

Current Market Outlook

India now holds the second rank in global textiles export, beating its competitors like Italy, Germany and Bangladesh, as per the recent data released by UN Comtrade. China is the leading global textile and apparel exporter followed by India, whose share stood 17.5% in year 2013 in world export of textile.

Cotton sowing in north India is running in final phase. According to the farmers almost 90-95% of cotton sowing has been completed. It should be noted that farmers are moving towards cotton from other crops like Guar.

The consumption in India increased to 4.8 million tons in 2012/13, witnessing a growth of 12% due to revision of Chinese cotton policy and it's expected to grow by 7% to 5.4 million tons in 2014/15. India cotton export is forecasted to fall to level of 1.1 million tons in 2014/15, noticing a decline of 21%.

MSP of Kharif crop 2014-15, including cotton would be announced on June 15. A moderate hike of Rs. 50 per quintal in MSP of cotton is reportedly suggested by Agriculture Commission.

The pace of cotton sowing is showing good prospects for cotton this year. In most of the cotton growing region, sowing is in the final phases and in fewer it would last a few more days. According to the farmers, cotton acreage is likely to increase this year as cotton fetches better remuneration than others crops like Paddy and Oilseeds. Besides this, due to availability of improved varieties, cotton cultivation is less associated with weed and pest attacks and it is less labour intensive. Also the threats of El Nino is also doing favors for cotton, as the fibre crop requires the lesser water than paddy and other Kharif crops. The property of cotton to loosen the soil and make it suitable for other crops is also a reason encouraging farmers to grow cotton instead of paddy, which leaves adverse impact on soil.

India is expected to become largest producer of cotton by 2022 says "The Agricultural Outlook, 2013-2022". As per this recently release report, production of cotton in China is likely to decline by 17% whereas India will increase its production by 25%. The report mentioned above is collaborative effort of Organization of Economic Co-operation and Development (OECD) and Food and Agriculture Organization (FAO) of United Nations (UN).

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.

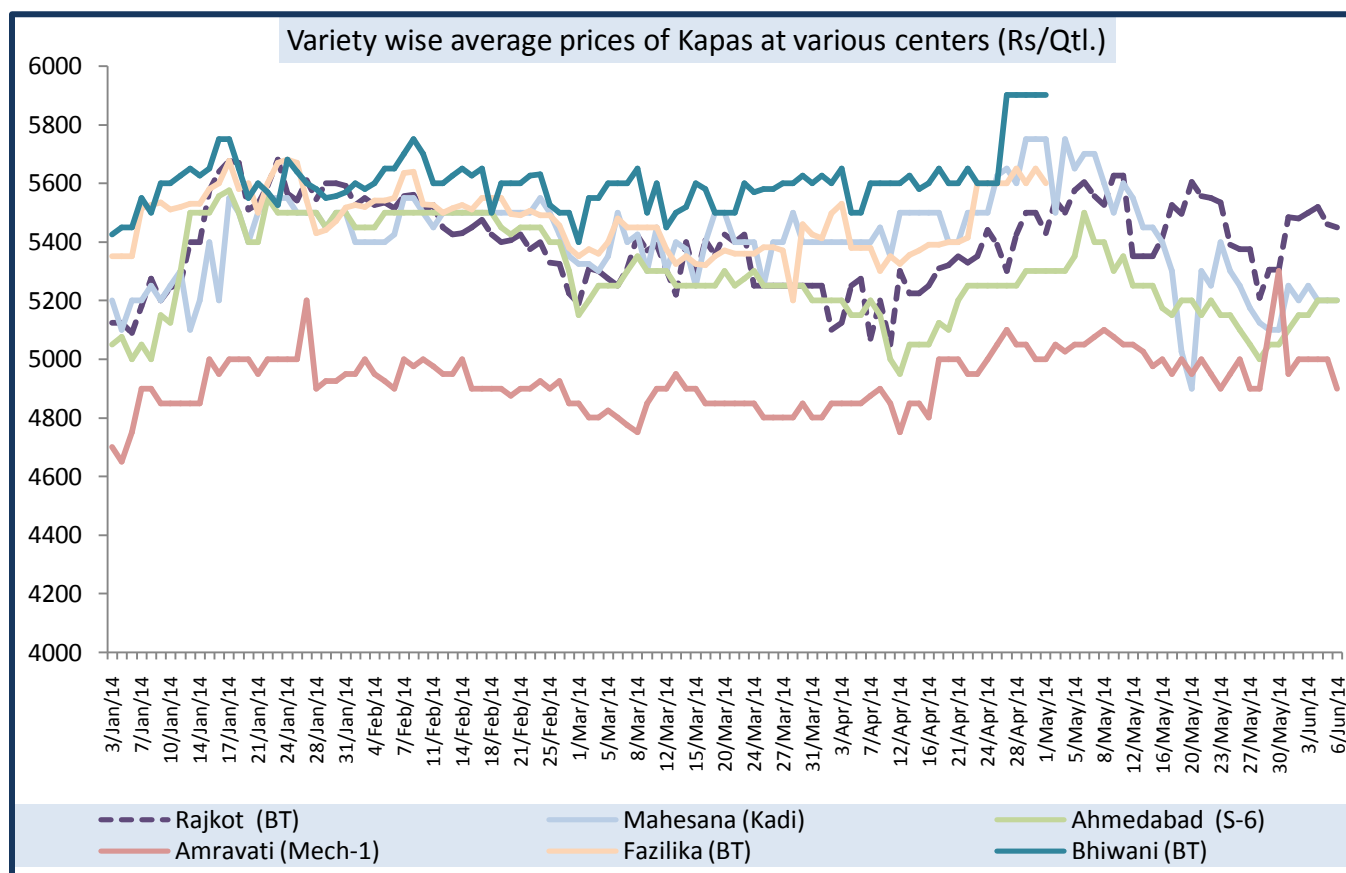
Export of cotton yarn from India is expected to be around 1,350 million kg valued USD 4.70 billion, for the financial year 2014. During the Initial 10 months alone i.e. April to January, India has exported around 1,082 million kg of cotton yarn valued USD 3.75 billion.

Cotton Prices and Arrivals

Cotton Prices at Key Spot Market:

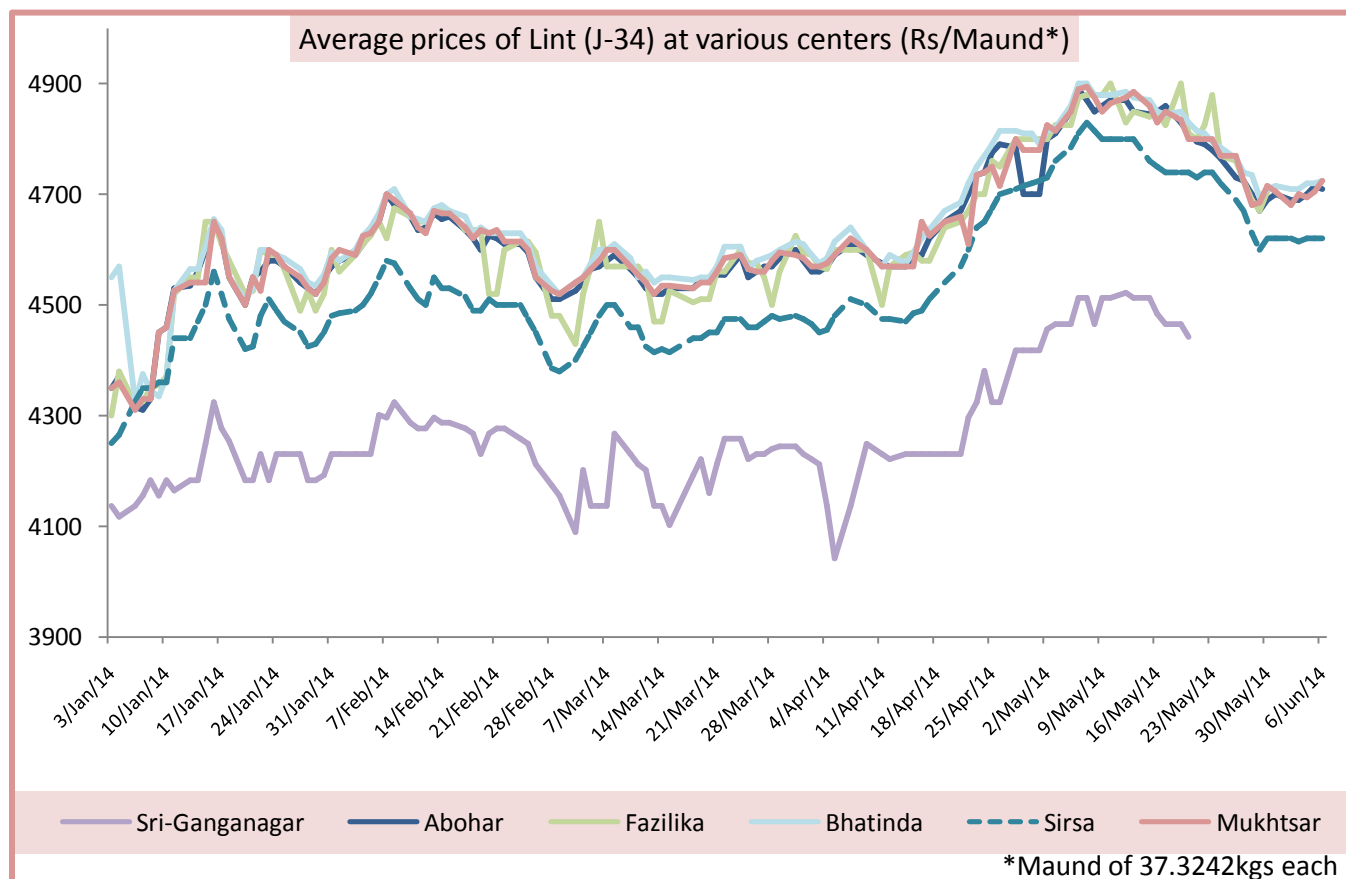
Centre	Variety	Prices		Change
		06-Jun-14	30-May-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4900	5300	-7.55
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5200	5100	1.96
Rajkot	B.T. Cotton	5450	NR	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NR	-
Fatehabad	B.T. Cotton	5550	5710	-2.80
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	NA	NA	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5200	5050	2.97
Gondal	Shankar-6	5005	5505	-9.08
	Kapas	(Rs./Qtl)		
Bijapur	Bunny	5359	5339	0.37
Hubli	D.C.H.	4495	NA	-
Raichur	H-44 Cotton	4850	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4710	4690	0.43
Muktsar	J-34	4725	4715	0.21
Fazilika	J-34	4700	4705	-0.11
Bhatinda	J-34	4725	4710	0.32
Mansa	J-34	NA	NA	-
Sirsa	J-34	4620	4620	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4620	4610	0.22

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



The graph given above is showing overall mixed movement of kapas in domestic market. Among the mentioned markets, Rajkot is fetching the highest prices currently. Mahesana noticed a slight improvement during the week. Ahmedabad is also reported with recovery in the prices, whereas Amravati noticed a downtrend. Prices could move in range in coming days with weak biasness. Bhiwani and Fazilika are not reporting any arrivals currently.

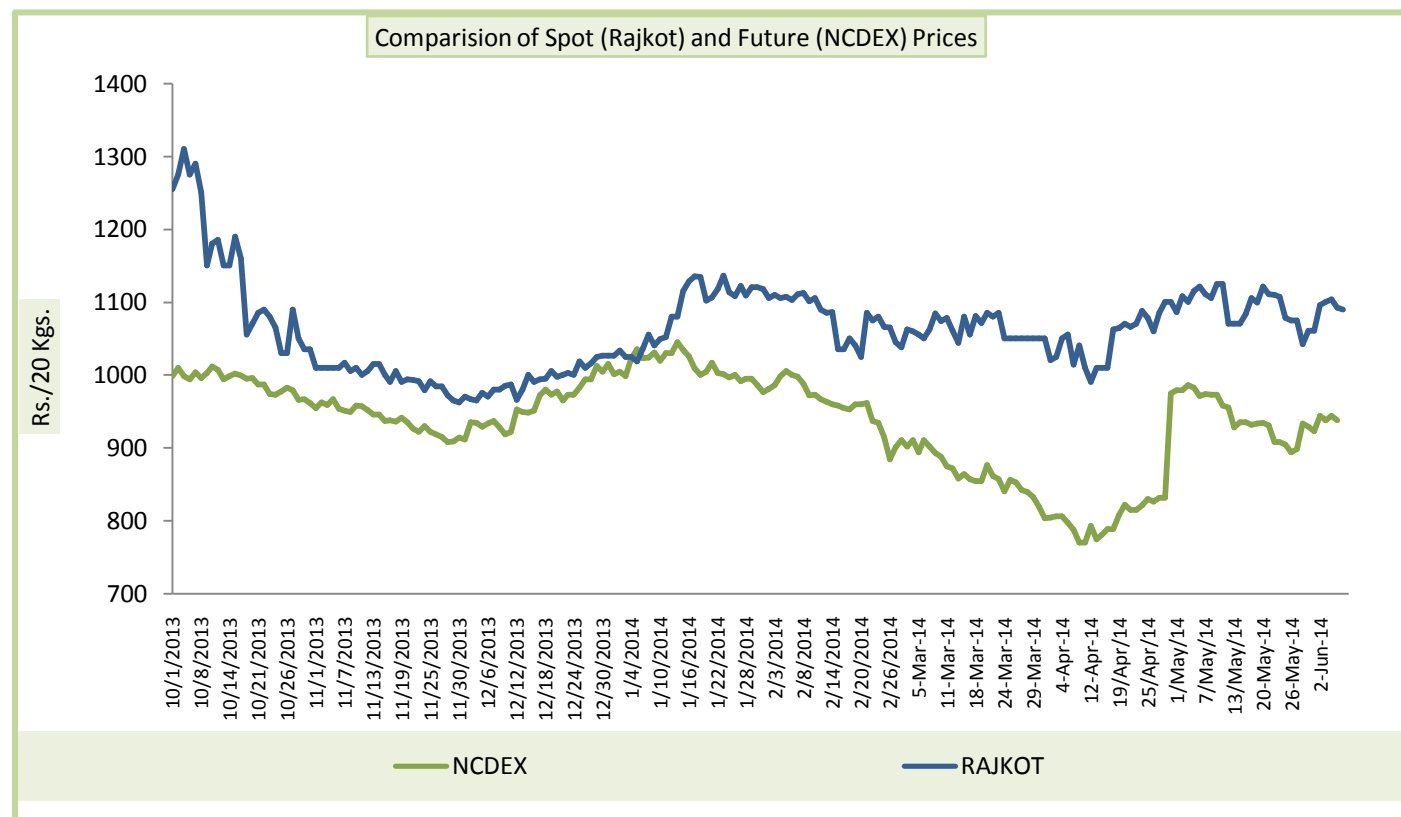
Average Prices of Lint at Various Centers:



Lint prices remained steady during the week due to the lackluster demand from overseas including China. Fazilika, Mukhtsar, Abohar and Bhatinda are fetching highest prices among the mentioned centers. Sirsa is noticing a little lower prices. Sri-Ganganagar is not reported with arrivals.

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	% Change
				5-Jun-14	29-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	39900	39400	1.27
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	40400	39800	1.51
J-34(202)	26mm	3.5 - 4.9	23	43100	42800	0.70
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39800	39200	1.53
Shankar-6(105)	29mm	3.5 – 4.9	28	41600	40700	2.21
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43400	43000	0.93
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	44600	0.90
DCH-32(107)	34mm	3.0 - 3.8	33	58500	58500	Unch

Movement of Prices at Spot and Future Market:


Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		6-Jun-14	30-May-14	
Amravati	Mech-1	48000	125000	-61.60
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	90000	110000	-18.18
Rajkot	B.T. Cotton	25600	21750	17.70
Patan	B.T. Cotton	NA	7026	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NR	-
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	NA	NA	-
Hubli	B.T. Cotton	NA	65	-
Ahmedabad	Shankar-6	168300	270300	-37.74
Gondal	Shankar-6	3726	6672	-44.15
Bijapur	Bunny	5332	4437	20.17
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	1977	-
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	867	1020	-15.00
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

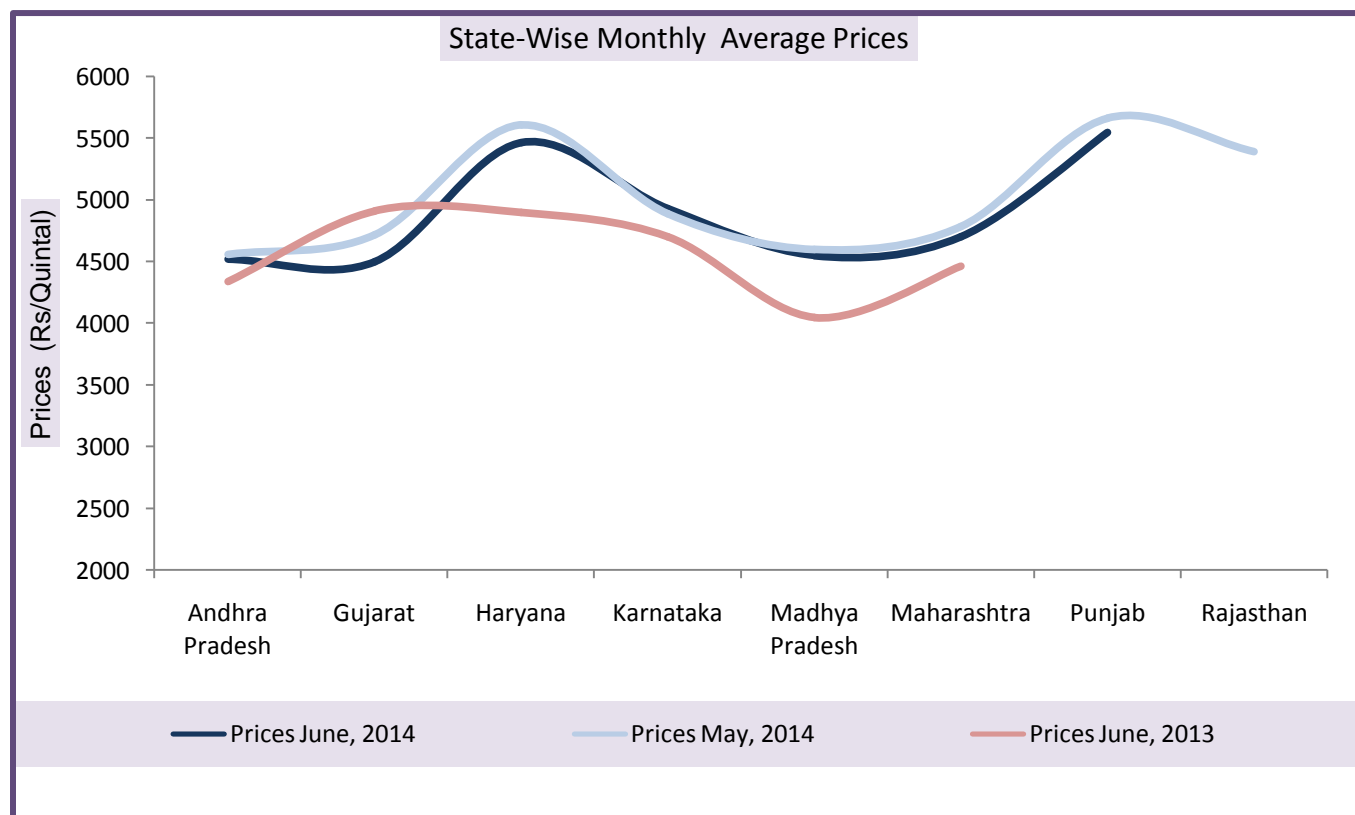
State wise Scenario

State wise Prices (Rs./Qtl.)

State	Prices June, 2014	Prices May, 2014	Prices June, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4519.29	4556.2	4339.05	-0.81	4.15
Gujarat	4497.1	4713.97	4907.23	-4.6	-8.36
Haryana	5463.37	5606.64	4894.71	-2.56	11.62
Karnataka	4927.76	4885.06	4699.13	0.87	4.87
Madhya Pradesh	4547.27	4596.06	4047.01	-1.06	12.36
Maharashtra	4700.51	4780.84	4461.27	-1.68	5.36
Punjab	5544.71	5661.37		-2.06	—
Rajasthan		5390.38	4759.77	—	—
Average	4875.97	4798.89	4427.73		

**Source: Agmarknet*

Prices in June remained weak compared to the previous month whereas on yearly basis it is mostly higher when compared to corresponding period. Highest price during June is reported in Punjab followed by Haryana. Weakest price among the mentioned markets is reported in Gujarat, which has witnessed the downfall in prices on Y-o-Y and M-o-M basis also.



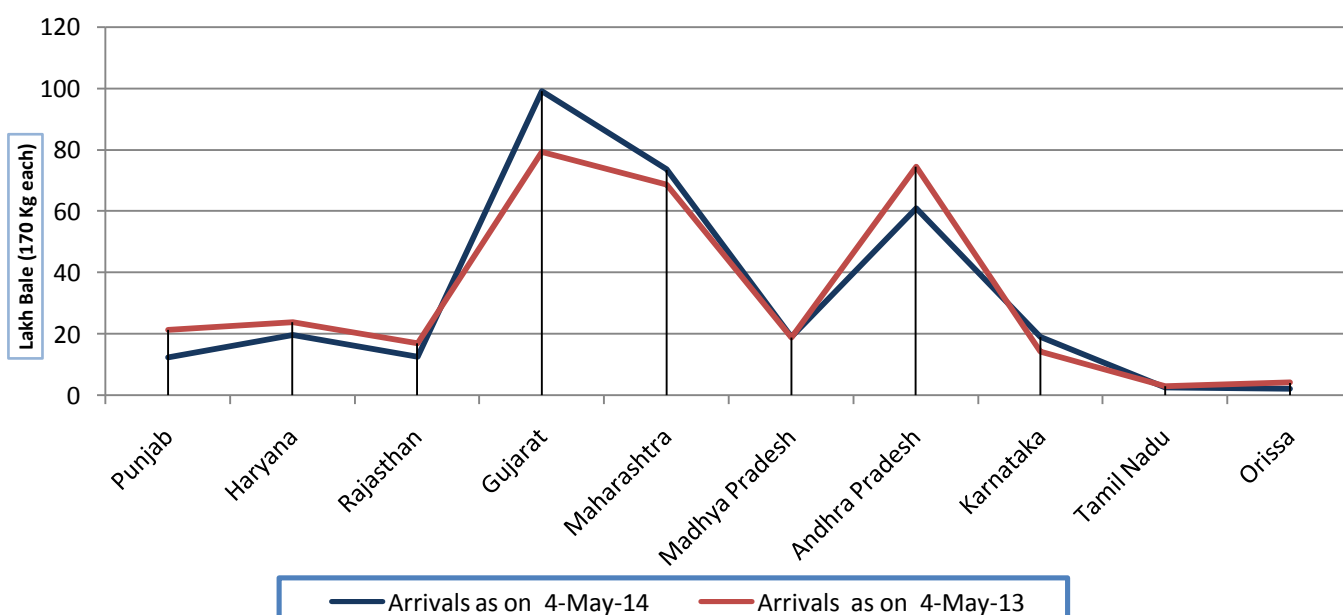
State wise Arrivals (in lakh bales of 170 kgs each):

(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
Grand Total	375	321.84	365	326.01

* Inclusive of new crop arrivals in September 2013

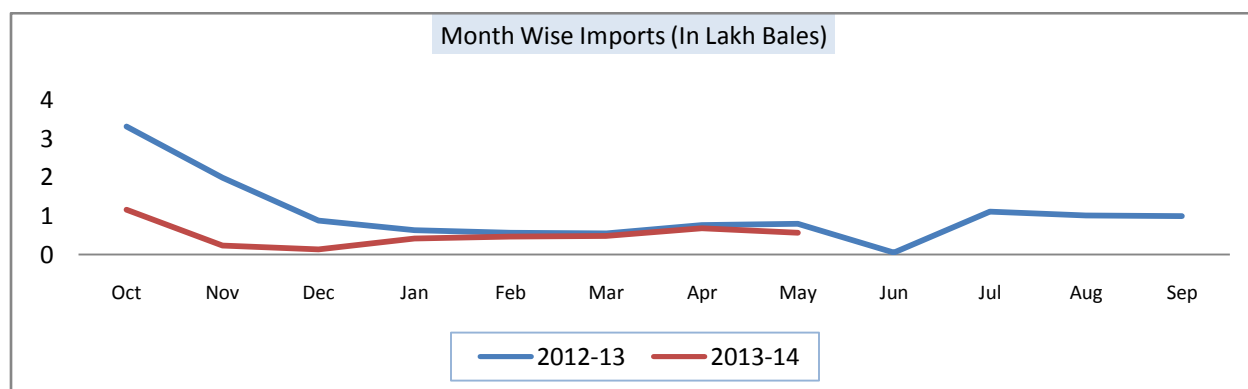
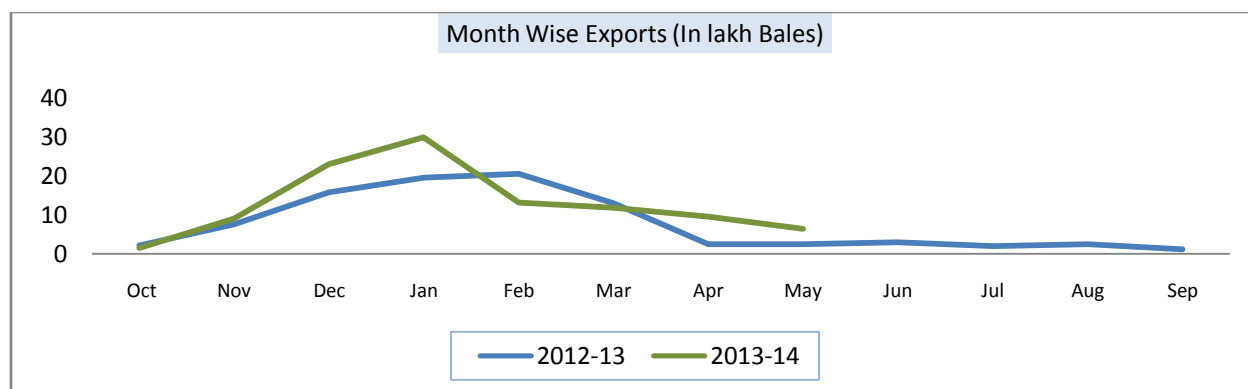
Source: Cotton Corporation of India

State-wise Arrival Progress


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	30
Feb	20.67	13.15
Mar	13.07	11.9
Apr	2.5	9.46
May	2.58	6.37
Jun	3.01	
Jul	2.06	
Aug	2.5	
Sep	1.22	
Total	93.12	104.5
Source: IBIS		

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	0.488
Apr	0.76	0.68
May	0.8	0.56
Jun	0.05	
Jul	1.1	
Aug	1.01	
Sep	0.99	
Total	12.61	4.13
Source: IBIS		

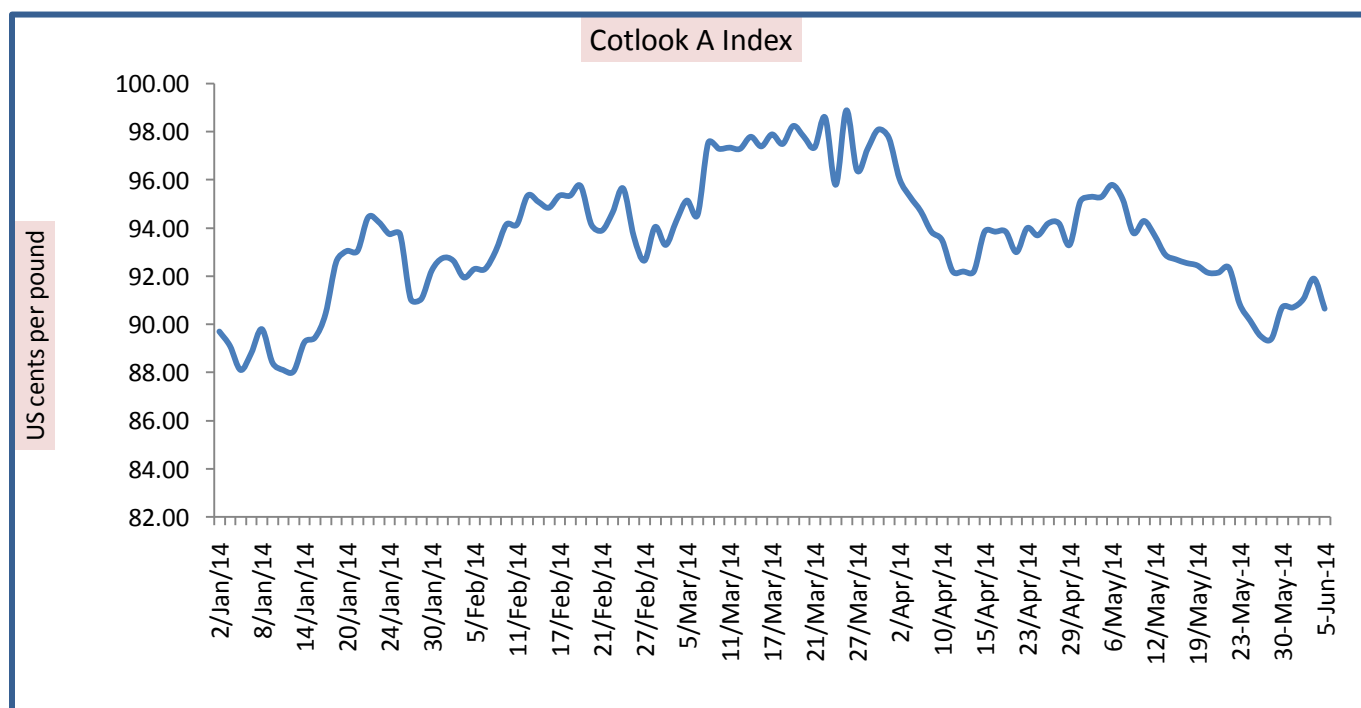


International Market Scenario

World cotton trade is expected to notice timid sentiments in coming season. The volume of cotton traded worldwide is expected to decline to 8.1 million tons, noticing a fall of 8%, said International cotton advisory committee (ICAC). Reason for the same is fall in shipment to China which was 5.3 million tons in 2011/12 and expected 2.1 million tons in 2014/15. World consumption on other hand is projected to increase by 3% to 24.2 million tons in 2014/15. As far as India is concerned, the consumption in country increased to 4.8 million tons in 2012/13, witnessing a growth of 12% due to revision of Chinese cotton policy and it's expected to grow by 7% to 5.4 million tons in 2014/15. In the coming season exports from Greece and CFA zone will notice growth of 6% and 3% respectively but at the same time exports from the major producers and exporters would decrease. USA cotton export is expected to decrease by 1% to 2.6 million tons, Australia export is likely to fall by 23% to 8 lakh tons and India cotton export is forecasted to fall to level of 1.1 million tons, noticing a decline of 21%.

As per the weekly crop data released by USDA on June 01, 2014, 74% of the cotton planting has been completed in USA (15 Major states), a week earlier it was 62%. The planting this year is little lower than the previous year during the corresponding period, which stood 79%. The five year average is 81%, which is far higher than the current planting pace in USA.

Global cotton inventory is expected to surge to the level of 21 million tones by the end of crop season 2014-15, said International cotton advisory committee (ICAC). According to the committee global trade is likely to decline sharply on lower demand from China.



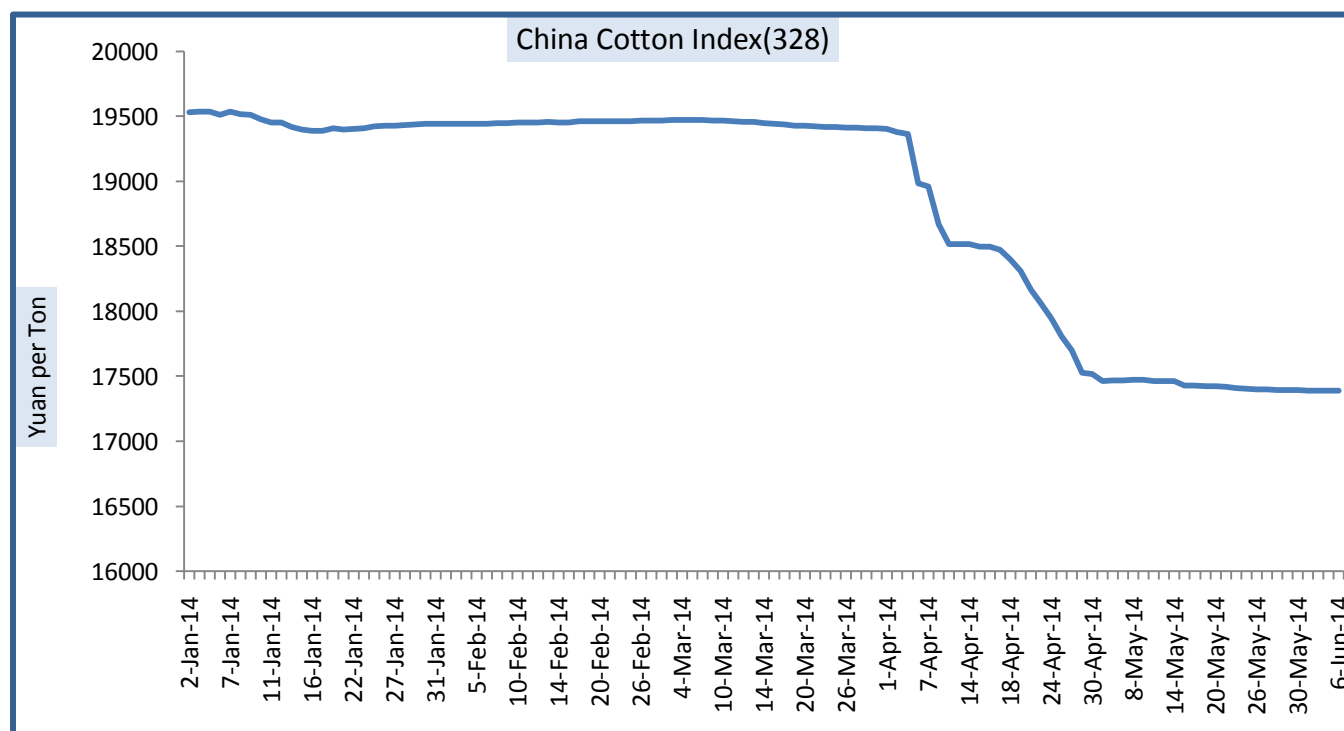
Prices of Cotton on global front fluctuated high and then low in the week. Enough supply and weaker demand from China is restricting prices to move up.

International Prices and Indices

China Cotton Index:

CC Indices	6/Jun/14	30/May/14	% Change
CCIndex(229)	18186	18201	-0.08
CCIndex(328)	17389	17392	-0.02
CCIndex(527)	16266	16289	-0.14

Prices in Yuan per Ton

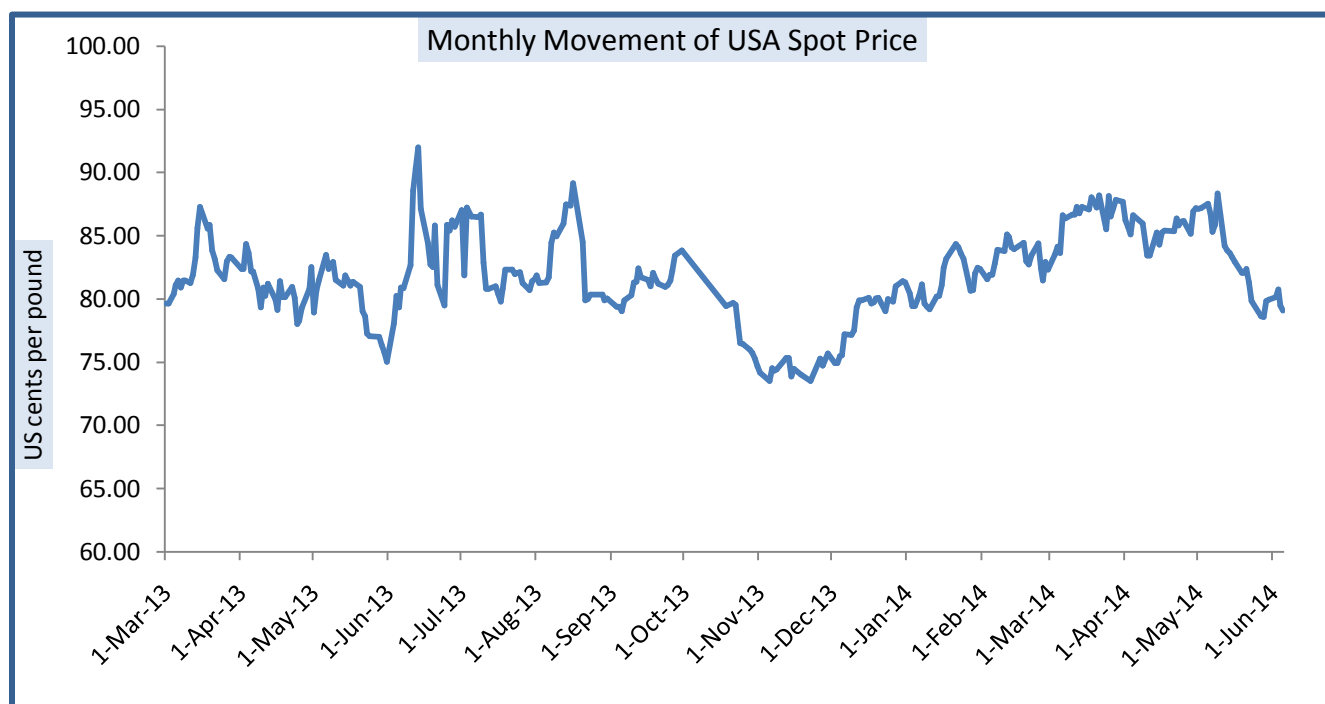


China cotton index moved flat during the week amid the sluggish buying activities itself by China. China the largest importer of cotton would import lesser this year, making cotton prices worldwide to move lower. China has also revised the policy for buying cotton.

USA Spot Prices:

Date	5/Jun/14	30/May/14	% Change
Prices	79.1	79.9	-1.05

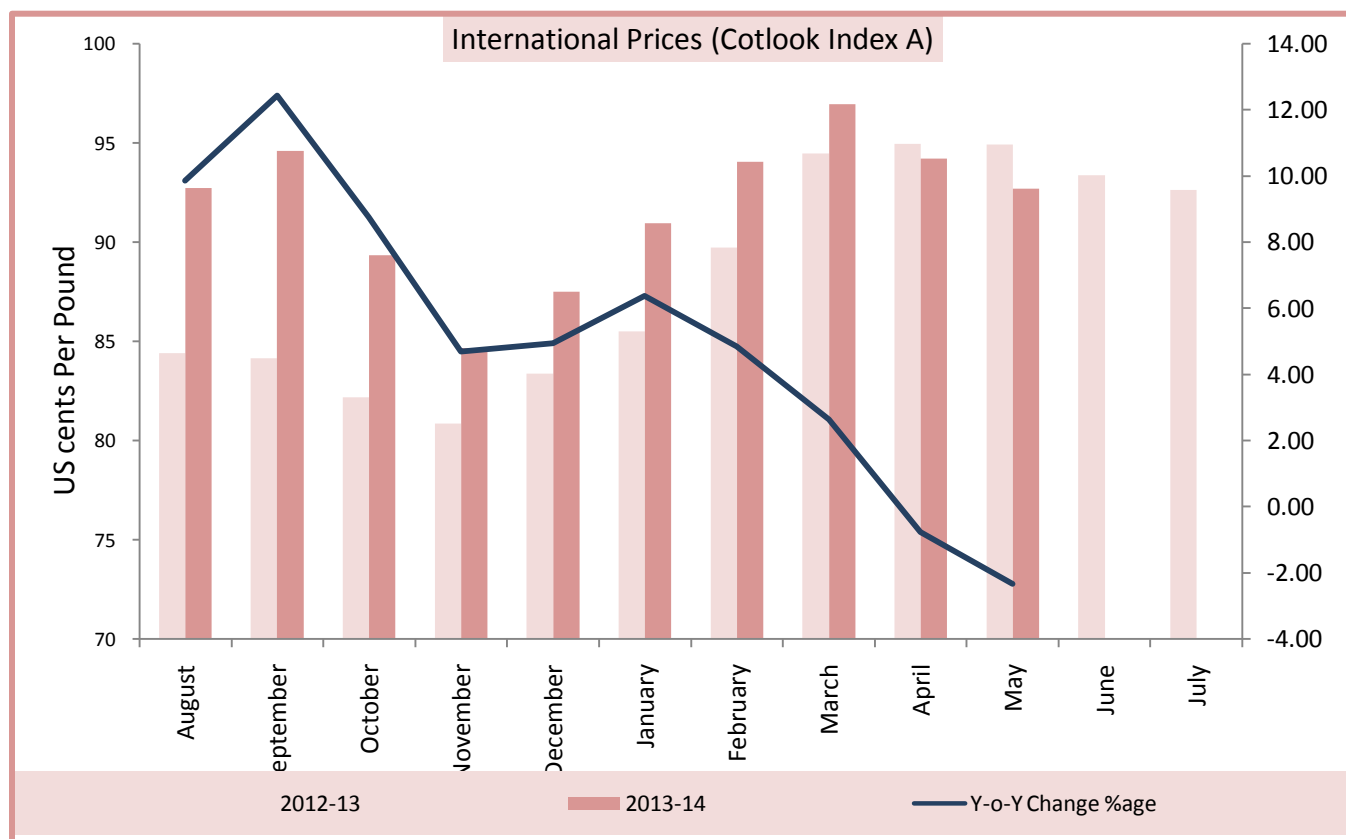
Prices in US cents per Pound



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	92.7	-2.34
June	93.35		
July	92.62		

Source: Cotlook



Cotton Future Contracts on ICE (International Market):

Contracts	06/06/2014	06/05/2014	06/06/2013	% Month Change	% Y-o-Y Change
Jul-14	84.78	93.98	86.46	-9.79	-1.94
Oct-14	77.5	84.72	--	-8.52	--
Dec-14	78	84.12	--	-7.28	--
Mar-15	78.4	83.24	--	-5.81	--
May-15	79.38	83.17	--	-4.56	--
Jul-15	80.34	--	--	--	--

Prices in US cents per Pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlestick denotes sideways sentiments in the market.
- RSI is fluctuating in neutral region depicting a bearish crossover in near term
- We expect prices to be in range with weak biasness.

Expected Price Range During Coming Week.

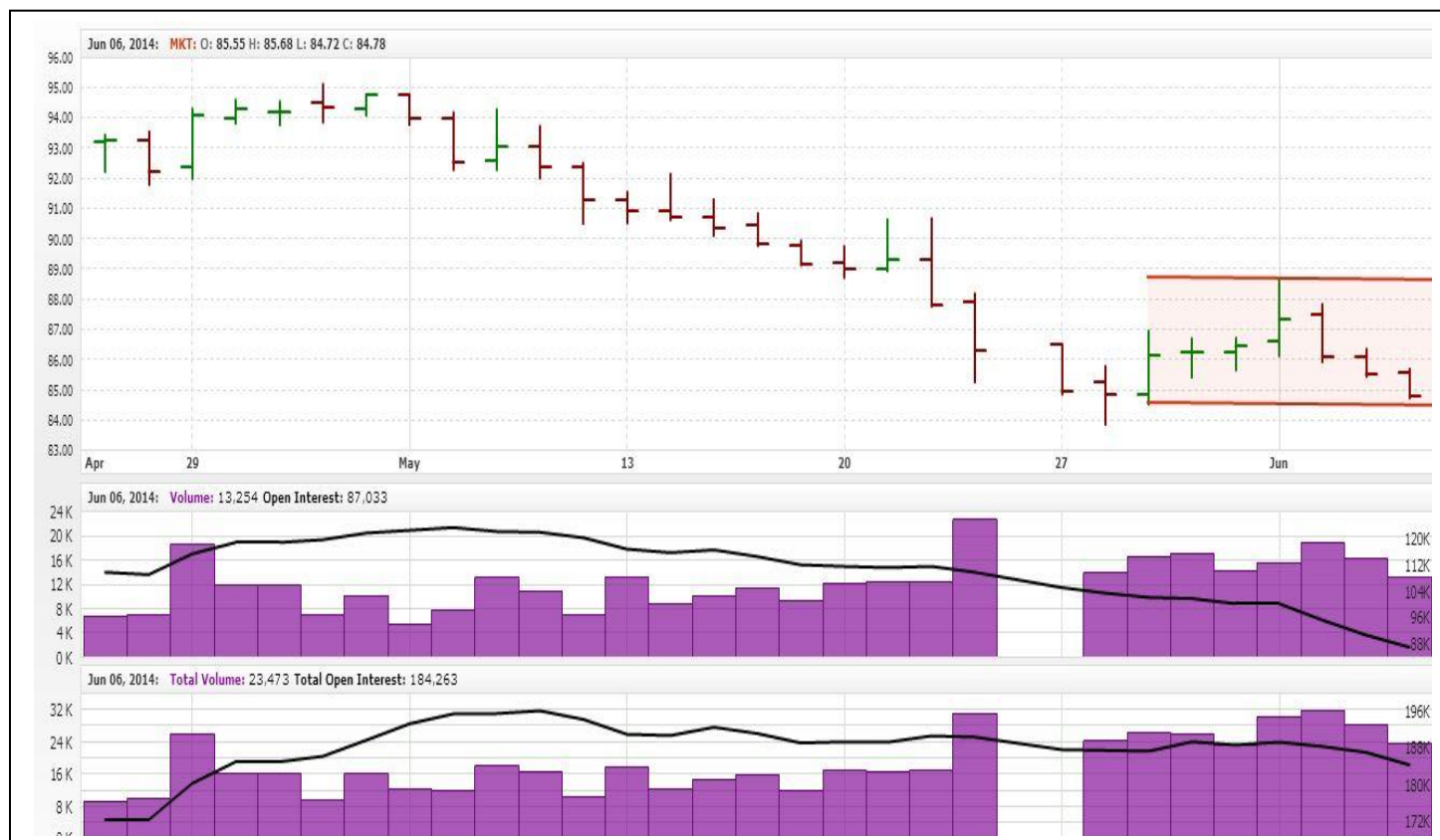
Expected Trend	Expected Trading Band
Range Bound with Weak Biasness	915-955

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
909	900	969	985

Figures in Rs. per 20Kgs.

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



Weekly Technical Outlook:

- Candlestick denotes range bound sentiments in the market.
- Falling open interest and Volume depicts weakness in the market.
- We expect prices to remain in range with weak biasness.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound with Weak Biasness	83.20-88

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
83.00	82.40	88.60	89.00

Figures in US cents per pound

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