

Current Market Outlook

Cotton arrivals in India this year stood higher compared to previous year owing good production of crop in the country. Total arrival recorded till April 30, 2014, was 33.575 million running bales of 155-157 kg each compared to 30.2 million bales during the corresponding period last year, thus noticing a increase of 17.79% on Y-o-Y basis.

According to the officials, cotton acreage could boost up in upcoming season on expectation of lower rainfall. Cotton acreage, particularly in south India is likely to rise as it require lesser water than other crops like paddy. Other crop which could see higher cultivation this year is maize. About 5% of rise is expected in cotton area this year.

As concluded by latest data from DGFT, export registration of cotton yarn rose by 33% in current FY. In year 2013-14, contracts of 1,415 million kg of cotton yarn for export were being registered by traders, compared to 1,067 million kg last year.

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.

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.

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.

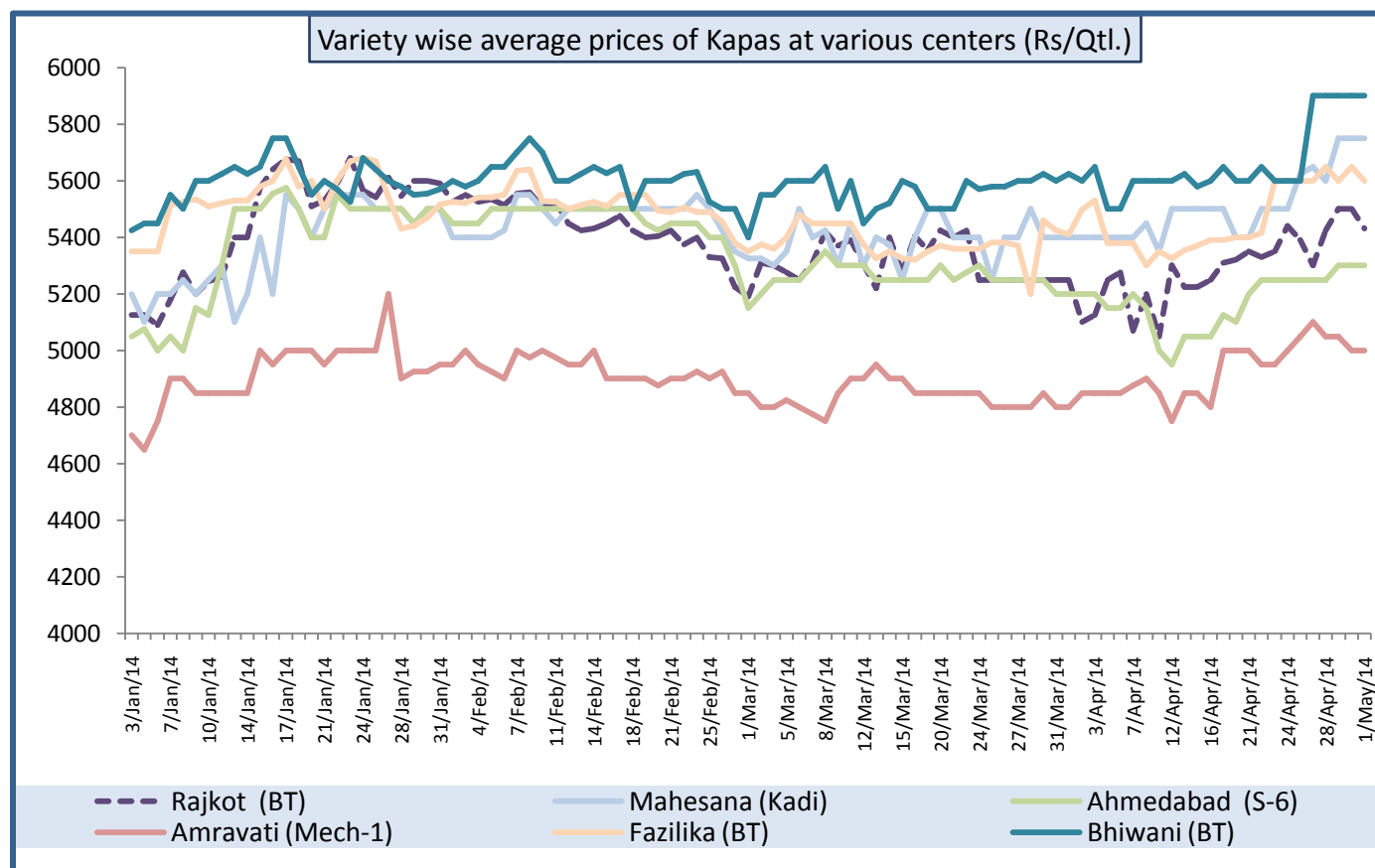
Cotton Prices and Arrivals

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		% Change
		2-May-14	25-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5050	5050	Unch
Khandwa	Mech-1	Closed	5300	-
Khargaon	Mech-1	Closed	5300	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5500	5625	-2.22
Rajkot	B.T. Cotton	5540	5390	2.78
Patan	B.T. Cotton	Closed	5625	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	5800	5800	Unch
Fatehabad	B.T. Cotton	5800	5650	2.65
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NR	NA	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5300	5250	0.95
Gondal	Shankar-6	5325	5245	1.53
	Kapas	(Rs./Qtl)		
Bijapur	Bunny	NR	5559	-
Hubli	D.C.H.	NR	5009	-
Raichur	H-44 Cotton	NR	5150	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4800	4775	0.52
Muktsar	J-34	4825	4750	1.58
Fazilika	J-34	4800	4760	0.84
Bhatinda	J-34	4815	4790	0.52
Mansa	J-34	4760	NA	-
Sirsa	J-34	4730	4675	1.18
Sri-Ganganagar	J-34	4740	4324	9.62

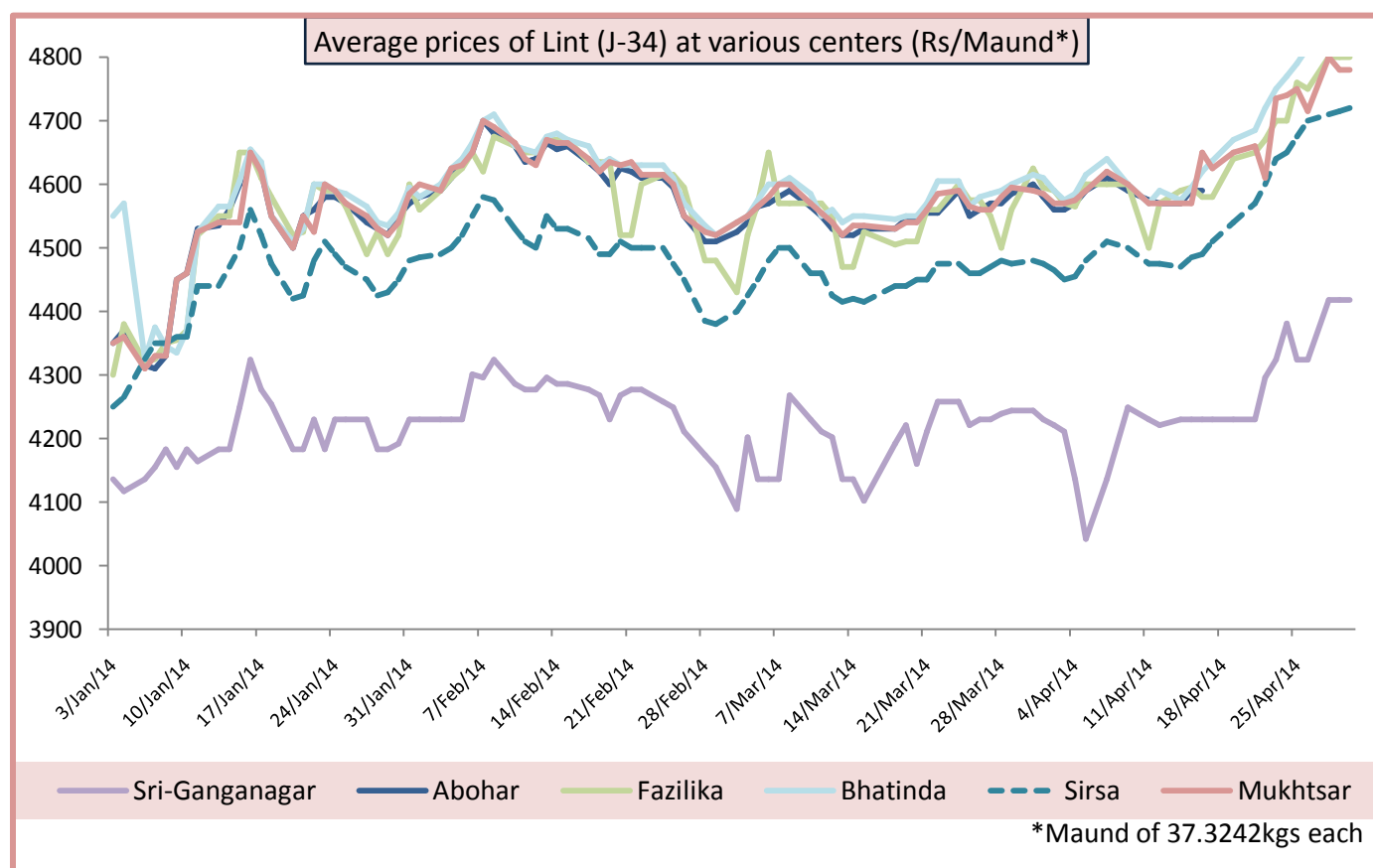
Hanumangarh	B.T. Cotton	4750	4670	1.71
Adilabad	>30mm	NR	4377	-
Warangal	>30mm	NR	4456	-
Guntur	>30mm	NR	4435	-
Bhainsa	>30mm	NR	NA	-

Average Prices of Kapas (Seed Cotton) at Various Centers:



The graph mentioned above is showing the range bound movement of kapas in domestic market. Among the mentioned markets, Bhiwani is fetching the highest prices, whereas Amravati is far lower than the others. Also the price sheet is showing a slight improvement in the prices in spot market. Though the movement of the price stood range bound.

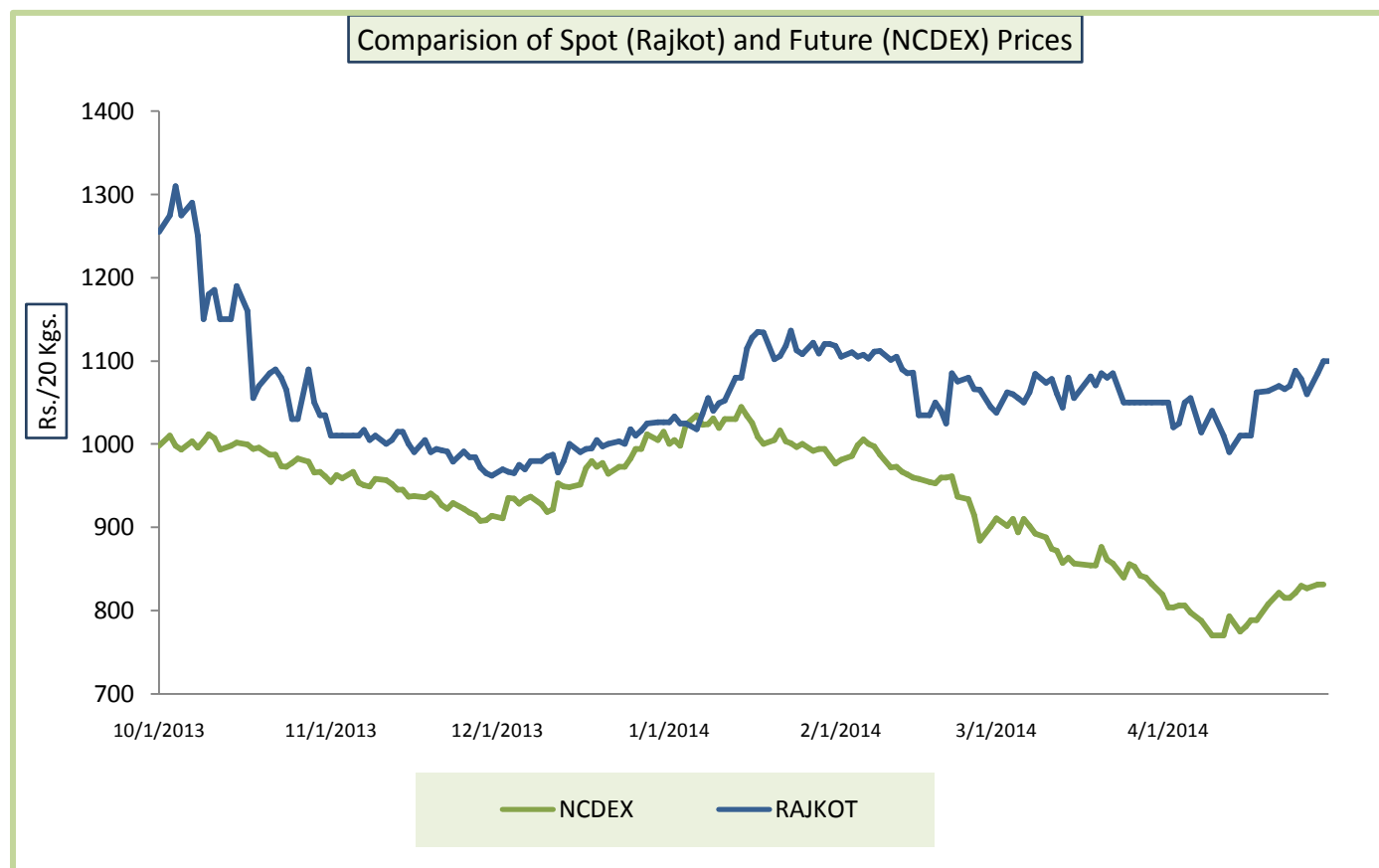
Average Prices of Lint at Various Centers:



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	%Change
				2-May-14	24-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39000	37800	3.17
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39500	38300	3.13
J-34(202)	26mm	3.5 - 4.9	23	44200	43300	2.08
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40700	41100	-0.97
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42700	-0.23
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43900	43400	1.15
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44900	44400	1.13
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59200	-0.34

Movement of Prices at Spot and Future Market:



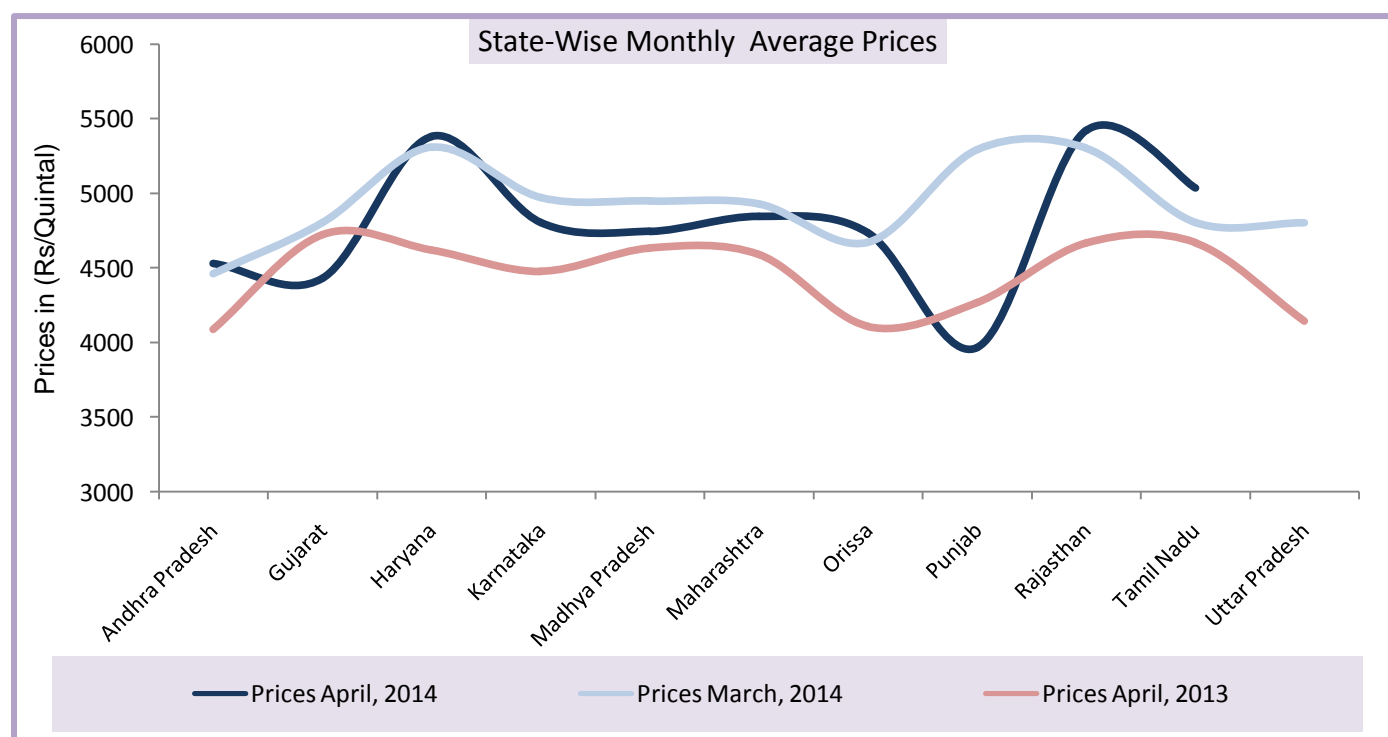
Spot prices are noticing a slight recovery on long term basis whereas on short term basis it is moving sideways. Similarly in future market prices are heading upward following fair demand in international and domestic market.

State wise Prices (Rs./Qtl.)

State	Prices April, 2014	Prices March, 2014	Prices April, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4532.01	4463.18	4086.51	1.54	10.9
Gujarat	4433.22	4803.4	4724.3	-7.71	-6.16
Haryana	5380.51	5309.37	4622.19	1.34	16.41
Karnataka	4802.92	4972.16	4478.06	-3.4	7.25
Madhya Pradesh	4745.72	4949.66	4632.97	-4.12	2.43
Maharashtra	4846.67	4930.43	4588.27	-1.7	5.63
Orissa	4736.47	4672.33	4109.16	1.37	15.27
Punjab	3967.84	5292.56	4270.17	-25.03	-7.08
Rajasthan	5421.17	5303.4	4665.54	2.22	16.2
Tamil Nadu	5037.01	4805.02	4668.61	4.83	7.89
Uttar Pradesh		4803.62	4144	—	—
Average	18/Aug/12	29/Sep/14	29/Sep/11		

*Source: APMC

Prices this year in most of the region are prevailing higher compared to the previous year except Gujarat and Punjab, where prices have fallen down this month compared to the corresponding period last year. Among the major states, Rajasthan recorded the highest prices followed by Haryana and Tamil Nadu this month. Whereas during last month, highest quotation was reported in Haryana.



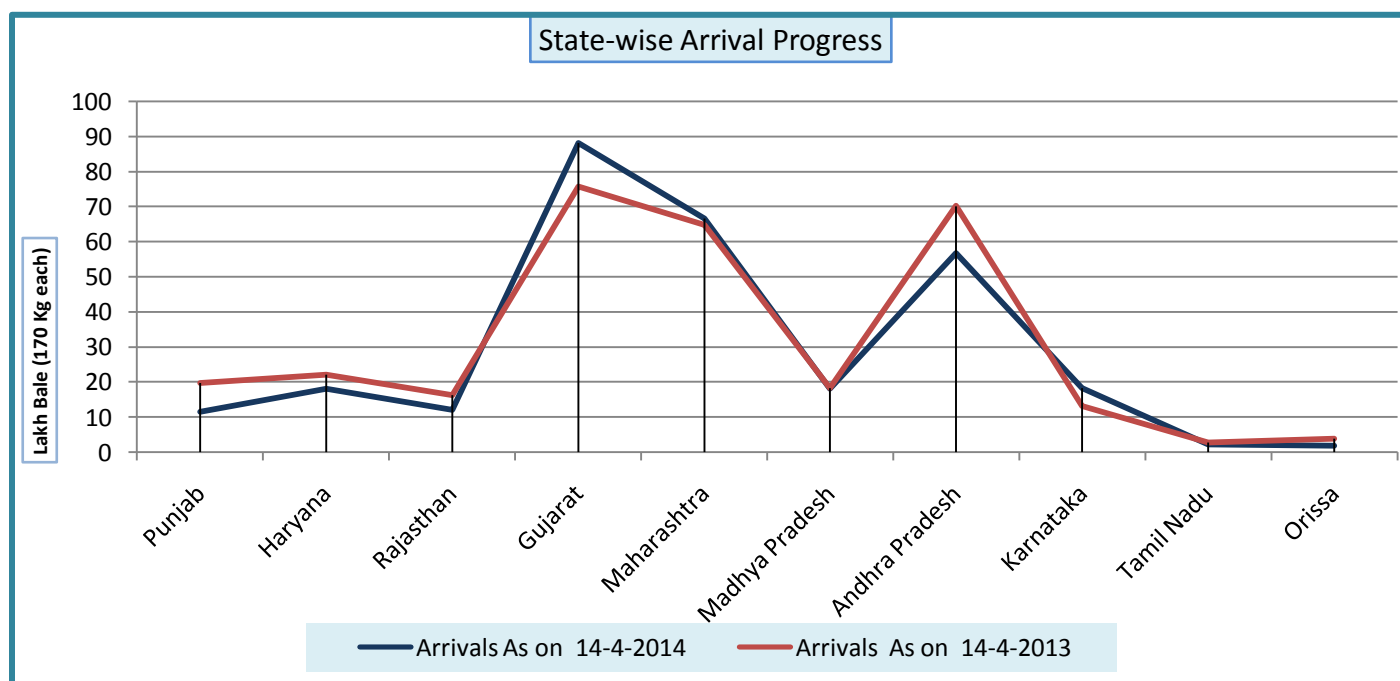
Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		% Change
		2-May-14	25-Apr-14	
Amravati	Mech-1	166000	188000	-11.70
Khandwa	Mech-1	2700	3600	-25.00
Khargaon	Mech-1	7500	17000	-55.88
Mahesana(Kadi)	B.T. Cotton	95000	175000	-45.71
Rajkot	B.T. Cotton	22100	26200	-15.65
Patan	B.T. Cotton	12900	51756	-75.08
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	420	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	935	1360	-31.25
Fatehabad	B.T. Cotton	NA	400	-
Dabwali	B.T. Cotton	NA	1165	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	70	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	98	2337	-95.81
Ahmedabad	Shankar-6	180200	263500	-31.61
Gondal	Shankar-6	25680	5959	-
Bijapur	Bunny	13766	16767	-17.90
Hubli	D.C.H.	6	30	-80.00
Raichur	H-44 Cotton	6047	7899	-23.45
Abohar	J-34	111	757	-85.34
Muktsar	J-34	NA	85	-
Bhatinda	J-34	3740	32300	-88.42
Mansa	J-34	NA	340	-
Sirsa	J-34	1785	2295	-22.22
Sri-Ganganagar	J-34	NA	340	-
Hanumangarh	B.T. Cotton	NA	NA	-

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	14-4-2014	1-11-2013	14-4-2013
1. Punjab	21	11.6	21	19.7
2. Haryana	23	18.05	25	22.04
3. Rajasthan	14	12.03	17	16.36
A. North Total (1+2+3)	58	41.68	63	58.1
4. Gujarat	116	88.11	93	75.64
5. Maharashtra	81	66.66	79	64.76
6. Madhya Pradesh	19	18.11	19	18.22
B. Central Total (4+5+6)	216	172.88	191	158.62
7. Andhra Pradesh	72	56.72	84	70.09
8. Karnataka	18	18.31	15	13.21
9. Tamil Nadu	5	2.27	6	2.81
C. South Total (7+8+9)	95	77.3	105	86.11
10. Orissa	4	1.89	4	3.91
11. Others	2	1.41	2	1.76
D. Total (10+11)	6	3.3	6	5.67
Grand Total (A+B+C+D)	375	295.16	365	308.5

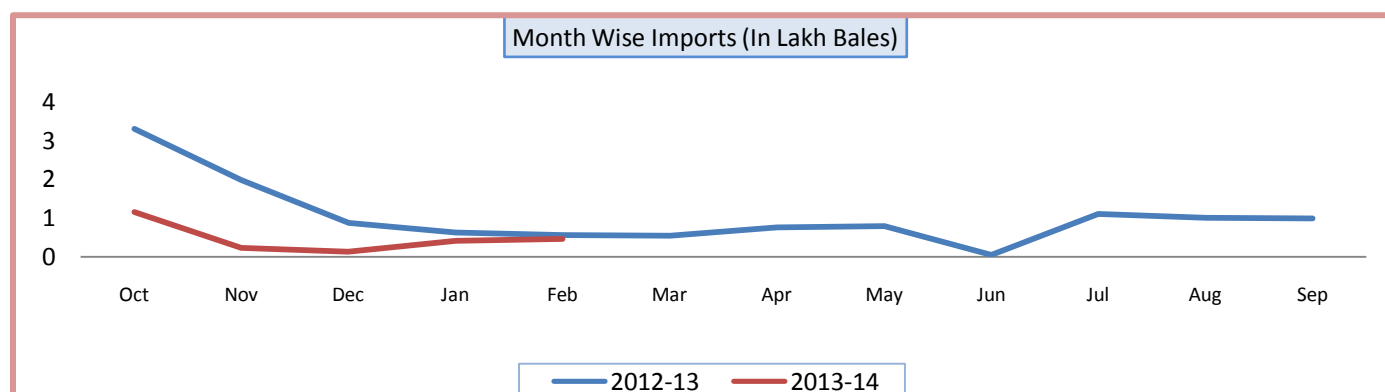
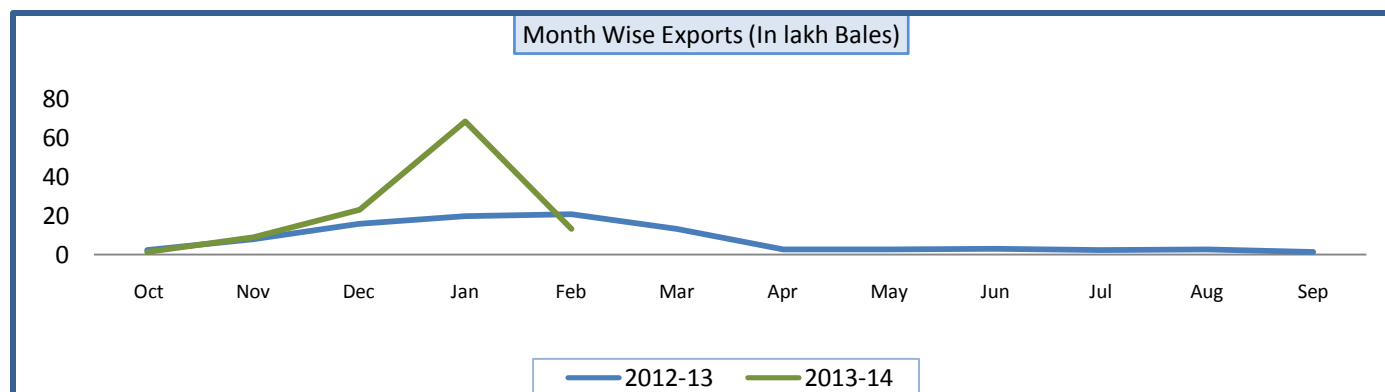
Source: Cotton Corporation of India



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

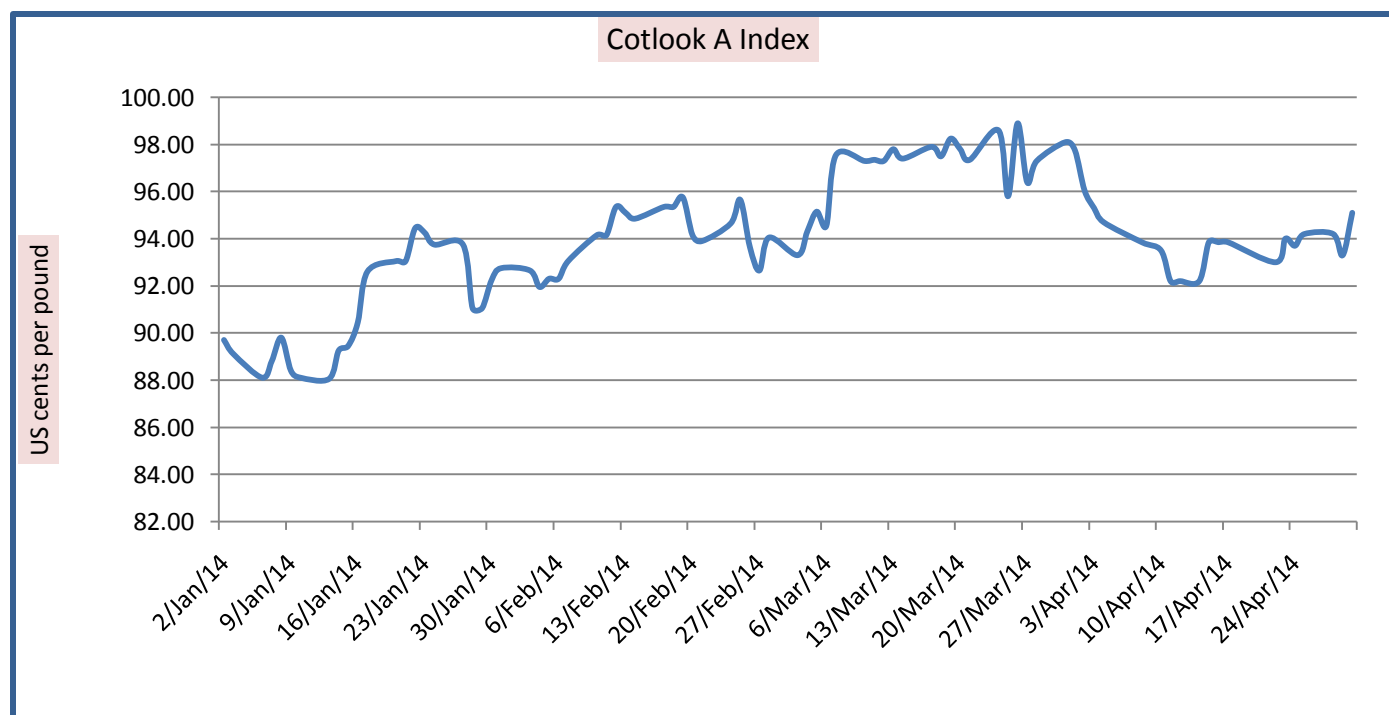
International Market Scenario

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.

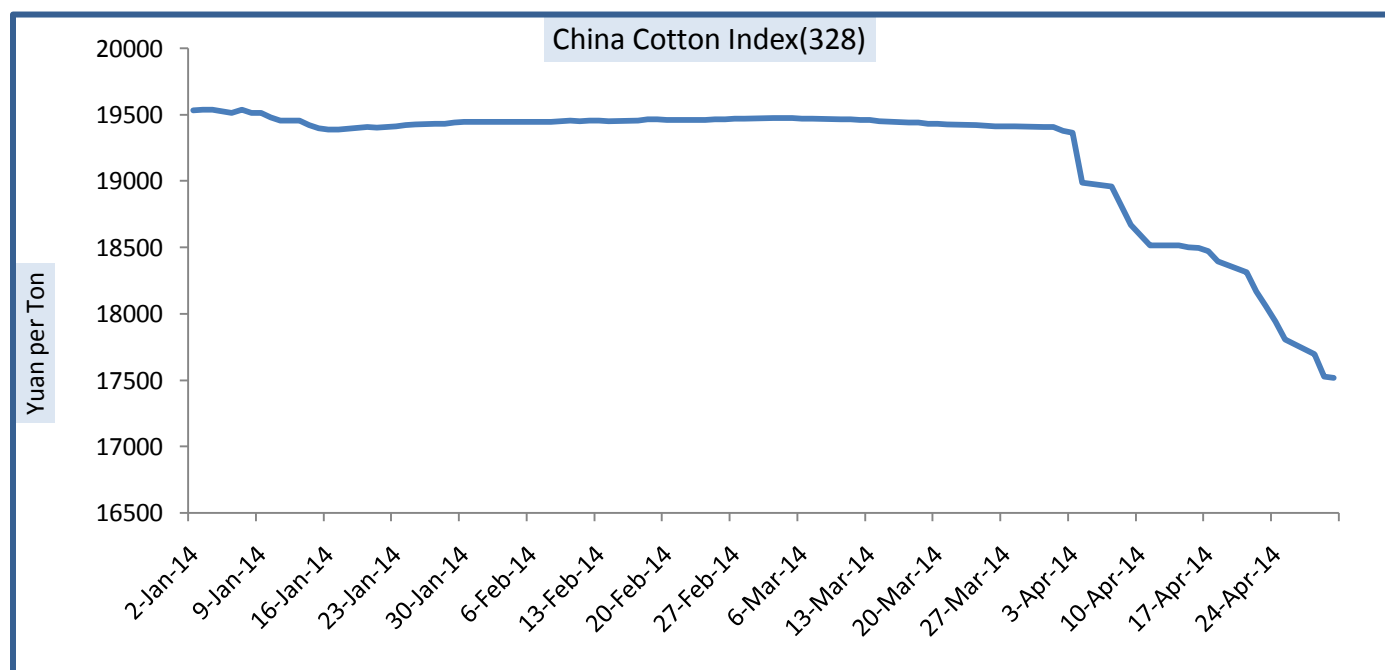
USA, largest exporter of cotton in the world, is expected to see increase in acreage of upland cotton by 7% this season to 11.1 million acres. Last year area under cultivation of upland was 10.9 million acres. At the same time acreage of Pima cotton is likely to decline to 158000 acres, facing a fall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



International Prices and Indices

China Cotton Index:

CC Indices	30/Apr/14	24/Apr/14	% Change
CC Index(229)	18399	18838	-2.33
CC Index(328)	17518	17943	-2.37
CC Index(527)	16353	16636	-1.70
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	30/Apr/14	24/Apr/14	% Change
Prices	87.17	86.11	1.23
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	02/05/2014	02/04/2014	02/05/2013	% Month Change	% Y-o-Y Change
May-14	94.19	91.51	84.44	2.93	11.55
Jul-14	94.32	91.97		2.56	
Oct-14	84.56	81.75		3.44	
Dec-14	83.94	79.71		5.31	
Mar-15	83.25	79.72		4.43	
May-15	83.15	79.96		3.99	

Prices in US cents per Pound

Cotton Futures

Technical Analysis of Cotton Future (April'15 Contract) at NCDEX:



Weekly Technical Outlook:

- Candlestick denotes buying interest in the market.
- RSI is moving high in neutral region favors 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	960-1000

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
950	935	1020	1035

Figures in Rs. per 20Kgs.

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



Weekly Technical Outlook:

- Candlestick denotes timid sentiments in the market.
- Diminishing volume depicting the weak tone in near term.
- We expect prices to be in Range.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range Bound Momentum	91-96

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
89	87	97	98

Figures in US cents per pound

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