

Current Market Outlook

Current Market Outlook: Cotton market noticed weak tone during the week amid lackluster demand.

With the revival of monsoon, cotton sowing in the key central regions of the country is picking up. Although continuous rains in Maharashtra slowed down the planting pace, the sowing is likely to gain momentum in coming days. According to the Central Institute of Cotton Research (CICR), despite the delayed sowing, cotton acreage would be around 110 lakh hectares this season, which was 115 lakh hectares last season.

According to Ministry of Agriculture, around 76.15 lakh hectare of area has been sown for cotton this year as on July 25, around 27.5% lower than the previous year, when it was 105.06 lakh hectares during the same period.

Cotton Corporation of India (CCI), a public sector undertaking which carries out market intervention in order to support cotton farmers, has signed a Memorandum of Understanding (MoU) with National Textile Corporation (NTC) to set up a Ginning cum Pressing (GNP) mill in the Telangana. Also CCI plans to set up a warehouse with storage capacity of 100,000 tonnes.

According to Ministry of Agriculture and Ministry of Textile, cotton output in India during season 2014-15 is expected to decline to five year low to 30 million bales (of 170 kg. each) , measuring a decline of 17% from the current year's production which is 36.5 million bales, as estimated in third advance estimate by Department of Agriculture and Co-operation. Reason for the expected fall in production is steep decline in the cotton area due to the deficit rainfall. The cotton sowing is lagging by 44%, as on July 18 only 5.6 lakh hectares of cotton was sown, which was 10.0 lakh hectares last year during the corresponding period.

Despite the expectation of deficit rainfall this year, farmers have sown mostly water intensive crops. According to the statistics released by Department of Agriculture, maximum sowing happened for paddy, among the cereals.

Government of India has approved Cotton Development Programme as a Sub-scheme under the National Food Security Mission (NFSM) by adopting the cropping system approach, during the current year i.e. 2014-15. Under this sub scheme, assistance would be provided for Front Line Demonstration on High Density Planting System (HDPS), Intercropping, Extra Long Staple (ELS)/ Desi Cotton, besides programme on Insecticides Resistance Management (IRM) and Online Pest Monitoring and Advisory Services (OPMAS). In order to extend technical assistance and benefits to farmers, the programme is implemented through State Department of Agriculture, Indian Council of Agricultural Research (ICAR), State Agriculture Universities (SAUs), Krishi Vigyan Kendras (KVKs) etc. Minister of State for Agriculture and Food Processing Industries, Dr. Sanjeev Kumar Balyan gave this information in a written reply to Lok Sabha questions.

Texprocil has made recommendations for Cotton Corporation of India (CCI) to ensure that growth in exports reaches to targeted level of USD 13.5 billion.

Domestic Balance Sheet

All figures in Lakh Bales (of 170 Kgs. Each)		
Item	2012-13	2013-14
Supply		
Opening stock (CCI)	40	35
Crop size (DAC)	350	365
Imports (CCI)	14.59	17
Availability	404.59	417
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
Total Demand	384.59	387

CCI: Cotton Corporation of India

DAC: Department of Agriculture and cooperation (Third Advance Estimates)

USDA : United States Department of Agriculture

Balance Sheet Highlights:

Total availability stood higher this season (Oct'13-Sept'14) due to higher production and imports. Total consumption during the season is expected higher on increased demand of yarn from overseas and amplified textile and garments exports anticipated for the current season.

Export of cotton (raw) would be on lower side due to the fall in demand from China, the largest importer of cotton. Despite the higher availability and lesser exports ending stocks would be lower this season due to increased domestic consumption.

Agriwatch Advance Estimates (for season 2014-15):

According to Agriwatch estimates, acreage of cotton would surge in the upcoming season, whereas production could vary depending on the rainfall and weather conditions, as yield is dependent on the same.

Area (2013-14)	Expected Area (2014-15)	Production under normal conditions	Production under Deficit Rainfall
11.4 million hectares	11.8 million Hectares	366 Lakh bales	354 lakh bales

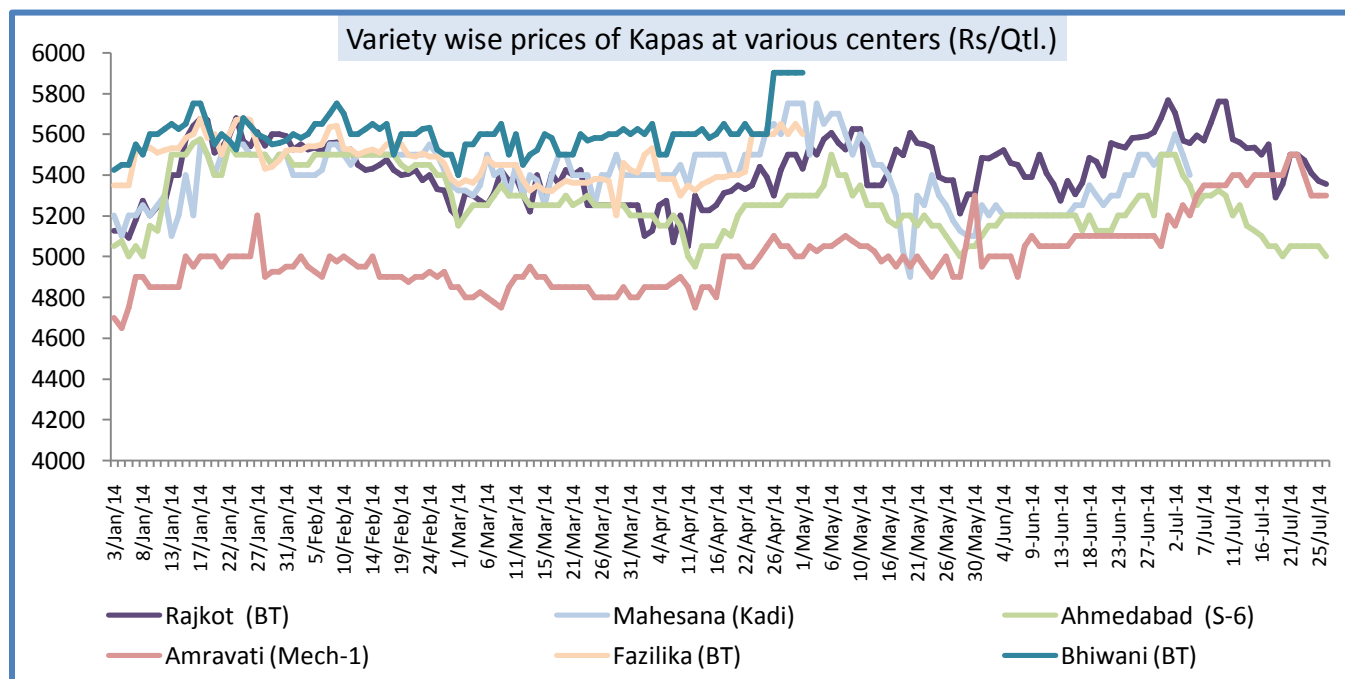
We expect that the El Nino this year will lead to the deficit rainfall and hence the hampered yield. Under the normal condition we expect production figure to touch the level of 366 lakh bales whereas impacted by El Nino the same could fall to 354 lakh bales.

Cotton Prices and Arrivals

Cotton Prices at Key Spot Market:

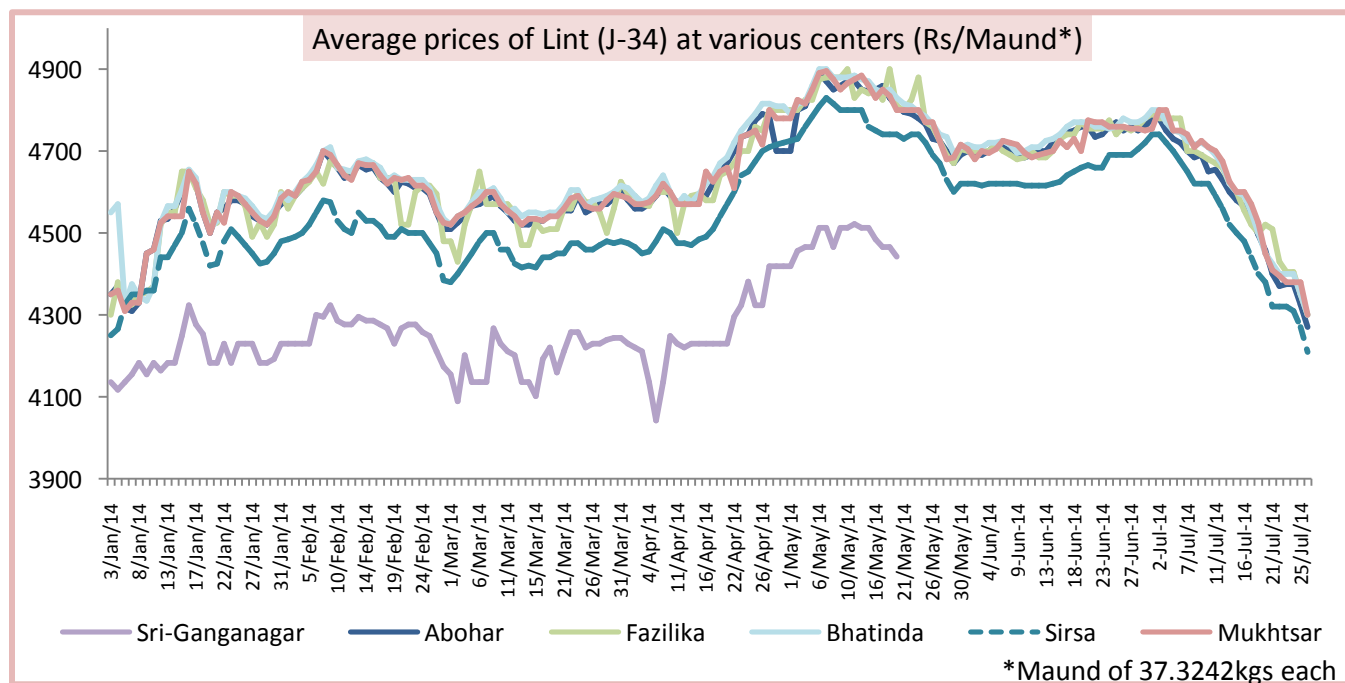
Centre	Variety	Prices		Change
		25-Jul-14	18-Jul-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5300	5400	-1.85
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5370	5290	1.51
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	5550	5550	Unch
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	5050	5050	Unch
Gondal	Shankar-6	5000	5130	-2.53
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5269	5369	-1.86
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4700	5259	-10.63
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4325	4495	-3.78
Muktsar	J-34	4380	4525	-3.20
Fazilika	J-34	4350	4500	-3.33
Bhatinda	J-34	4350	4500	-3.33
Mansa	J-34	NA	NA	-
Sirsa	J-34	4270	4400	-2.95
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

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



The graph shown above is showing range bound to weak trend in prices of kapas in domestic market. The highest prices among the mentioned markets are being noticed in Rajkot, which fell down during the week ending. Prices in Amravati remained range bound. No arrivals are reported in Fazilika, Bhiwani and Mahesana currently due to season ending..

Average Prices of Lint at Various Centers:



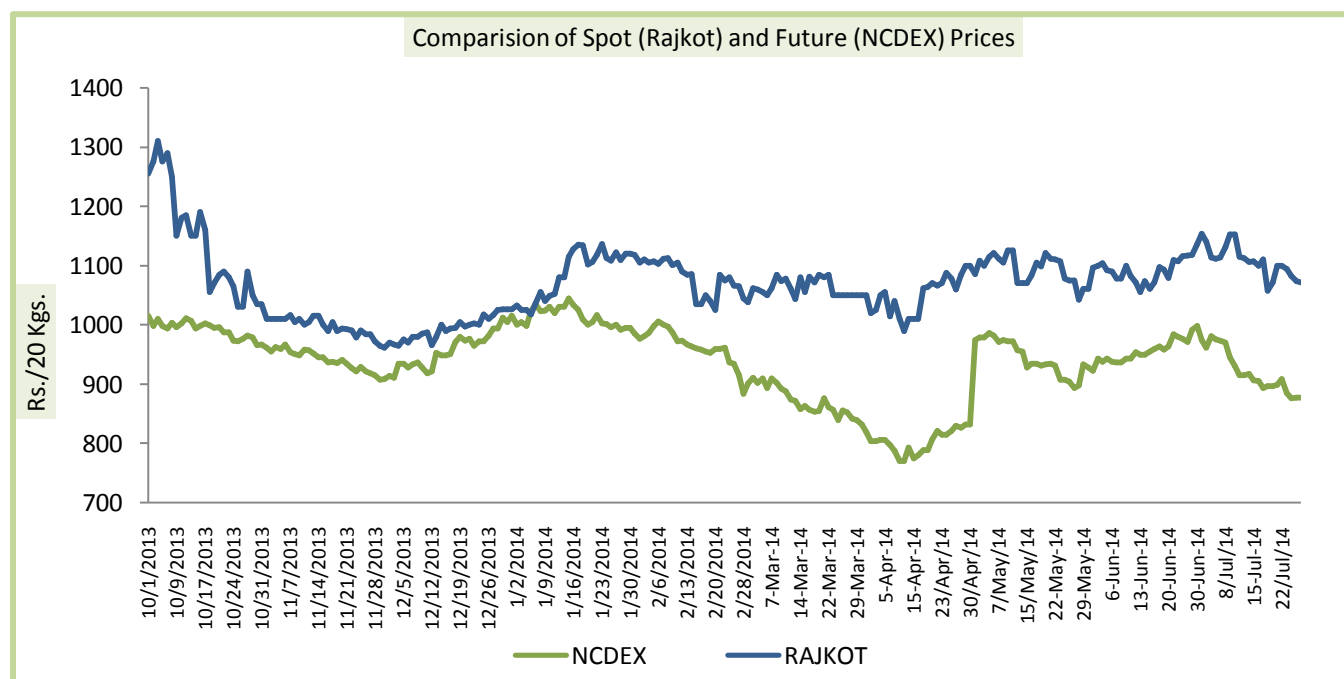
Lint prices remained weak during the week following the dull demand from the spinners. Also the demand of cotton yarn from China has declined considerably. Fazilika, Mukhtsar, Abohar and Bhatinda are fetching highest prices among the mentioned centers. Sirsa is noticing little lower prices. We expect prices to remain weak to steady.

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change %
				24-Jul-14	17-Jul-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	38000	39000	-2.56
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38500	39500	-2.53
J-34(202)	26mm	3.5 - 4.9	23	39600	41200	-3.88
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39900	39900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	40900	41600	-1.68
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42800	43100	-0.70
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43400	44000	-1.36
DCH-32(107)	34mm	3.0 - 3.8	33	58700	58000	1.21

Movement of Prices at Spot and Future Market:

Spot and Future market noticed weak tone. Weak international market is affecting the domestic prices in the country. Also world imports is on weaker side as China, the largest importer of cotton is importing lesser, which is affecting the prices of cotton in India, the second largest exporter of cotton as overseas demand is lagging.



Cotton Arrivals in Key Centers:

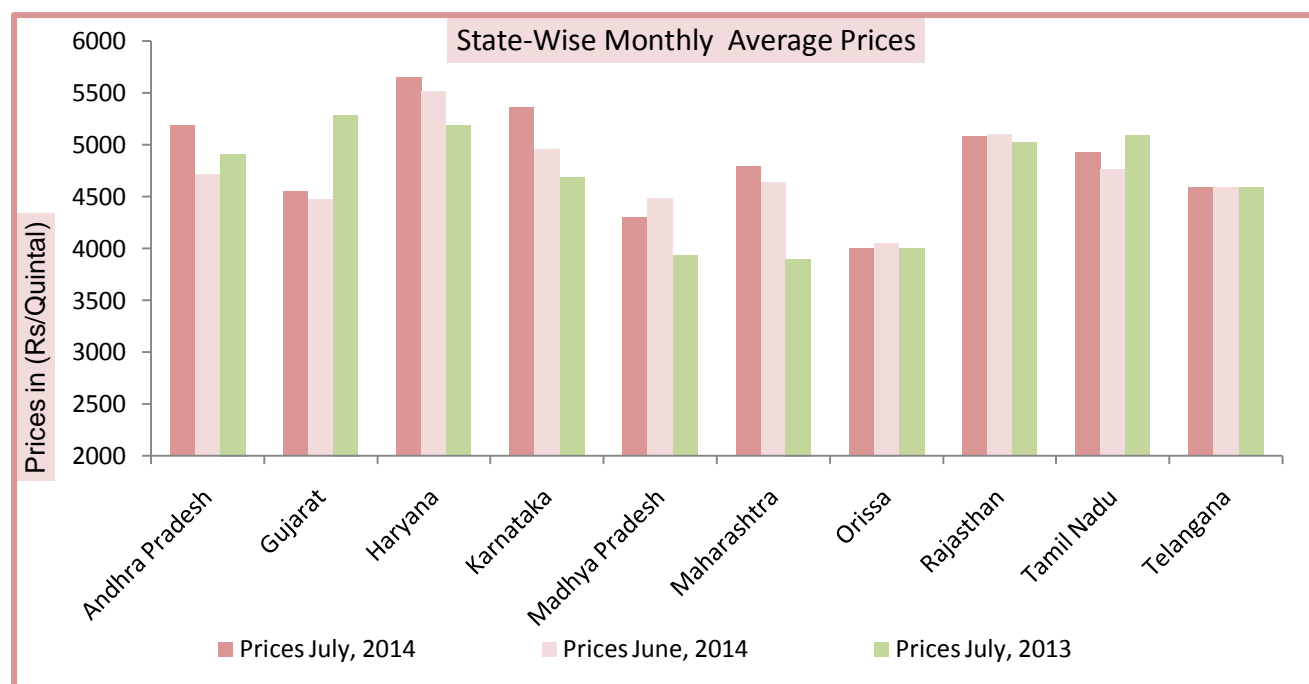
Centre	Variety	Arrivals (Qtl)		Change
		25-Jul-14	18-Jul-14	
Amravati	Mech-1	1210	11000	-89.00
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	10150	12300	-17.48
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	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	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	36550	73100	-50.00
Gondal	Shankar-6	2977	3215	-7.40
Bijapur	Bunny	1572	6444	-75.61
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	112	802	-86.03
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	102	357	-71.43
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

State wise Scenario

State wise Prices (Rs./Qtl.)

State	Prices July, 2014	Prices June, 2014	Prices July, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	5186.65	4715.11	4911.8	10	5.6
Gujarat	4556.38	4473.22	5292.19	1.86	-13.9
Haryana	5652.14	5514.61	5188.98	2.49	8.93
Karnataka	5364.69	4955.4	4680.9	8.26	14.61
Madhya Pradesh	4303.98	4485.93	3933.43	-4.06	9.42
Maharashtra	4789.63	4634.37	3899.41	3.35	22.83
Orissa	4000	4053.02	4000	-1.31	0
Rajasthan	5079.36	5101.4	5020.55	-0.43	1.17
Tamil Nadu	4932.9	4761.44	5089.68	3.6	-3.08
Telangana	4582.16	4586.36	4586.97	-0.09	-0.1
Average	4645.35	4716.73	4475.99		

*Report Generation: As per the data reported by APMCs



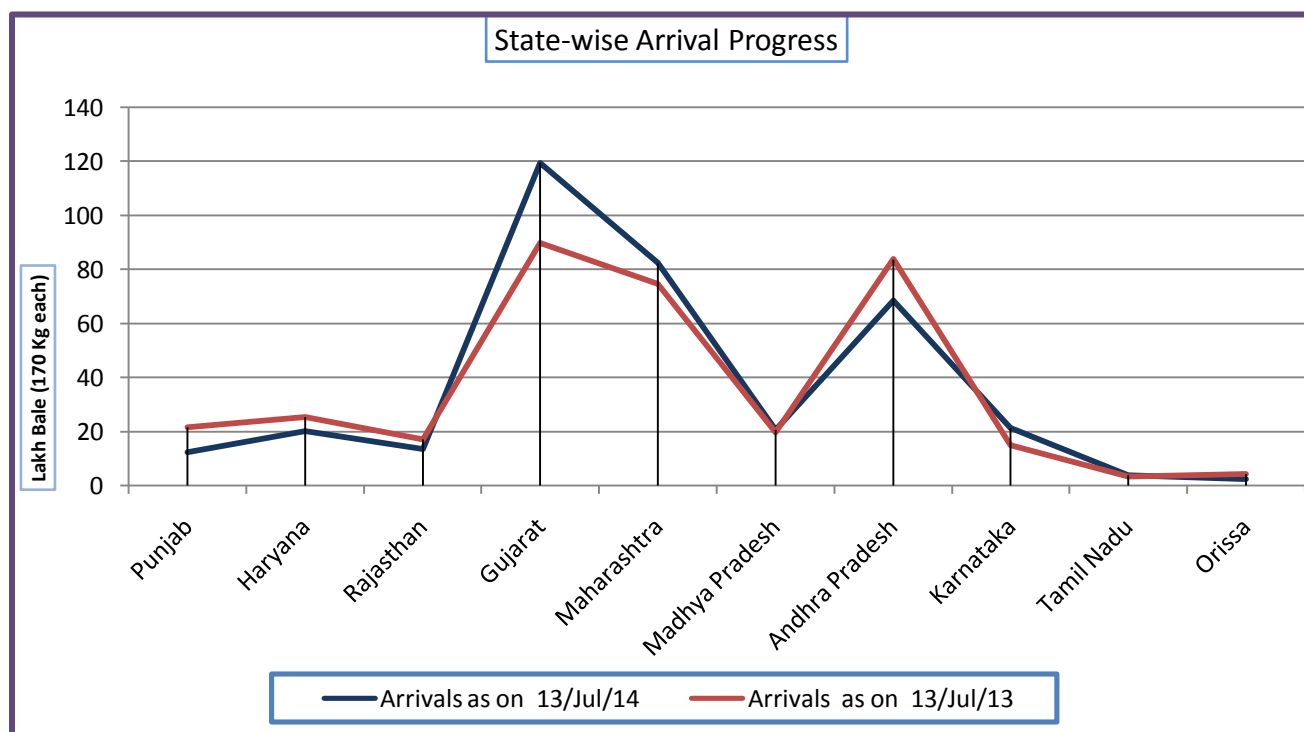
Prices in Gujarat, Tamil Nadu and Telangana has noticed fall on year on year basis whereas prices in other states are moving higher than the previous year. Among the mentioned states, Haryana is fetching the highest prices followed by Karnataka and Andhra Pradesh.

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

States	2013-14*		2012-13	
	Production as per CAB 2/Jul/14	Arrivals As on 13/Jul/14	Production as per CAB 2/Jul/13	Arrivals As on 13/Jul/13
1. Punjab	21	12.4	21	21.54
2. Haryana	23	20.1	25	25.24
3. Rajasthan	14	13.5	17	17
A. North Total (1+2+3)	58	46	63	63.78
4. Gujarat	120	119.44	93	89.67
5. Maharashtra	84	82.48	79	74.64
6. Madhya Pradesh	19	20.54	19	19.63
B. Central Total (4+5+6)	223	222.46	191	183.94
7. Andhra Pradesh	76	68.38	84	83.7
8. Karnataka	22	21.19	15	14.95
9. Tamil Nadu	5	3.74	6	3.33
C. South Total (7+8+9)	103	93.31	105	101.98
10. Orissa	4	2.34	4	4.18
11. Others	2	2	2	2
D. Total (10+11)	6	4.34	6	6.18
Grand Total (A+B+C+D)	390	366.11	365	355.88

* Inclusive of new crop arrivals in September 2013

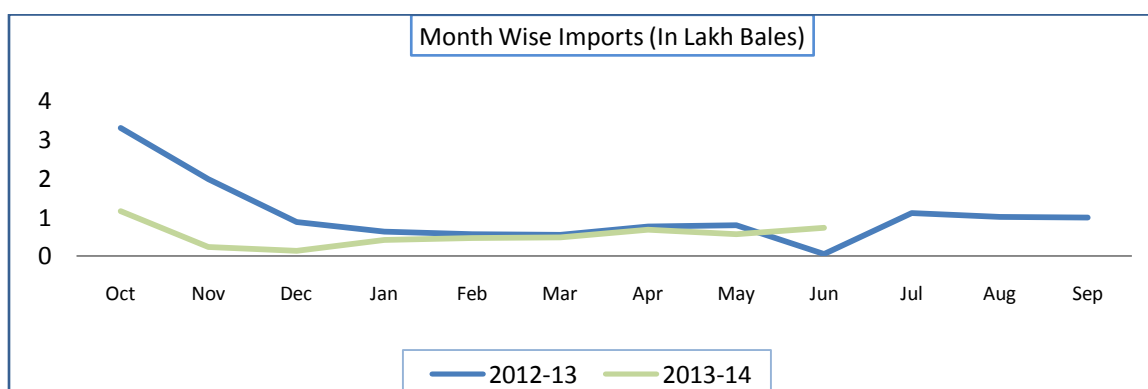
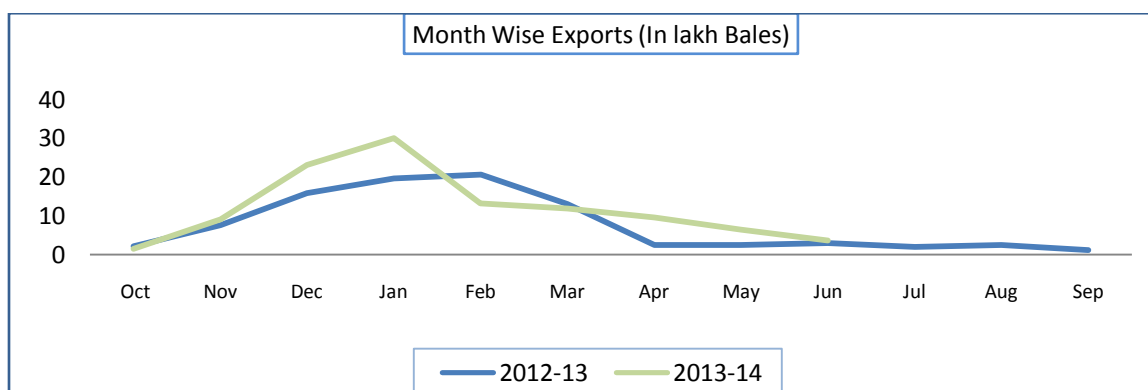
**Source : Cotton Corporation of India (CCI)



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	3.62
Jul	2.06	
Aug	2.5	
Sep	1.22	
Total	93.12	108.1

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	0.73
Jul	1.1	
Aug	1.01	
Sep	0.99	
Total	12.61	4.86



Weekly Export Import Data

Date	14-20 July 2014	07-13 July 2014
Export (In lakh Bales)	0.93	0.18
Import (In lakh Bales)	0.66	0.21

Source: IBIS

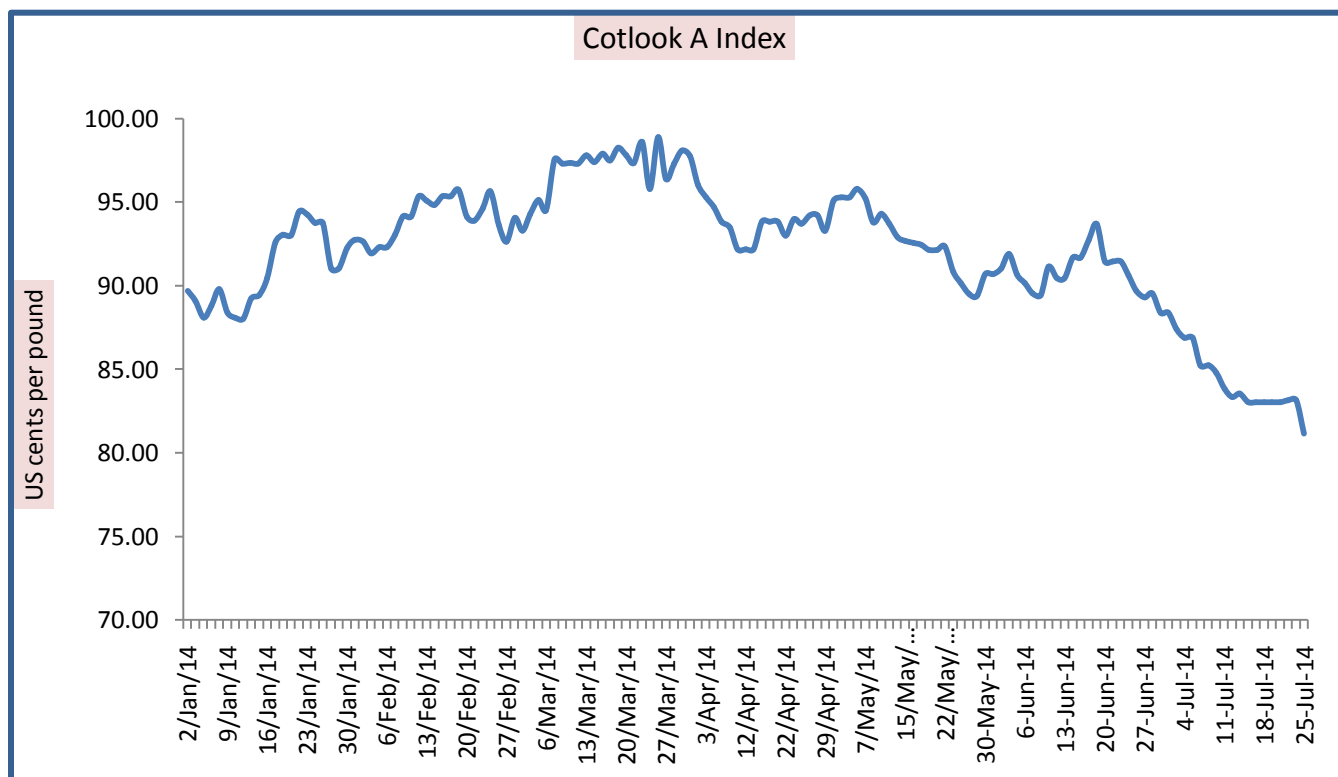
International Market Scenario

As reported by Vietnam Plus, the Government of Vietnam will assist cultivation of cotton in its provinces by allocating around 13,600 kg of cotton seeds to the cotton growers.

Cotton crop in China is witnessing a slower and dull growth this year compared to previous year due to unfavorable weather conditions and pest damage, said China Cotton Association (CCA). The CCA also forecasted that China's cotton planting area would fall to 4.08 million hectares in 2014, lower 12.6 percent year on year basis.

According to the latest report released by USDA, on July 20, 2014, 52% of cotton crop in USA was in excellent to good condition compared to 53% a week ago and 44% a year ago. 76 % squaring has reported in cotton which was 70% last week and 85% a year ago.

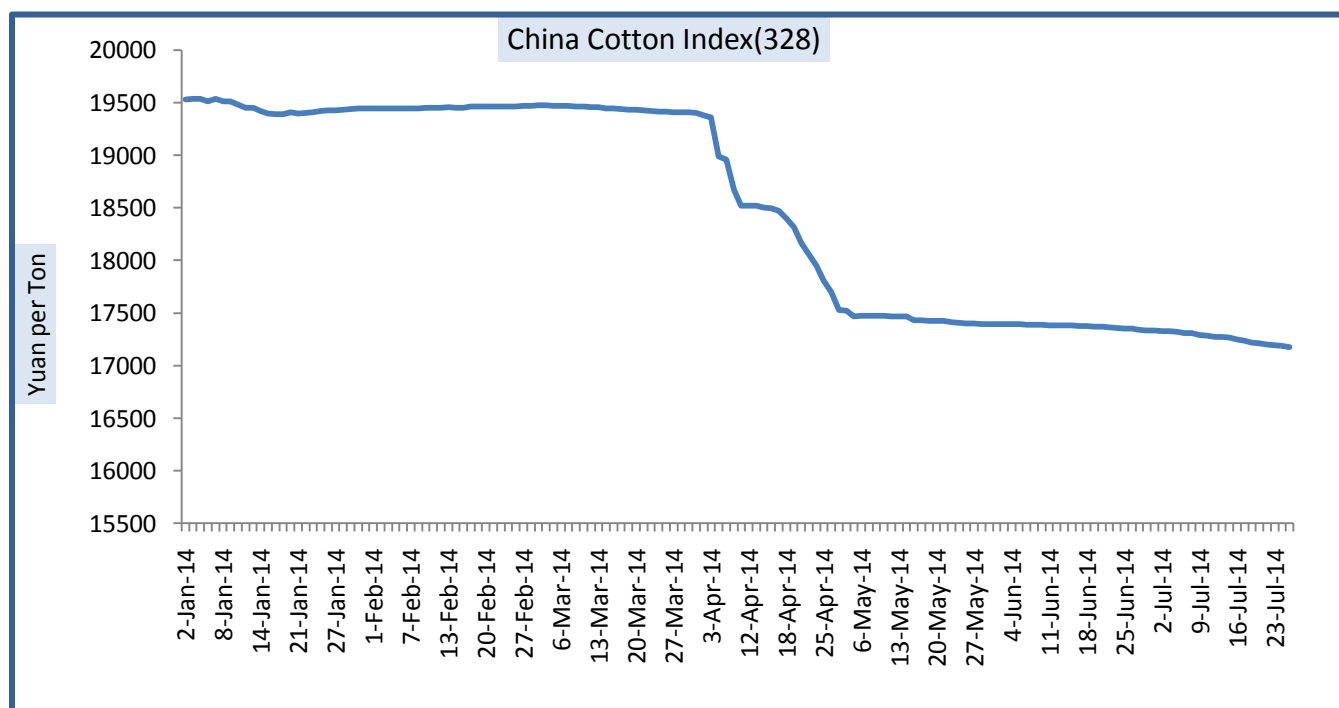
Lower imports to China and higher ending stocks outside China will lead to the southwards movement in the international prices in 2014/15. Also, world production is expected to lead consumption in 2014/15. World production is expected to rise by six percent to 21.4 million tonnes hence there would be ample stocks to cover consumption for around 11 months.



International Prices and Indices

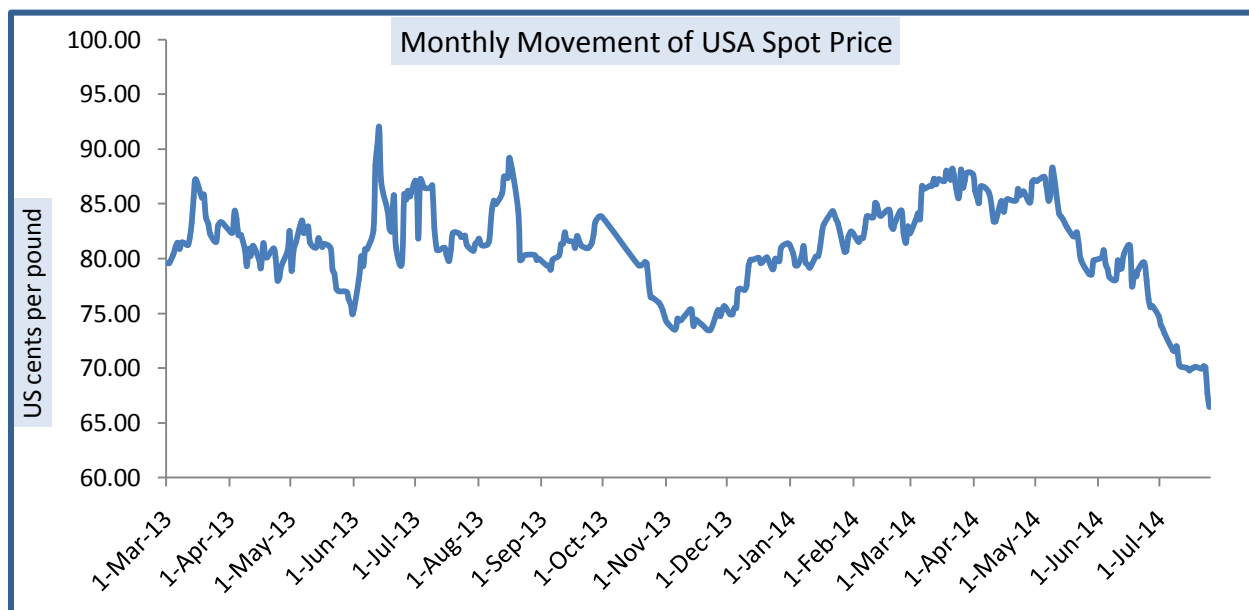
China Cotton Index:

CCI Indices	25/Jul/14	18/Jul/14	% Change
CCIndex(229)	17849	17933	-0.47
CCIndex(328)	17173	17214	-0.24
CCIndex(527)	16065	16118	-0.33
Prices in Yuan per Ton			



USA Spot Prices:

Date	25/Jul/14	18/Jul/14	% Change
Prices	66.4	70.13	-5.26
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	90.89	-2.64
July	92.62		

Cotton Futures (ICE):

Contracts	25/7/2014	25/6/2014	25/7/2013	% Month change	%Y-o-Y change
Oct-14	65.15	74.90	79.12	-13.02	-17.66
Dec-14	65.35	75.26		-13.17	
Mar-15	66.03	76.48		-13.66	
May-15	67.35	77.66		-13.28	
Jul-15	68.55	78.57		-12.75	
Oct-15	68.84				

Source: MRCI, Figures in US Cents Per Pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlestick denotes selling interest in the market
- RSI is moving lower neutral and oversold region supporting weak tone.
- We expect prices to remain weak.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bearish Momentum	850-900

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
845	830	915	930

Figures in Rs. per 20Kgs.

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

Weekly Technical Outlook:

- Candlestick denotes range bound to weak momentum during the week.
- Increasing Volume and Open Interest and declining prices are depicting short built-up
- We expect prices to remain range bound with weak momentum.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bearish Momentum	63.5-68.5

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62.6	61	70.4	72

Figures in US cents per pound

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