

### Current Market Outlook

**According to the third advance estimate released by Ministry of Agriculture**, cotton output would be around 36.50 million bales (of 170 kg each) in the current season compared to 34.22 million bales previous season.

**Export of cotton yarn from India is expected to be around 1,350 million kg valued USD 4.70 billion**, for the financial year 2014. During the Initial 10 months alone i.e. April to January, India has exported around 1,082 million kg of cotton yarn valued USD 3.75 billion.

**Cotton export from India is likely to rise to 8.8 million bales (480-lbs) in 2013-14**, which was earlier expected to be around 8 million bales, according to USDA. Production too in India has increased to 29.5 million bales from earlier expectation of 29 million bales due to additional pickings following winter rains.

**The revised policy of China for importing cotton has affected India's cotton export drastically.** Export of cotton yarn in the month of April has declined by 25% on weak demand and less lucrative export to China, driven by recently announced policy. As per the new policy, which came into effect from April 1<sup>st</sup>, 2014, government has lowered the auction bids of floor price to 17250 from 18000 Yuan per tone.

**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.

### 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

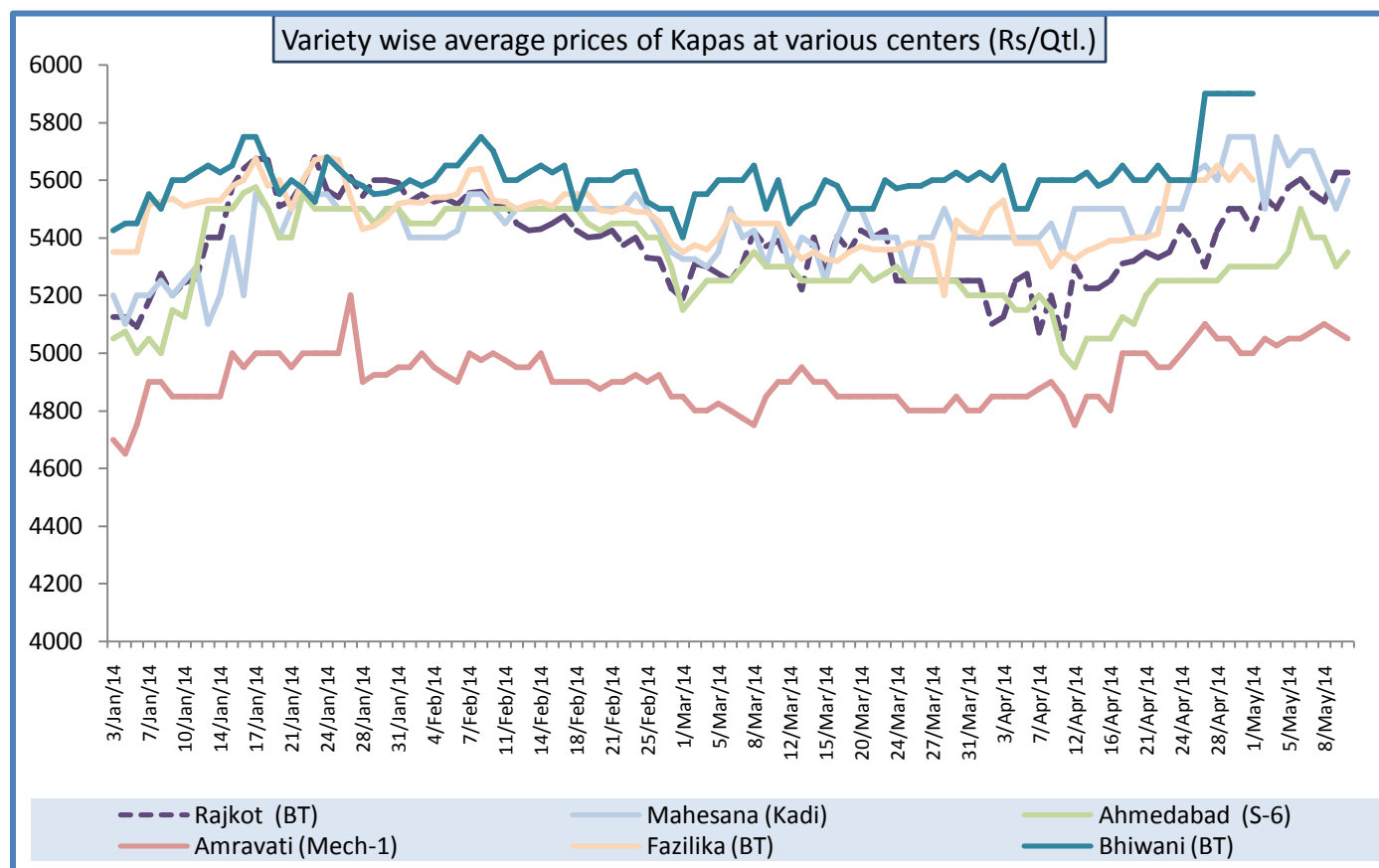
- Opening stock this season (Oct.'13-Sep'14) would be on lower side amid lesser production last season.
- Crop size is comparatively high from the last season due to the boosted yield driven by plantation of BT cotton.
- Despite the higher production, Imports would be on higher side amid increased demand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

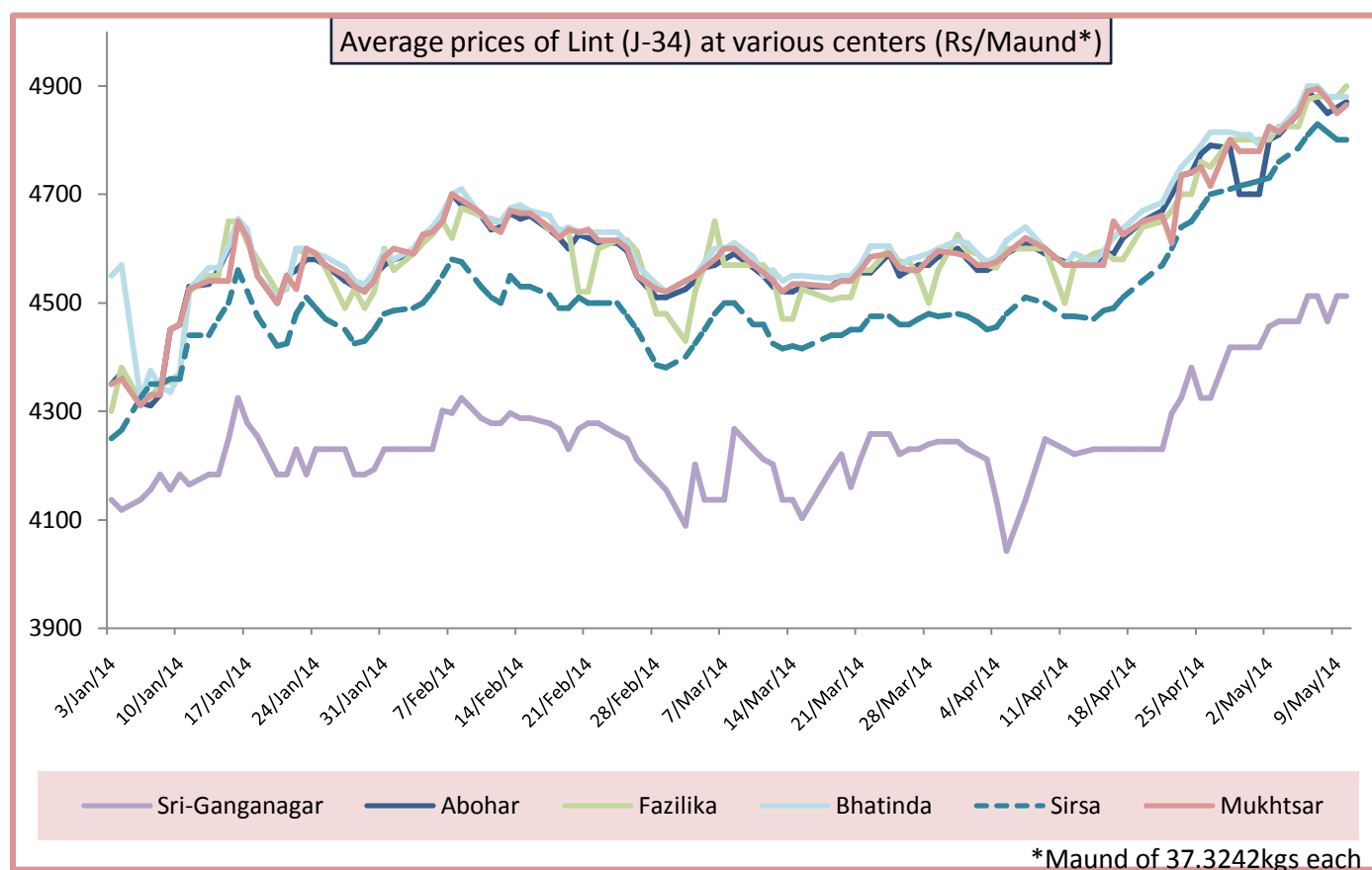
Centre	Variety	Prices		Change %
		16-May-14	9-May-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5000	5075	<b>-1.48</b>
Khandwa	Mech-1	Closed	NR	-
Khargaon	Mech-1	Closed	NR	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5400	5500	<b>-1.82</b>
Rajkot	B.T. Cotton	5415	5625	<b>-3.73</b>
Patan	B.T. Cotton	5905	6160	<b>-4.14</b>
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	NR	NA	-
Fatehabad	B.T. Cotton	5775	5915	<b>-2.37</b>
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	5650	-
Hubli	B.T. Cotton	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5175	5300	<b>-2.36</b>
Gondal	Shankar-6	NR	NR	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5083	5429	<b>-6.37</b>
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4900	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4850	4860	<b>-0.21</b>
Muktsar	J-34	4830	4850	<b>-0.41</b>
Fazilika	J-34	4850	NA	-
Bhatinda	J-34	4850	4880	<b>-0.61</b>
Mansa	J-34	NA	4850	-
Sirsa	J-34	4750	4800	<b>-1.04</b>
Sri-Ganganagar	J-34	4484	4512	<b>-0.62</b>
Hanumangarh	B.T. Cotton	4750	4820	<b>-1.45</b>
Adilabad	>30mm	NA	4456	-
Warangal	>30mm	NA	4576	-
Guntur	>30mm	NA	4545	-
Bhainsa	>30mm	NA	NA	-

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



The graph mentioned above is showing slightly upward movement of kapas in domestic market. Among the mentioned markets, Bhiwani is fetching the highest prices, whereas Amravati is far lower than the others. Prices could move in range in coming days with firm biasness. Bhiwani and Fazilika are not reporting any arrivals currently.

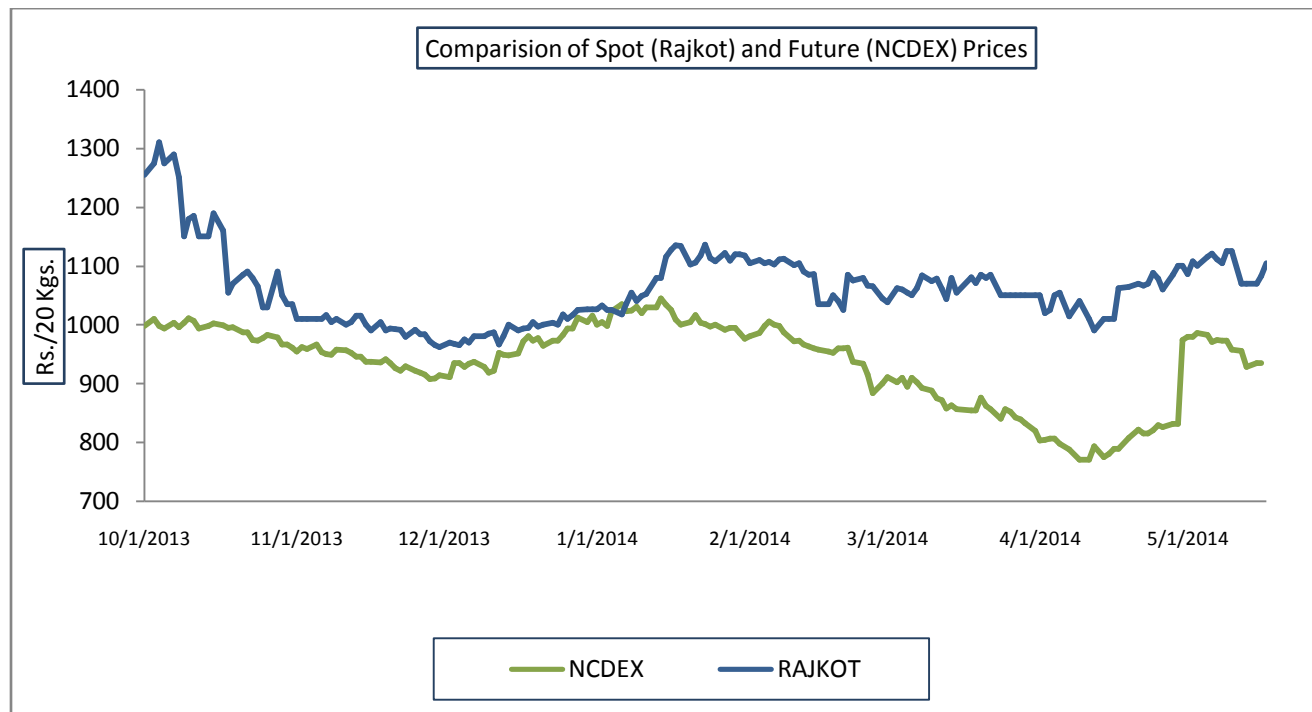
### Average Prices of Lint at Various Centers:



### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	% Change
				15-May-14	8-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	39500	38000	3.9
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	40000	38500	3.9
J-34(202)	26mm	3.5 - 4.9	23	44100	42200	4.5
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40400	40400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42100	41800	0.7
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43700	42200	3.6
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	43200	4.2
DCH-32(107)	34mm	3.0 - 3.8	33	59500	60500	-1.7

**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.

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change %
		16-May-14	9-May-14	
Amravati	Mech-1	191000	212500	-10
Khandwa	Mech-1	1200	NA	-
Khargaan	Mech-1	6000	NA	-
Mahesana(Kadi)	B.T. Cotton	150000	190000	-21
Rajkot	B.T. Cotton	12300	4600	167
Patan	B.T. Cotton	18426	11003	67
Deesa	B.T. Cotton	2500	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	60	20	200
Hubli	B.T. Cotton	22	16	38
Ahmedabad	Shankar-6	234600	253300	-7
Gondal	Shankar-6	NR	NR	-
Bijapur	Bunny	4622	994	365
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4074	907	349
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	1190	1275	-7
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

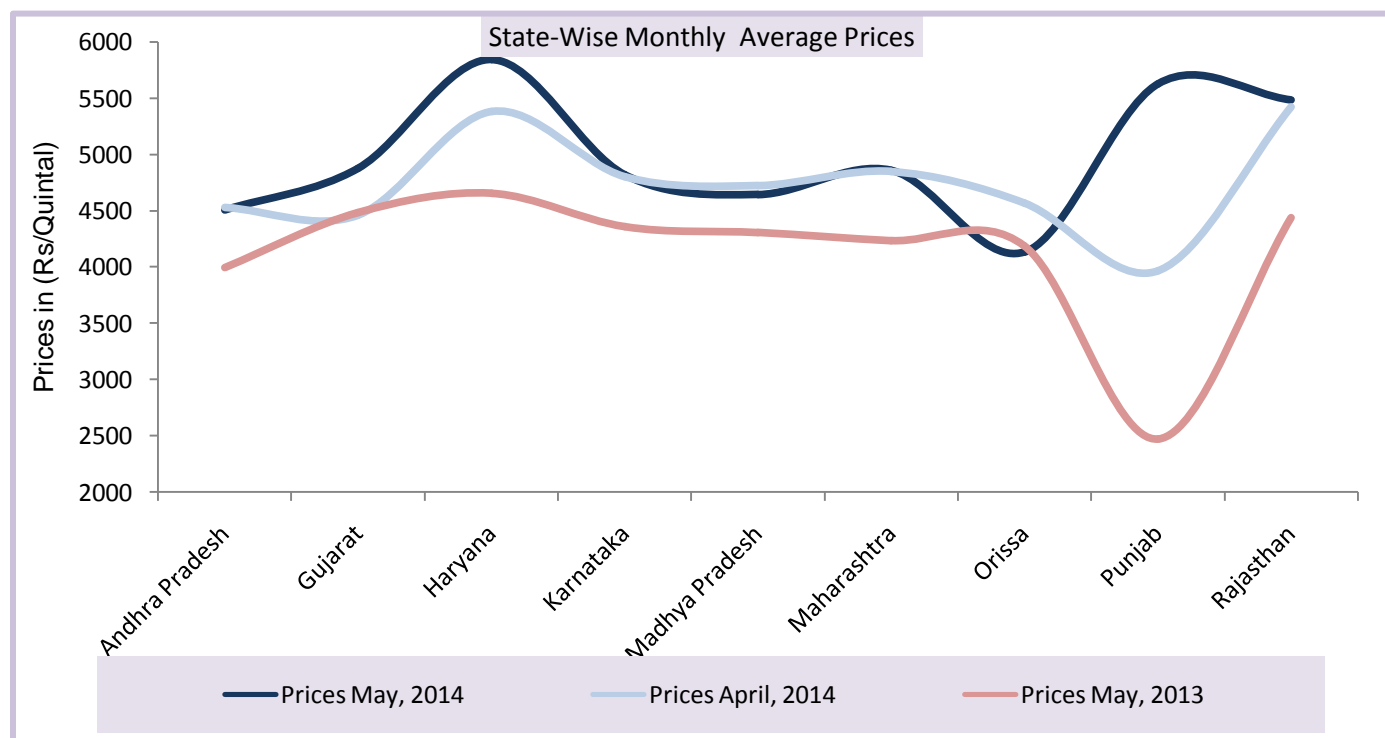
### State wise Scenario

#### State wise Prices (Rs./Qtl.)

State	Prices May, 2014	Prices April, 2014	Prices May, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4506.53	4529.81	3995.45	-0.51	12.79
Gujarat	4878.94	4459.67	4482.8	9.4	8.84
Haryana	5845.06	5380.51	4654.47	8.63	25.58
Karnataka	4818.63	4802.92	4357.15	0.33	10.59
Madhya Pradesh	4643.8	4723.62	4308.27	-1.69	7.79
Maharashtra	4861.77	4849.06	4236.72	0.26	14.75
Orissa	4133.33	4570.23	4190.29	-9.56	-1.36
Punjab	5628.87	3967.84	2471.18	41.86	127.78
Rajasthan	5487.4	5421.2	4438.21	1.22	23.64
<b>Average</b>	<b>4998.95</b>	<b>4599.63</b>	<b>4059.6</b>		

Source : Agmarknet

Prices this year in most of the region are prevailing higher compared to the previous year. Highest prices are being noticed in Haryana and Punjab and Rajasthan this month.





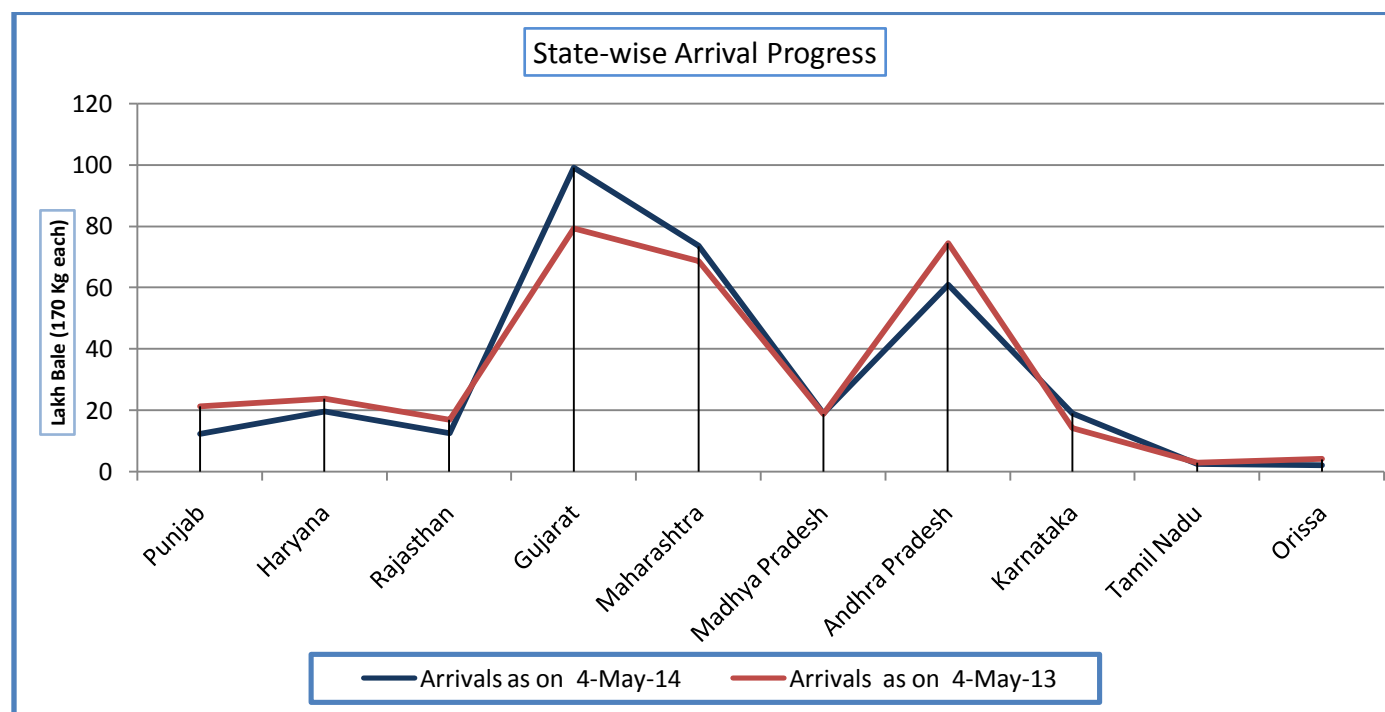
**State wise Arrivals (in lakh bales of 170 kgs each):**

(Quantity in lakh bales of 170 kgs)

States	2013-14*		2012-13	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	1/Dec/13	4/May/14	1/Dec/12	4/May/13
1. Punjab	21	12.31	21	21.23
2. Haryana	23	19.53	25	23.76
3. Rajasthan	14	12.52	17	16.85
4. Gujarat	116	99.01	93	79.3
5. Maharashtra	81	73.5	79	68.59
6. Madhya Pradesh	19	18.92	19	18.76
7. Andhra Pradesh	72	60.93	84	74.45
8. Karnataka	18	19.03	15	14.18
9. Tamil Nadu	5	2.45	6	2.89
10. Orissa	4	2.06	4	4.07
11. Others	2	1.58	2	1.93
<b>Grand Total</b>	<b>375</b>	<b>321.84</b>	<b>365</b>	<b>326.01</b>

\* Inclusive of new crop arrivals in September 2013

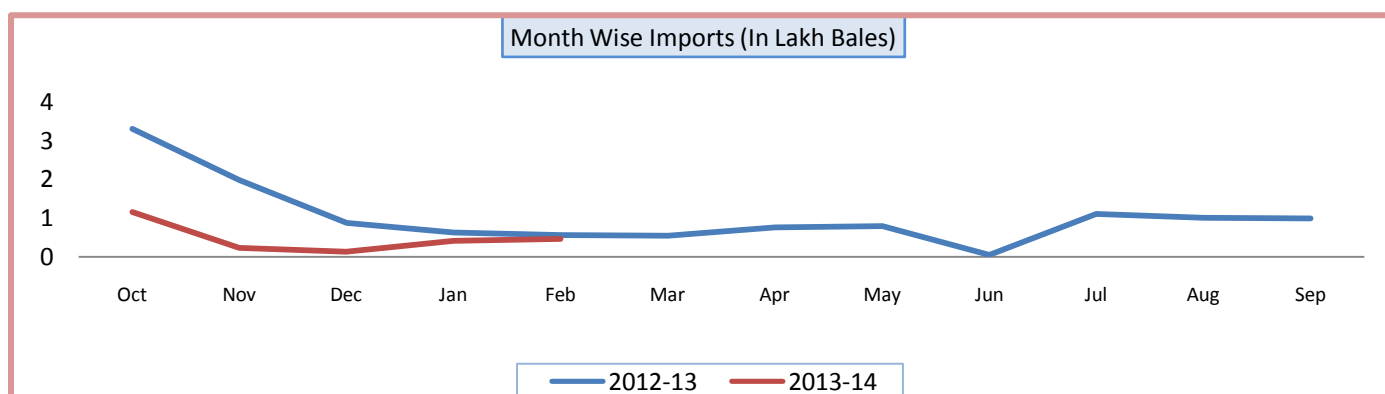
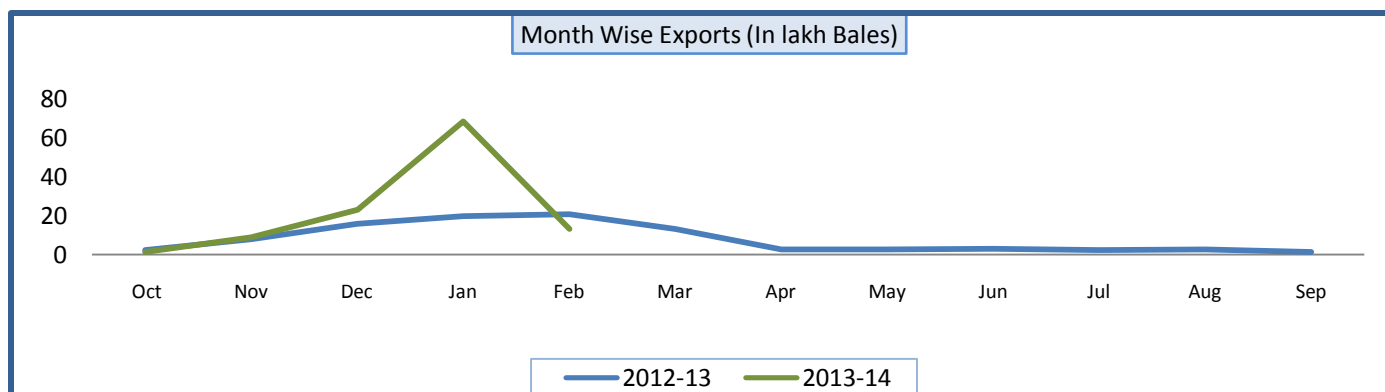
Source: Cotton Corporation of India



### 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**

<b>Country</b>	<b>Quantity (In Lakh Bales)</b>
China	5.43
Bangladesh	2.65
Pakistan	1.04
Vietnam	0.97
Turkey	0.57

**Import Break Up by Major Countries During  
February'14**

<b>Country</b>	<b>Quantity (In Lakh Bales)</b>
USA	0.23
Pakistan	0.08
Sudan	0.05
Egypt	0.03
Israel	0.02

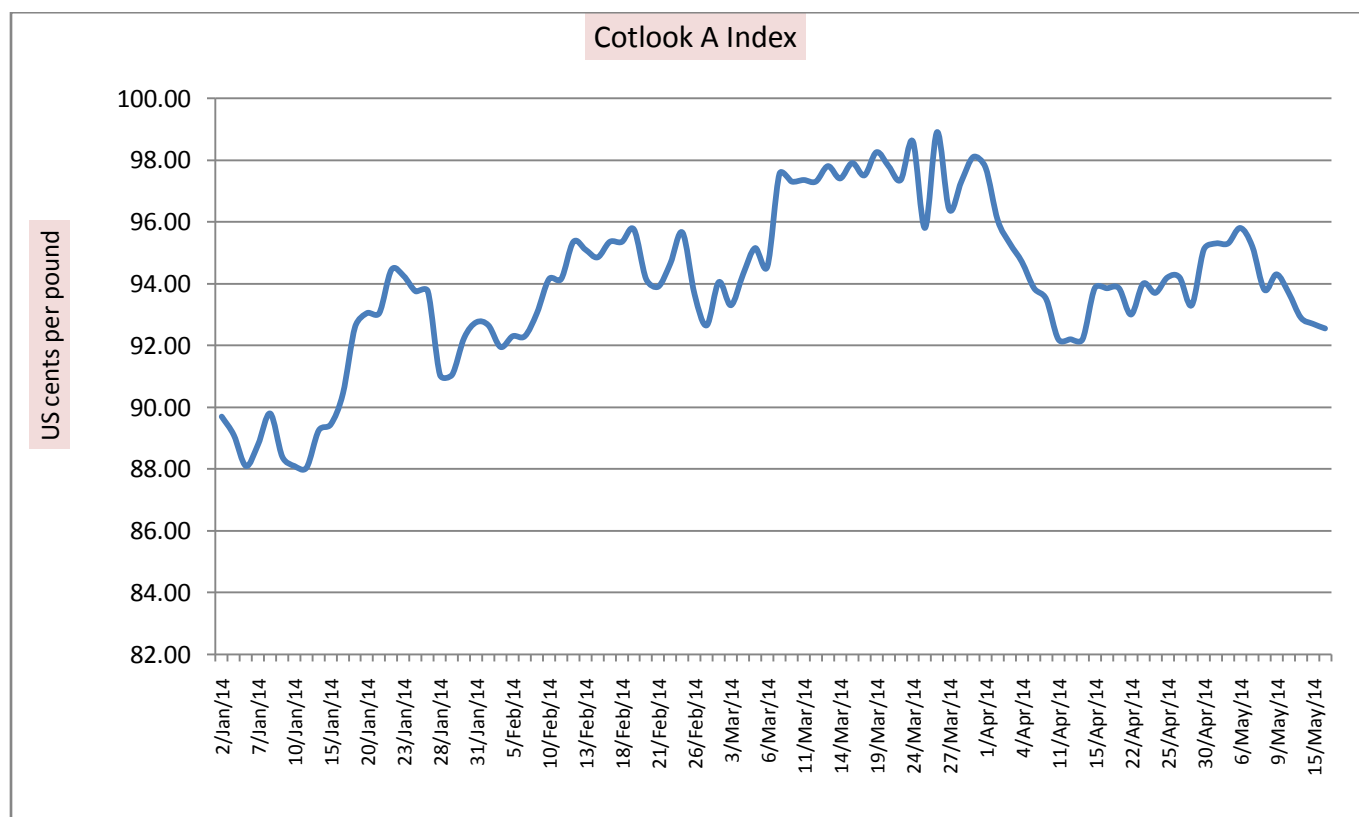
### International Market Scenario

**Production of cotton in China is likely to be around 6.44 million tons, 23000 tons higher**, which was projected earlier, as reported by Beijing Cotton Outlook (BCO) in its latest release. China cotton ending stock in 2014-15 is expected to be around 13.42 million tons compared to 13.13 million tons estimated earlier. According to BCO, cotton import and consumption in China during 2014-15 would be around 2.20 million tons and 7.70 million tons respectively.

**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.

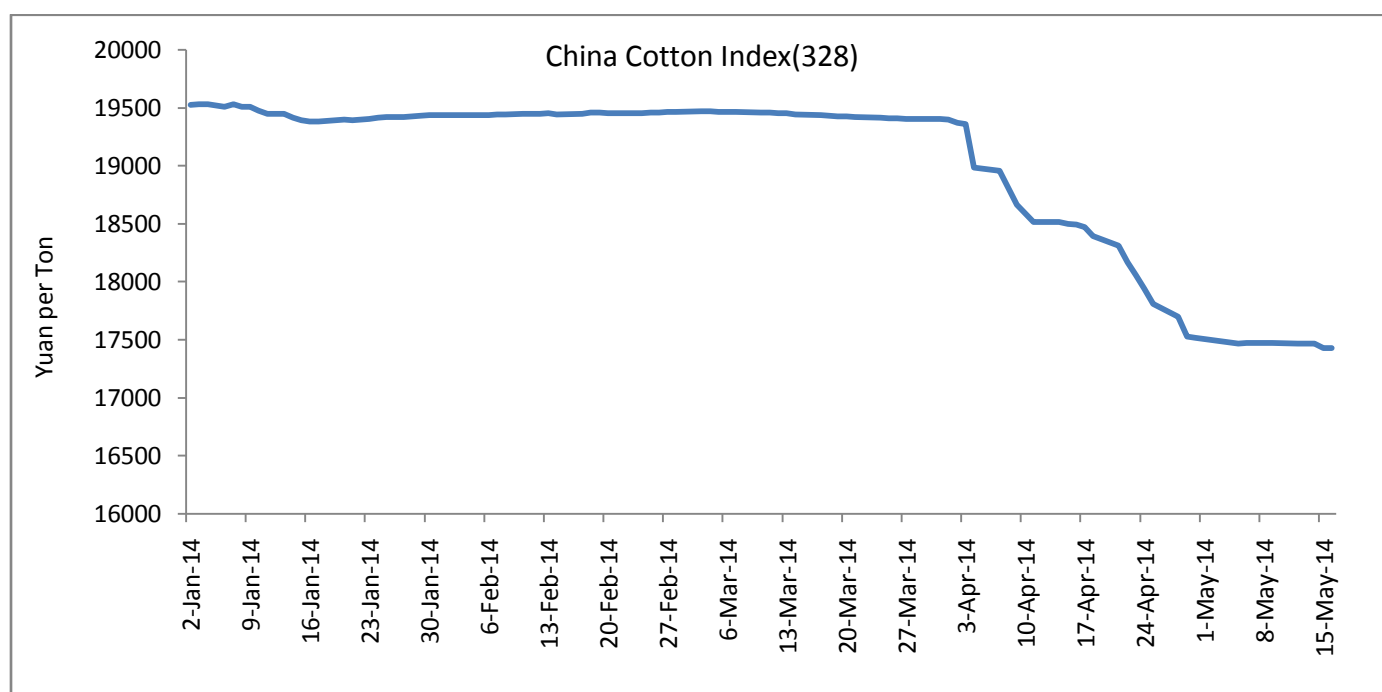
**Global cotton ending stock, according to International Cotton Advisory Committee (ICAC)** is likely to be around 21.04 million tons in 2014-15, nearly 5% higher of the ending stock expected in 2013-14, which would be around 20.04 million tons as reported by ICAC.



### International Prices and Indices

#### China Cotton Index:

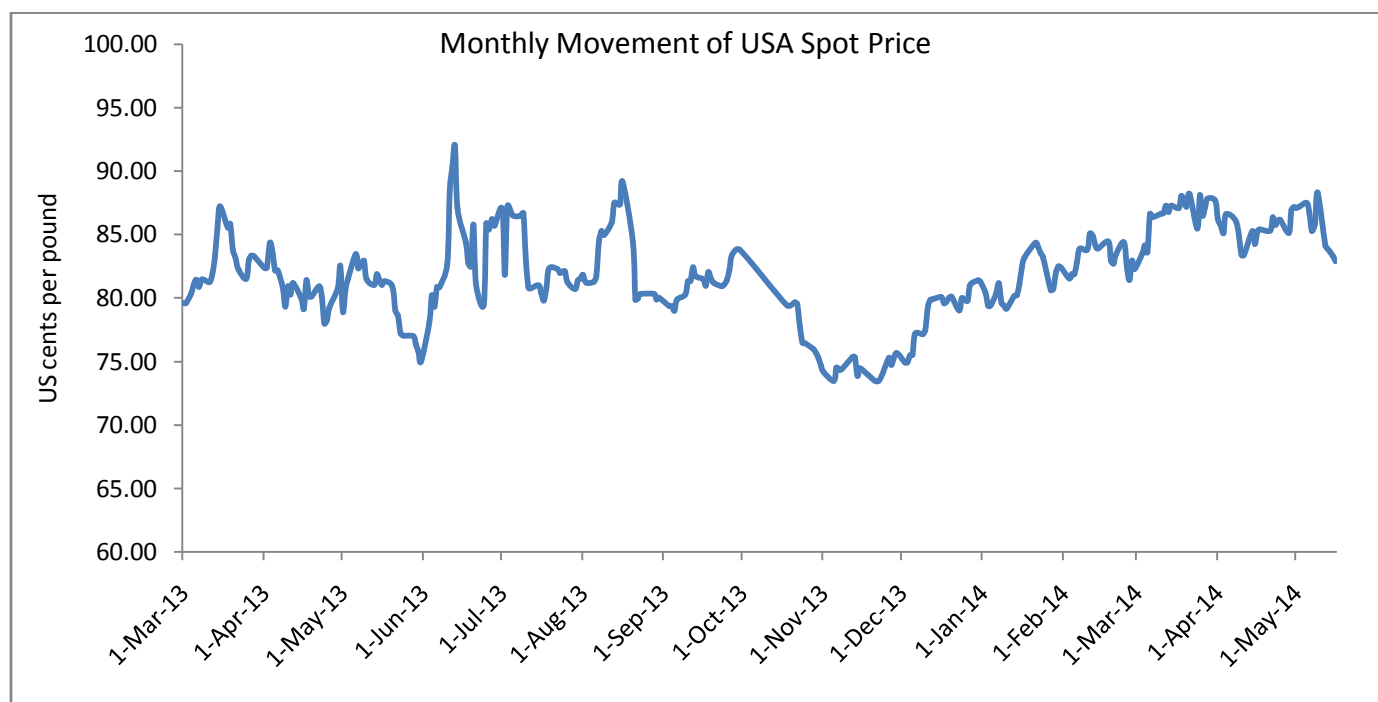
CC Indices	16/May/14	9/May/14	Change
CC Index(229)	18283	18337	-0.29
CC Index(328)	17427	17472	-0.26
CC Index(527)	16325	16353	-0.17
Prices in Yuan per Ton			



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	16/May/14	9/May/14	% Change
<b>Prices</b>	82.9	88.3	-6.13
Prices in US cents per Pound			



### 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	2.64
April	94.94	94.2	-0.78
May	94.92		
June	93.35		
July	92.62		

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

Contracts	16/05/2014	16/04/2014	16/05/2013	% Month Change	% Y-o-Y Change
<b>Jul-14</b>	89.82	92.57	85.27	-2.97	5.34
<b>Oct-14</b>	82.22	82.23		-0.01	
<b>Dec-14</b>	82.34	81.36		1.20	
<b>Mar-15</b>	81.63	81.04		0.73	
<b>May-15</b>	81.75	81.13		0.76	
<b>Jul-15</b>	81.79				

Prices in US cents per Pound

## Cotton Futures

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



### Weekly Technical Outlook:

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

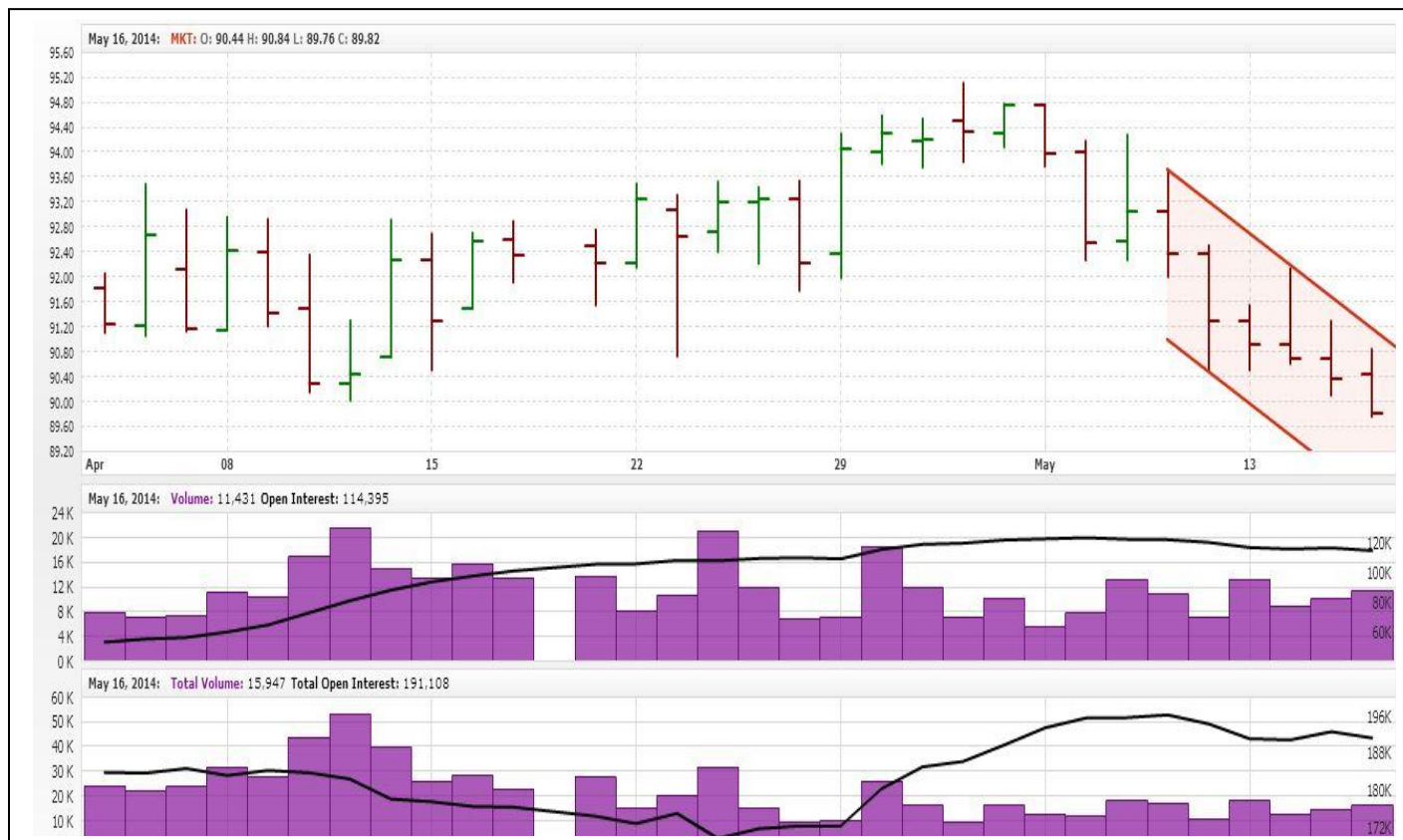
### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range Bound Momentum with Firm Biasness	915-955

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
900	895	965	975

Figures in Rs. per 20Kgs.

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

**Weekly Technical Outlook:**

- Candlestick denotes weak sentiments in the market.
- Pattern of volume and Open interest are showing consolidation in market.
- A slight recovery could be seen in near term.
- We expect prices to remain in range with firm biasness.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Range bound to Slightly Firm	89.00-92.20

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
88.60	88.20	94.00	94.40

Figures in US cents per pound

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