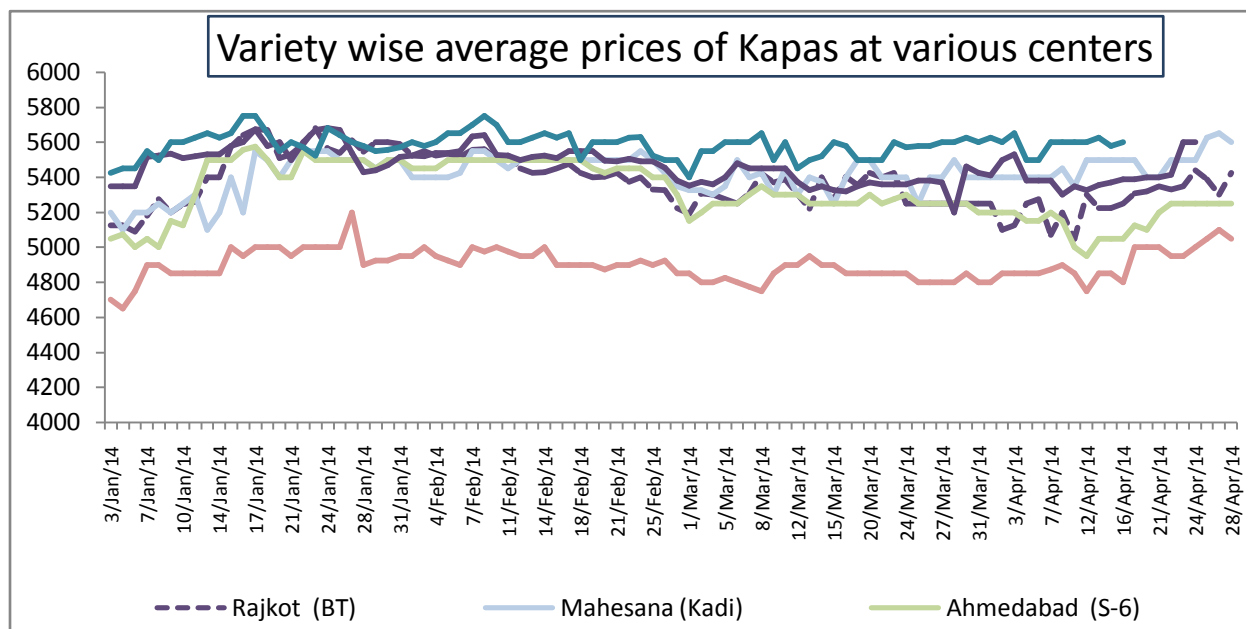
- Opening stock this season (Oct.'13-Sep'14) would be on lower side amid lesser production last season.
- Crop size is comparatively high from the last season due to the boosted yield driven by plantation of BT cotton.
- Despite the higher production, Imports would be on higher side amid increased demand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

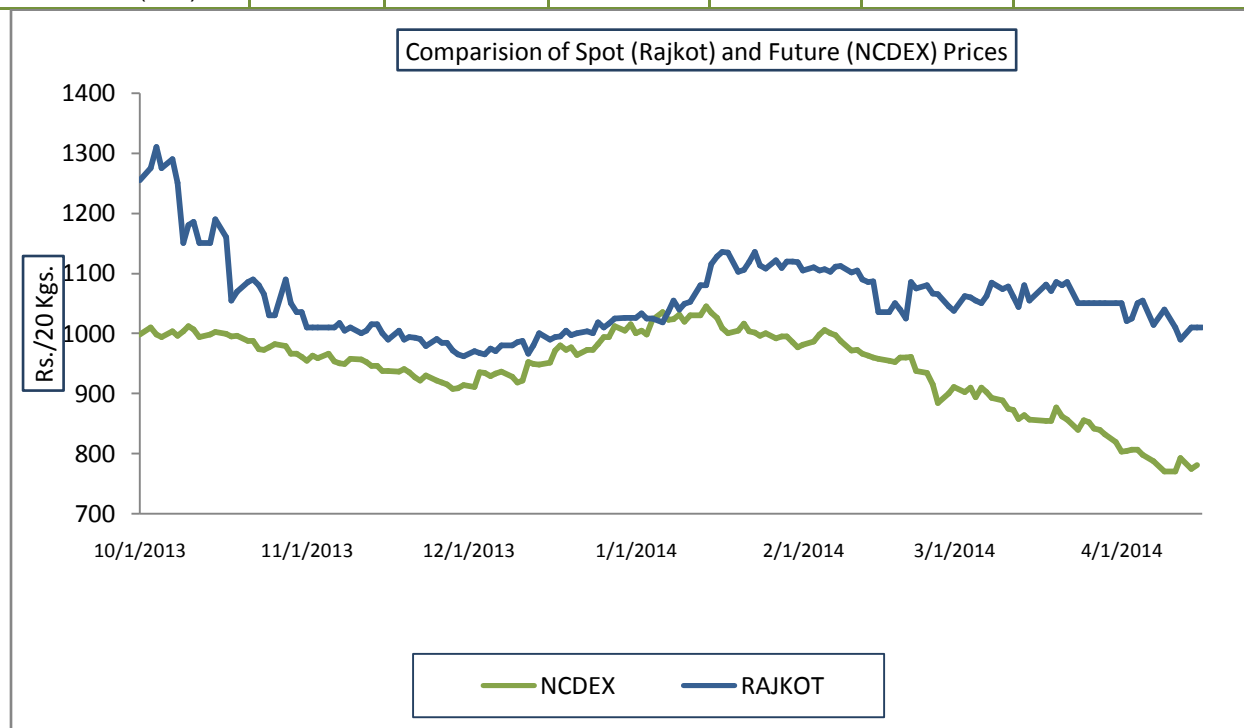
Centre	Variety	Prices		Change %
		25-Apr-14	19-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5050	5000	1
Khandwa	Mech-1	5300	NA	-
Khargaon	Mech-1	5300	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5625	5400	4.17
Rajkot	B.T. Cotton	5390	5320	1.32
Patan	B.T. Cotton	5625	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	5400	-
Fazilika	B.T. Cotton	NA	5400	-
Bhiwani	B.T. Cotton	NA	5600	-
Adampur	B.T. Cotton	5800	5500	5.45
Fatehabad	B.T. Cotton	5650	5500	2.73
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	5500	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5250	5100	2.94
Gondal	Shankar-6	5245	5045	3.96
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5559	NA	-
Hubli	D.C.H.	5009	NA	-
Raichur	H-44 Cotton	5150	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4775	4650	2.69
Muktsar	J-34	4750	4650	2.15
Fazilika	J-34	4760	4640	2.59
Bhatinda	J-34	4790	4670	2.57
Mansa	J-34	NA	NA	-
Sirsa	J-34	4675	4540	2.97
Sri-Ganganagar	J-34	4324	NA	-
Hanumangarh	B.T. Cotton	4670	4560	2.41

Adilabad	>30mm	4377	4356	0.49
Warangal	>30mm	4456	4419	0.83
Guntur	>30mm	4435	4351	1.93
Bhainsa	>30mm	NA	NA	-



Cotton Association of India Spot Rates:

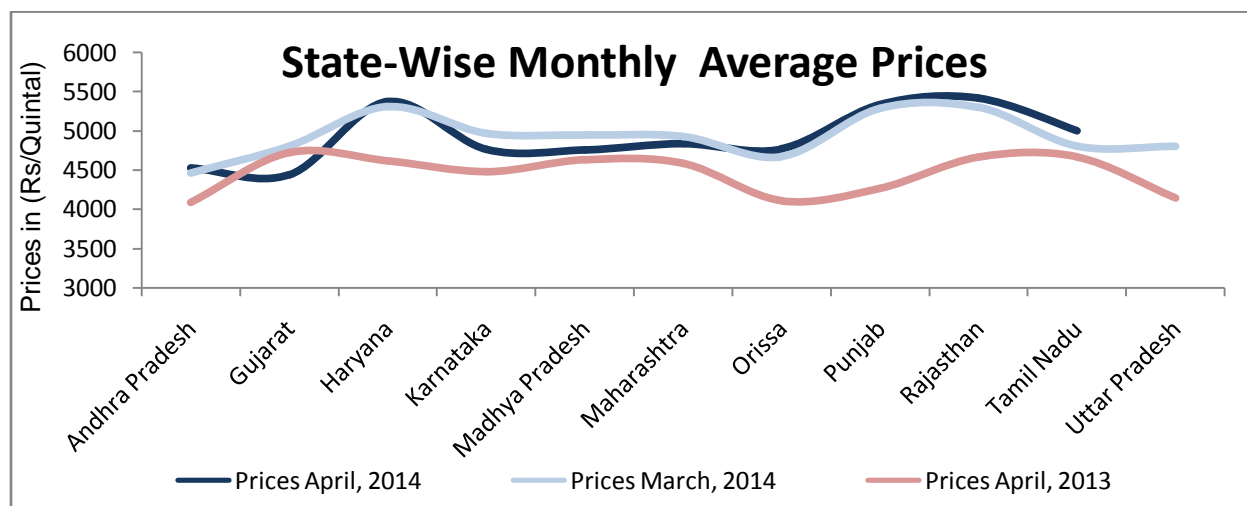
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change %
				24-Apr-14	19-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	37800	37500	1
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38300	38000	1
J-34(202)	26mm	3.5 - 4.9	23	43300	42300	2
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	40200	2
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	41800	2
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43400	42500	2
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44400	43500	2
DCH-32(107)	34mm	3.0 - 3.8	33	59200	58500	1



State Wise Prices:

State	Prices April, 2014	Prices March, 2014	Prices April, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4526.69	4463.18	4086.51	1.42	10.77
Chattisgarh		5622.23		—	—
Gujarat	4443.05	4803.4	4724.3	-7.5	-5.95
Haryana	5376.19	5309.37	4622.19	1.26	16.31
Karnataka	4765.78	4972.16	4478.06	-4.15	6.43
Madhya Pradesh	4759.48	4949.66	4632.97	-3.84	2.73
Maharashtra	4839.09	4930.43	4588.27	-1.85	5.47
Meghalaya		10100		—	—
Orissa	4770	4672.33	4109.16	2.09	16.08
Pondicherry	2856.71		2501	—	14.22
Punjab	5336.29	5292.56	4270.17	0.83	24.97
Rajasthan	5416.66	5303.4	4665.54	2.14	16.1
Tamil Nadu	5000.84	4805.02	4668.61	4.08	7.12
Uttar Pradesh		4803.62	4144	—	—
Average	4735.53	5386.72	4290.9		

*Report Generation: As per the data reported by APMCs


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:

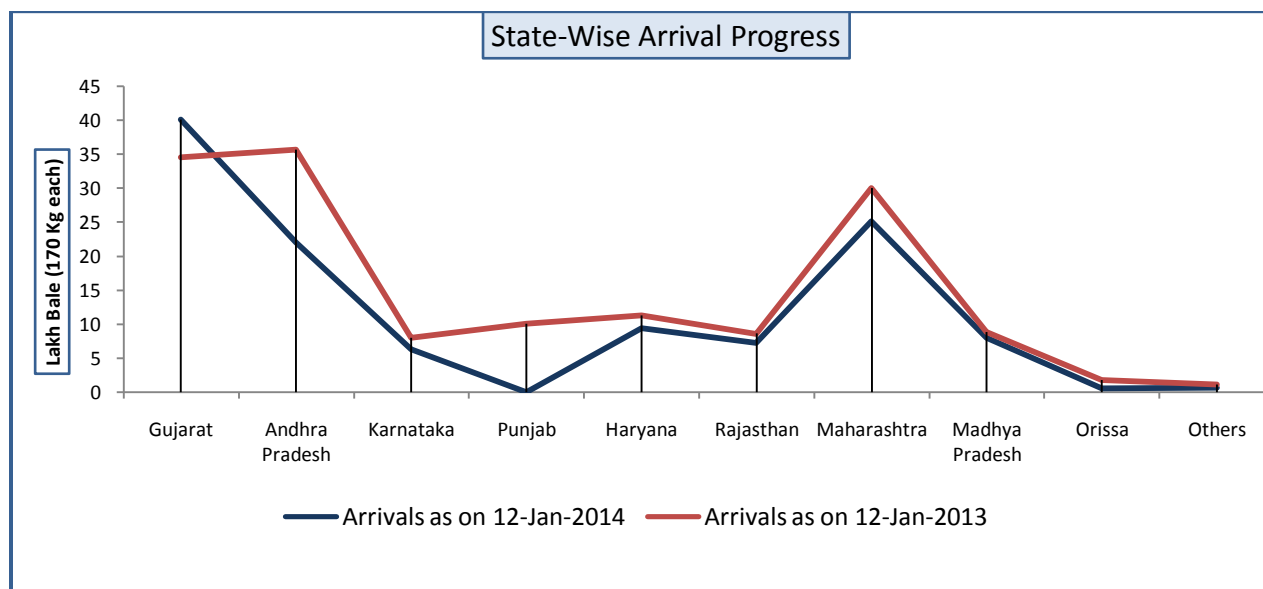
Centre	Variety	Arrivals (Qtl)		Change %
		25/Apr/14	19/Apr/14	
Amravati	Mech-1	188000	42000	347.62
Khandwa	Mech-1	3600	3000	20
Khargaon	Mech-1	17000	12000	41.67
Mahesana(Kadi)	B.T. Cotton	175000	100000	75
Rajkot	B.T. Cotton	26200	17000	54.12
Patan	B.T. Cotton	51756	46845	10.48
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	420	1300	-67.69
Bhiwani	B.T. Cotton	NA	200	-
Adampur	B.T. Cotton	1360	1785	-23.81
Fatehabad	B.T. Cotton	400	1750	-77.14
Dabwali	B.T. Cotton	1165	1025	13.66
Jind	B.T. Cotton	NA	340	-
Uchana (Jind)	B.T. Cotton	70	1600	-95.63
Rawatsar (Hanumangarh)	B.T. Cotton	NA	60	-
Hubli	B.T. Cotton	2087	452	361.73
Ahmedabad	Shankar-6	263500	170000	55
Gondal	Shankar-6	5959	9908	-39.86
Bijapur	Bunny	16767	1722	873.69
Hubli	D.C.H.	30	NA	Unch
Raichur	H-44 Cotton	7899	5584	41.46
Abohar	J-34	756.5	1360	-44.38
Muktsar	J-34	85	102	-16.67
Bhatinda	J-34	32300	40800	-20.83
Mansa	J-34	340	425	-20
Sirsa	J-34	2295	2890	-20.59
Sri-Ganganagar	J-34	340	1870	-81.82
Hanumangarh	B.T. Cotton	NA	NA	-

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 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

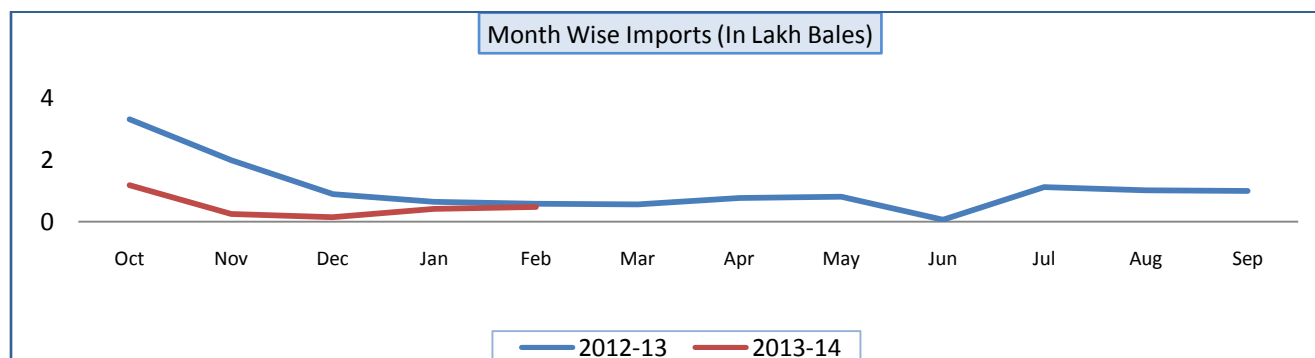
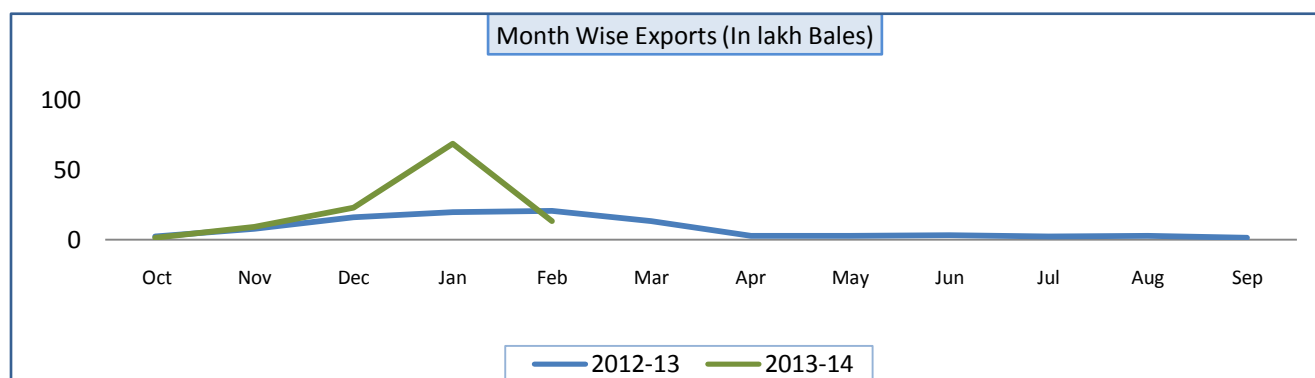


Source: Cotton Corporation of India

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



Source: IBIS

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

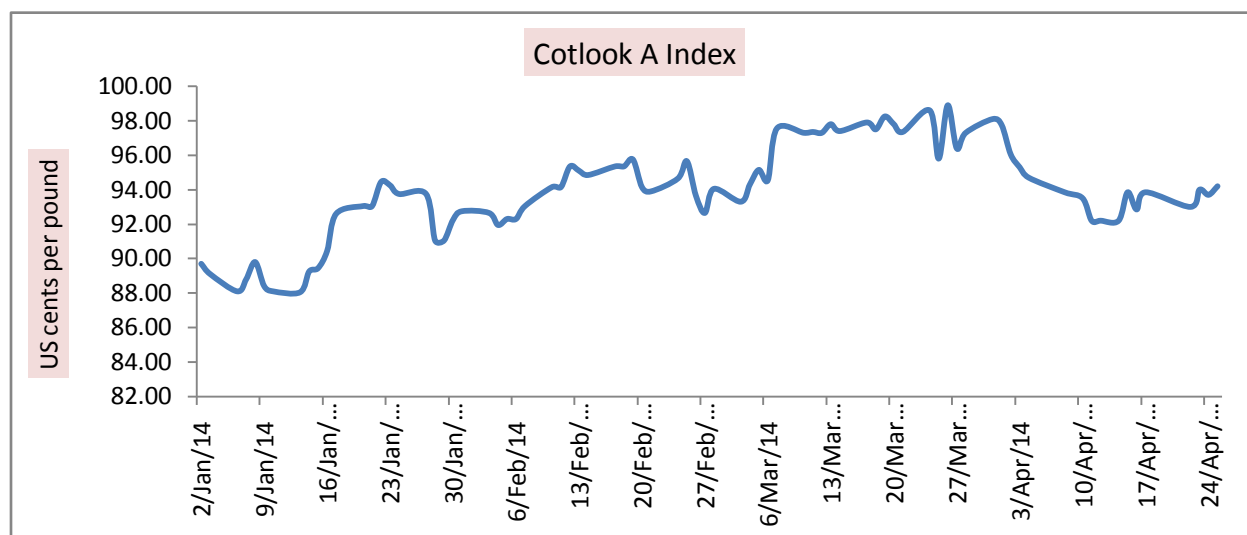
International Market Scenario

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.

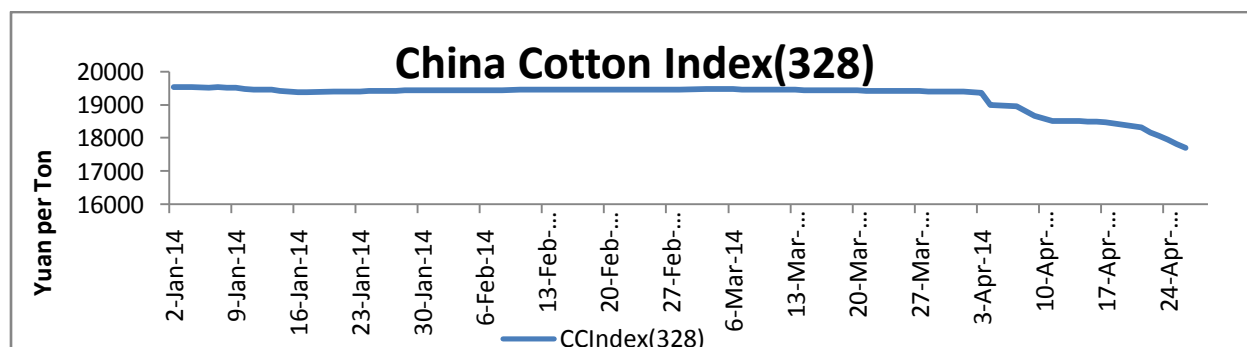
USA, largest exporter of cotton in the world, is expected to see increase in acreage of upland cotton by 7% this season to 11.1 million acres. Last year area under cultivation of upland was 10.9 million acres. At the same time acreage of Pima cotton is likely to decline to 158000 acres, facing a fall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



International Prices and Indices

China Cotton Index

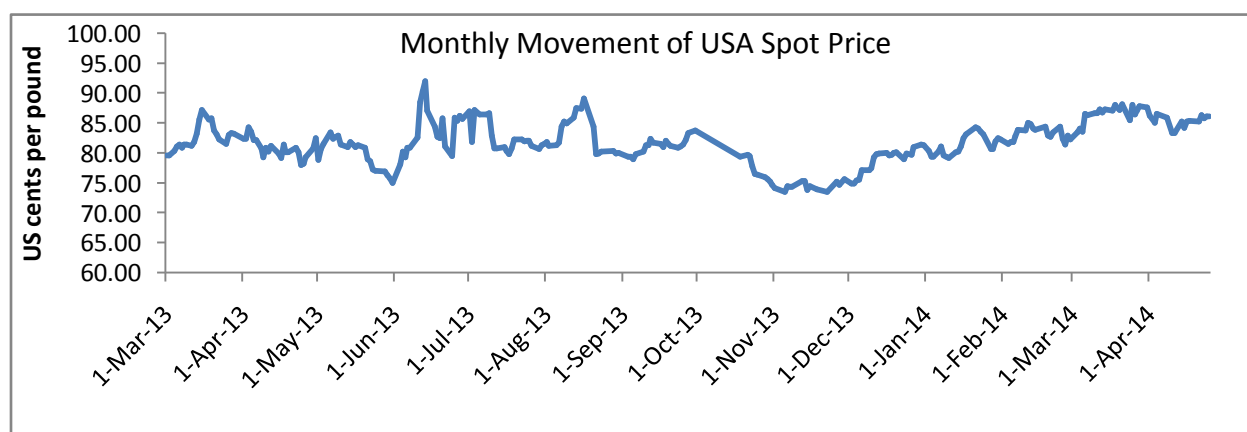
CC Indices	18/Apr/14	16/Apr/14	% Change
CC Index(229)	18601	19310	-3.67
CC Index(328)	17698	18494	-4.30
CC Index(527)	16458	17015	-3.27
Prices in Yuan per Ton			



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

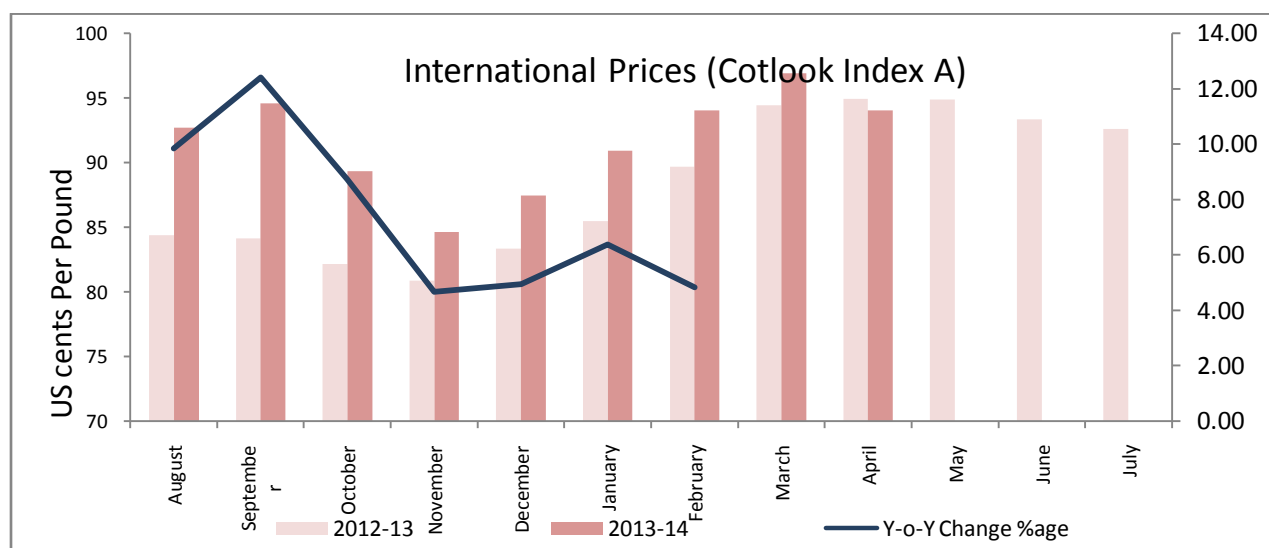
Date	25/Apr/14	16/Apr/14	% Change
Prices	86.14285714	85.242857	1.06
Prices in US cents per Pound			



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	94.06	
May	94.92		
June	93.35		
July	92.62		

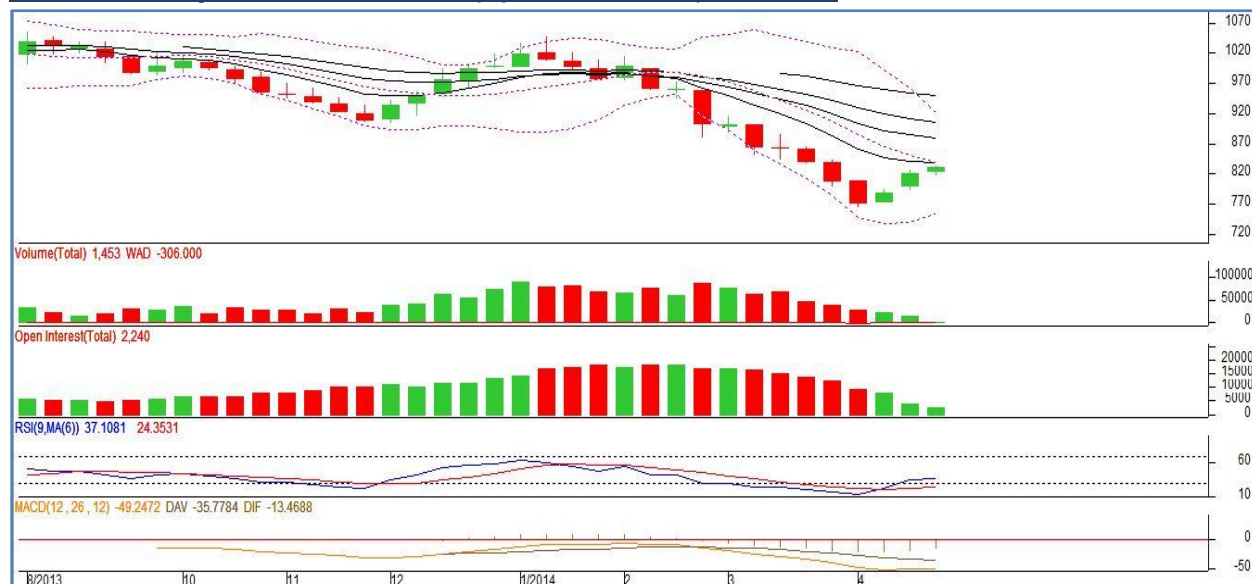

Cotton Future Contracts on ICE (International Market):

Contracts	25/04/2014	25/03/2014	25/04/2013	% Month Change	% Y-o-Y Change
May-14	92.95	94.11		-1.23	-
Jul-14	93.25	93.54		-0.31	-
Oct-14	82.85	82.21		0.78	-
Dec-14	82.71	80.30		3.00	-
Mar-15	82.18	79.96		2.78	-
May-15	82.11	79.67		3.06	-

Prices in US cents per Pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlestick denotes buying interest in the market.
- RSI is moving high in neutral region favours bulls in near term.
- We expect prices to be in range with firm biasness.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Firm to Range Bound Momentum	800-850

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
785	750	855	890

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 weakness in market.
- We expect prices to be in Range.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range Bound Momentum to weak	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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