

### Current Market Outlook

**Current Market Outlook:** Cotton market noticed overall weak sentiments during the week due to dull International and domestic demand.

**According to Ministry of Agriculture, around 104.84 lakh hectare of area has been sown for cotton** this year as on August 01, around 3.39% lower than the previous year, when it was 108.52 lakh hectares during the same period.

**According to the State Agriculture Department, as on July 28,** sowing of cotton in Gujarat has reached to 2.58 million hectares, 95.11% of the total area sown last year which was 2.61 million hectares.

**Cotton farmers in India have requested the Union Government to impose import ban on cotton** and issue measures to revive cotton export. Vidarbha Janandolan Samiti has said that prices of cotton have declined drastically since the new government has formed. Farmers urged the government to increase the Minimum Support Prices (MSP) from the existing Rs.4050 per quintal to Rs 6500 per quintal.

**The worries of cotton farmers are likely to be continued throughout the season** though the rainfall has revived significantly. Situation for cotton is getting critical as delayed sowing has increased the sowing expenditure on one hand and expectation of less remunerative prices of cotton on other hand. The late sowing has pushed back the season by 40 days hence crop is likely to come in November or early December.

**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.

### Domestic Balance Sheet

All figures in Lakh Bales (of 170 Kgs. Each)		
Item	2012-13	2013-14
<b>Supply</b>		
Opening stock (CCI)	40	35
Crop size (DAC)	350	365
Imports (CCI)	14.59	17
Availability	404.59	417
<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
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):

Despite the deficit rainfall we expect cotton area to surge this season as farmers would be reluctant to grow crops that require much water, and they are likely to choose cotton as it requires lesser water.

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

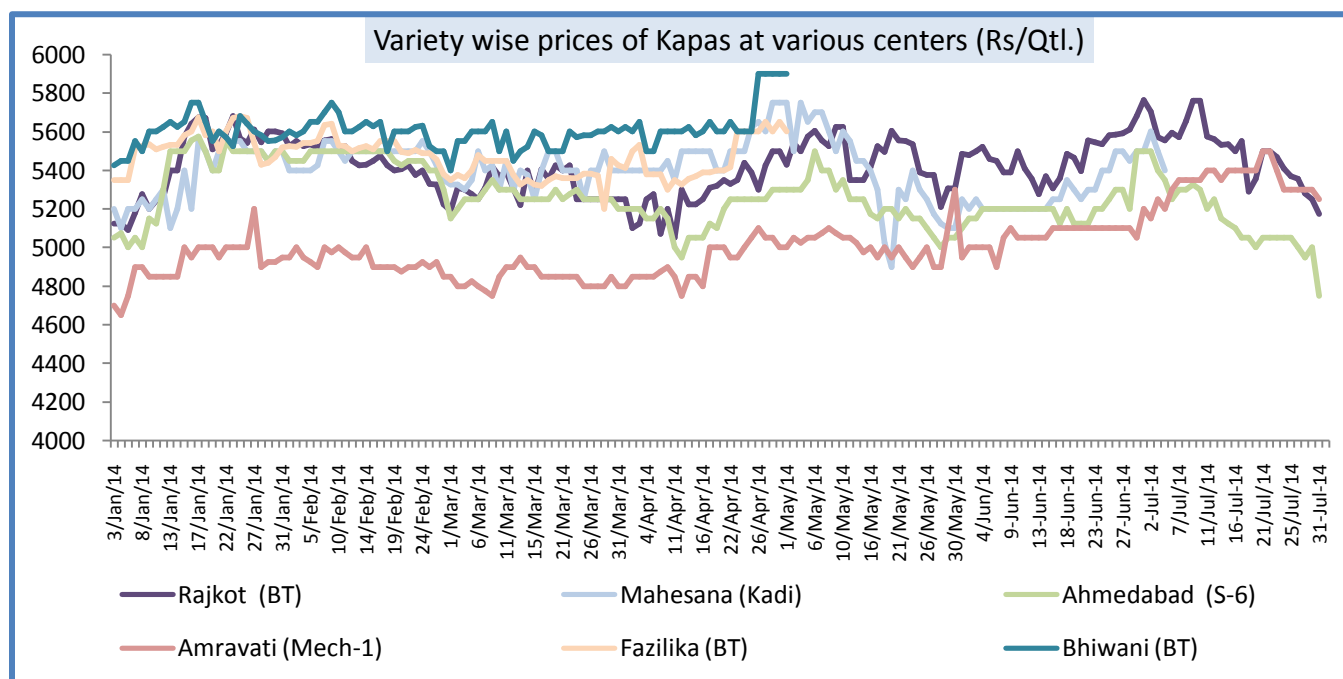
We expect that the El Nino this year will lead to the deficit rainfall and hence the hampered yield. Under the normal condition we expect production figure to touch the level of 366 lakh bales whereas impacted by El Nino the same could fall to 354 lakh bales.

### Cotton Prices and Arrivals

#### Cotton Prices at Key Spot Market:

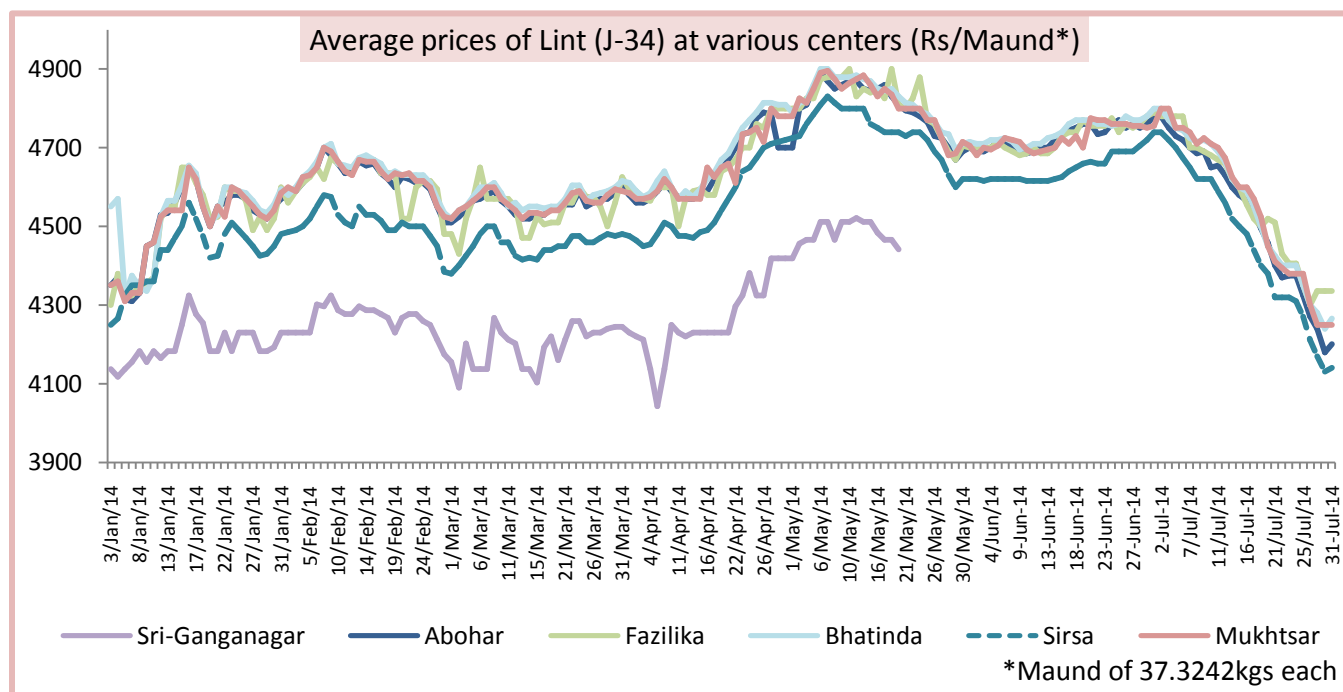
Centre	Variety	Prices		% Change
		1-Aug-14	25-Jul-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5250	5300	<b>-0.94</b>
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5145	5370	<b>-4.19</b>
Patan	B.T. Cotton	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	5050	5550	<b>-9.01</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	NA	-
Hubli	B.T. Cotton	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	NA	5050	-
Gondal	Shankar-6	4735	5000	<b>-5.30</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5039	5269	-
Hubli	D.C.H.	-	NA	-
Raichur	H-44 Cotton	4300	4700	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4190	4325	<b>-3.12</b>
Muktsar	J-34	4190	4380	<b>-4.34</b>
Fazilika	J-34	NA	4350	-
Bhatinda	J-34	4250	4350	<b>-2.30</b>
Mansa	J-34	NA	NA	-
Sirsa	J-34	4145	4270	<b>-2.93</b>
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 weak trend in prices of kapas in domestic market. The highest prices among the mentioned markets are being noticed in Rajkot and Amravati. Prices in Ahmedabad are also showing downtrend. No arrivals are reported in Mahesana, Fazilika and Bhiwani.

### Average Prices of Lint at Various Centers:

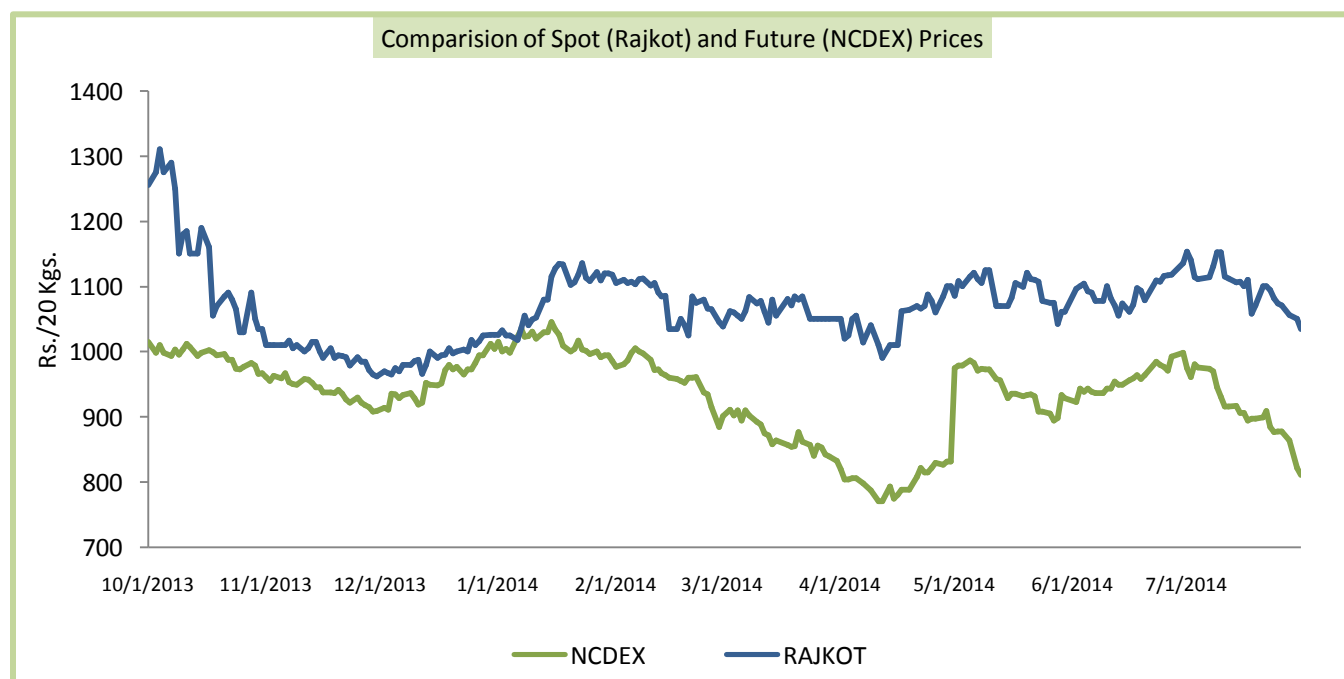


**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	% Change
				31-Jul-14	24-Jul-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37500	38000	-1.32
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38000	38500	-1.30
J-34(202)	26mm	3.5 - 4.9	23	38300	39600	-3.28
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	39900	-3.51
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	40900	-3.42
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41300	42800	-3.50
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42200	43400	-2.76
DCH-32(107)	34mm	3.0 - 3.8	33	58800	58700	0.17

**Movement of Prices at Spot and Future Market:**

Upon the weak sentiments in International and Domestic market, both spot and future markets are moving downwards. Demand of cotton from China remained weak, making cotton export to fall and hence the leading to the bearish trend in the prices of cotton.



Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		% Change
		1-Jul-14	25-Jul-14	
Amravati	Mech-1	50	1210	-95.87
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	6900	10150	-32.02
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	8500	36550	-76.74
Gondal	Shankar-6	978	2977	-67.15
Bijapur	Bunny	841	1572	-46.50
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	152	112	35.71
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	NA	102	-
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

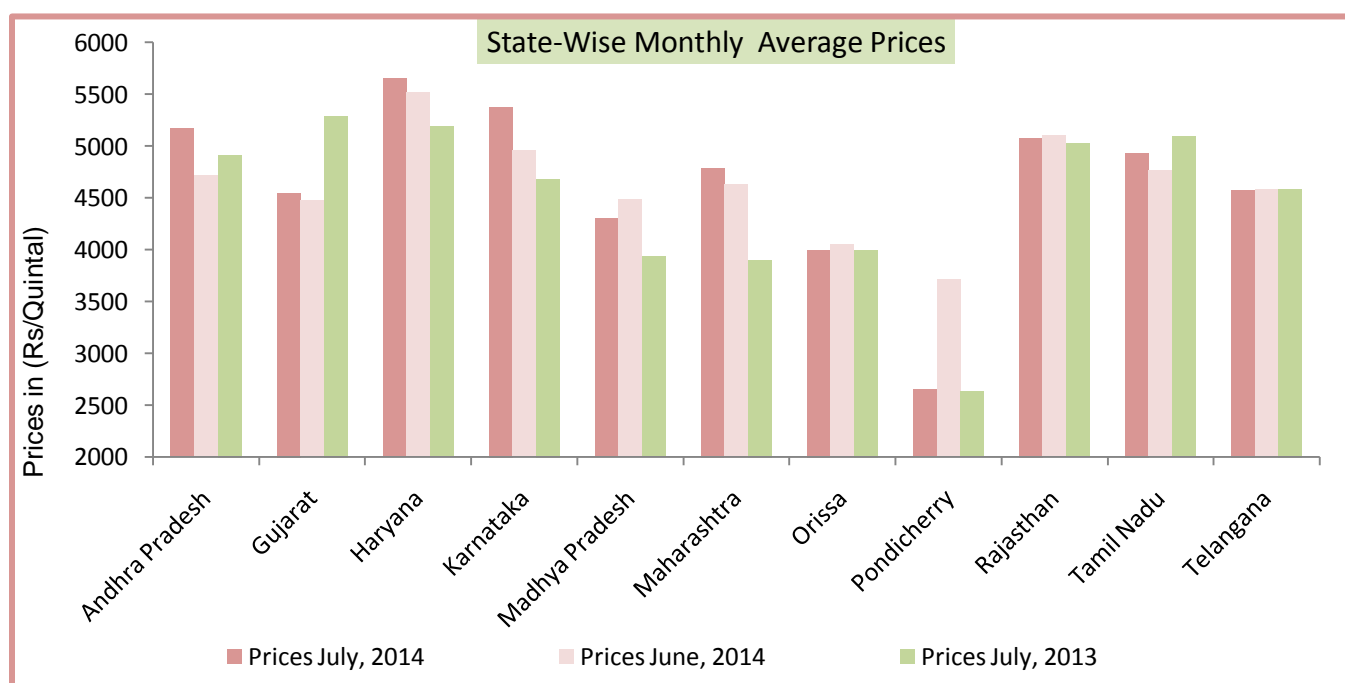
## State wise Scenario

### 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	5169.48	4715.11	4911.8	9.64	5.25
Gujarat	4548.32	4473.22	5292.19	1.68	-14.06
Haryana	5652.14	5514.61	5188.98	2.49	8.93
Karnataka	5373.6	4955.4	4680.9	8.44	14.8
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
Pondicherry	2651	3712	2632	-28.58	0.72
Rajasthan	5079.36	5101.4	5020.55	-0.43	1.17
Tamil Nadu	4932.47	4761.44	5089.68	3.59	-3.09
Telangana	4578.55	4586.36	4586.97	-0.17	-0.18
Average	4643.5	4716.73	4475.99		

\*Source: Agmarknet

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.

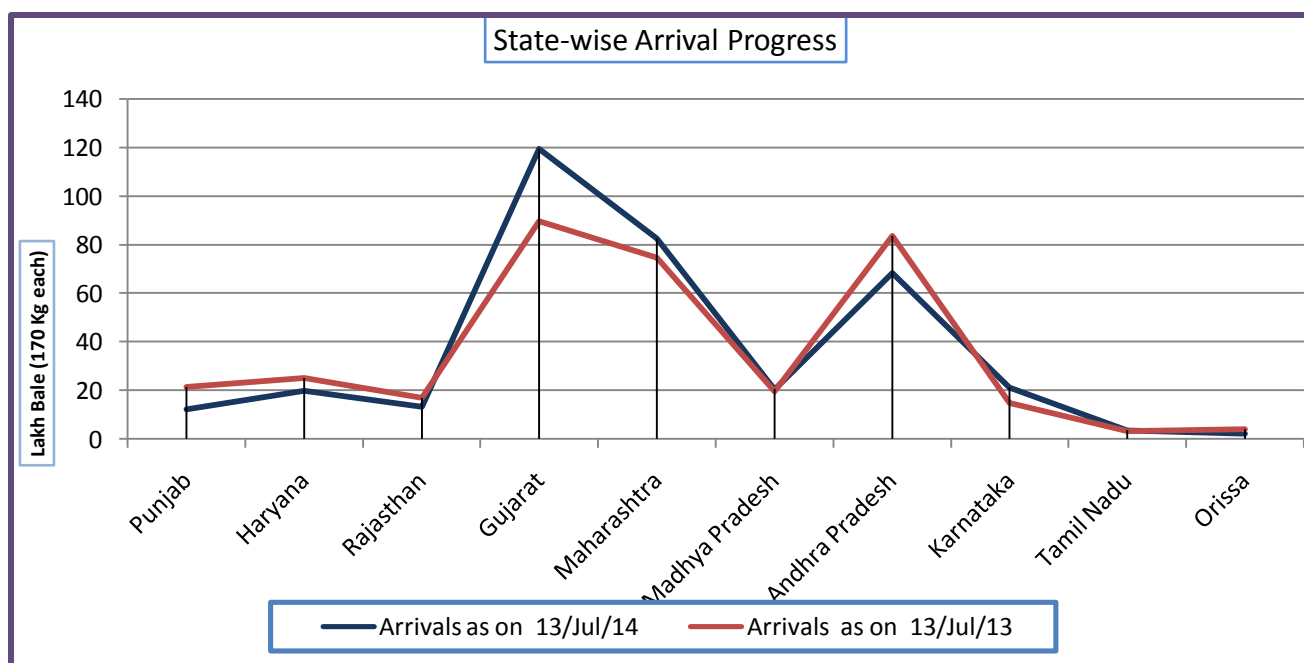


State wise Arrivals (in lakh bales of 170 kgs each):

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
<b>A. North Total (1+2+3)</b>	<b>58</b>	<b>46</b>	<b>63</b>	<b>63.78</b>
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>B. Central Total (4+5+6)</b>	<b>223</b>	<b>222.46</b>	<b>191</b>	<b>183.94</b>
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
<b>C. South Total (7+8+9)</b>	<b>103</b>	<b>93.31</b>	<b>105</b>	<b>101.98</b>
10. Orissa	4	2.34	4	4.18
11. Others	2	2	2	2
<b>D. Total (10+11)</b>	<b>6</b>	<b>4.34</b>	<b>6</b>	<b>6.18</b>
<b>Grand Total (A+B+C+D)</b>	<b>390</b>	<b>366.11</b>	<b>365</b>	<b>355.88</b>

\* Inclusive of new crop arrivals in September 2013

\*\*Source : Cotton Corporation of India (CCI)

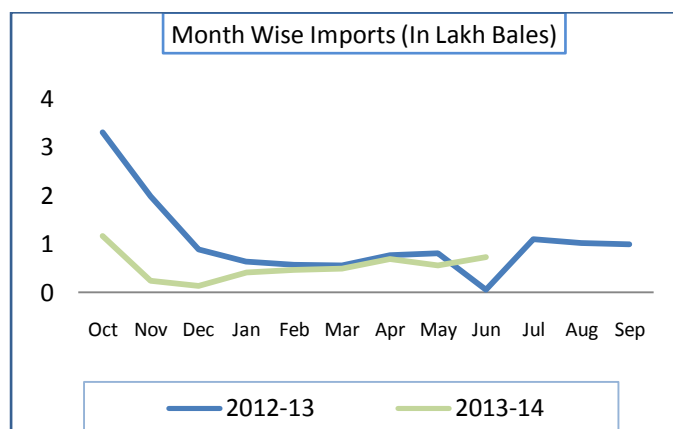
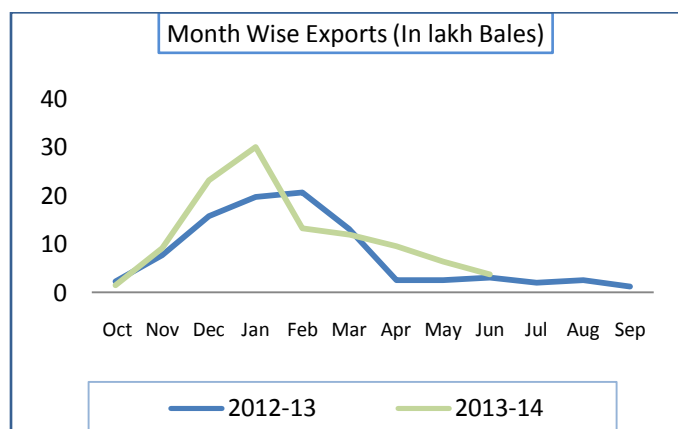




### Cotton Export and Import

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	
<b>Total</b>	<b>93.12</b>	<b>108.1</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	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	
<b>Total</b>	<b>12.61</b>	<b>4.86</b>



### Weekly Export Import Data

Date	20-27 July 2014	14-20 July 2014
Export (In lakh Bales)	0.3	0.93
Import (In lakh Bales)	0.31	0.66

Source: IBIS

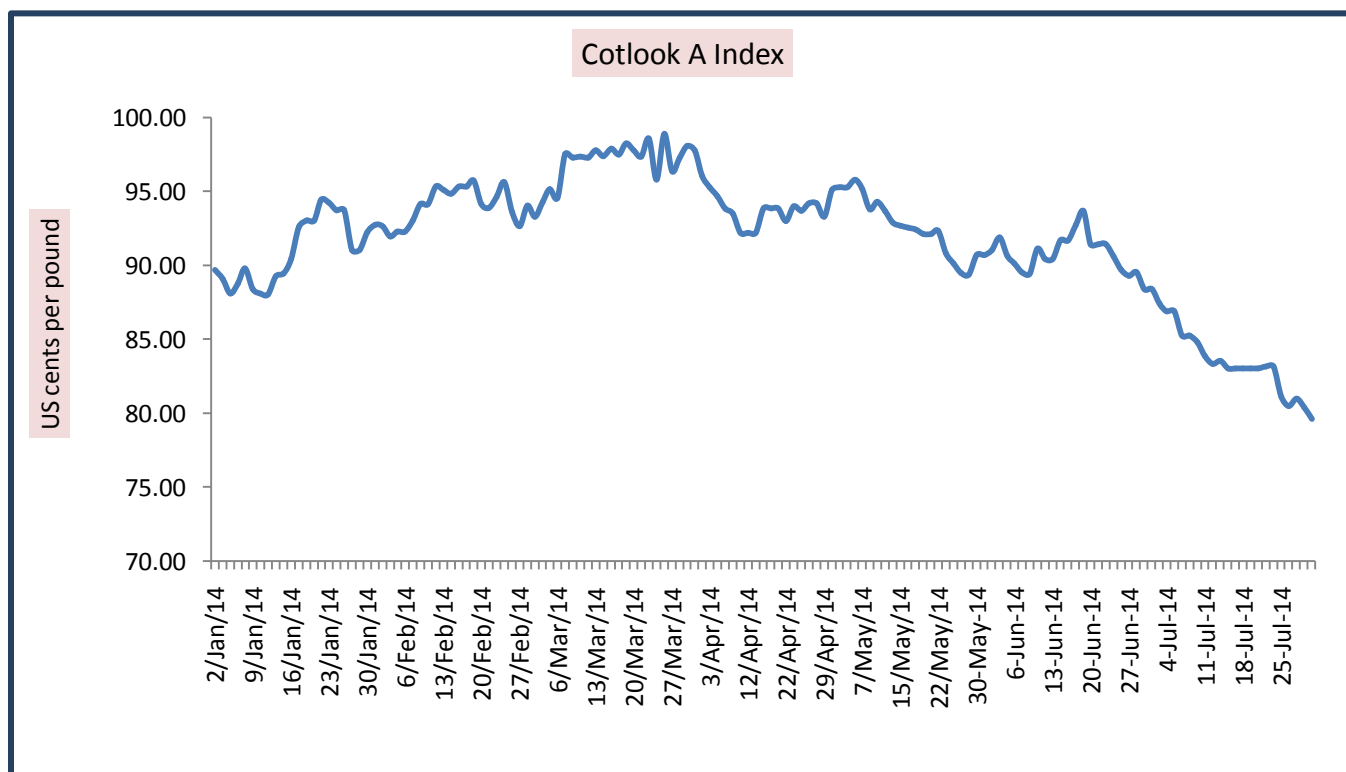
## International Market Scenario

**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.

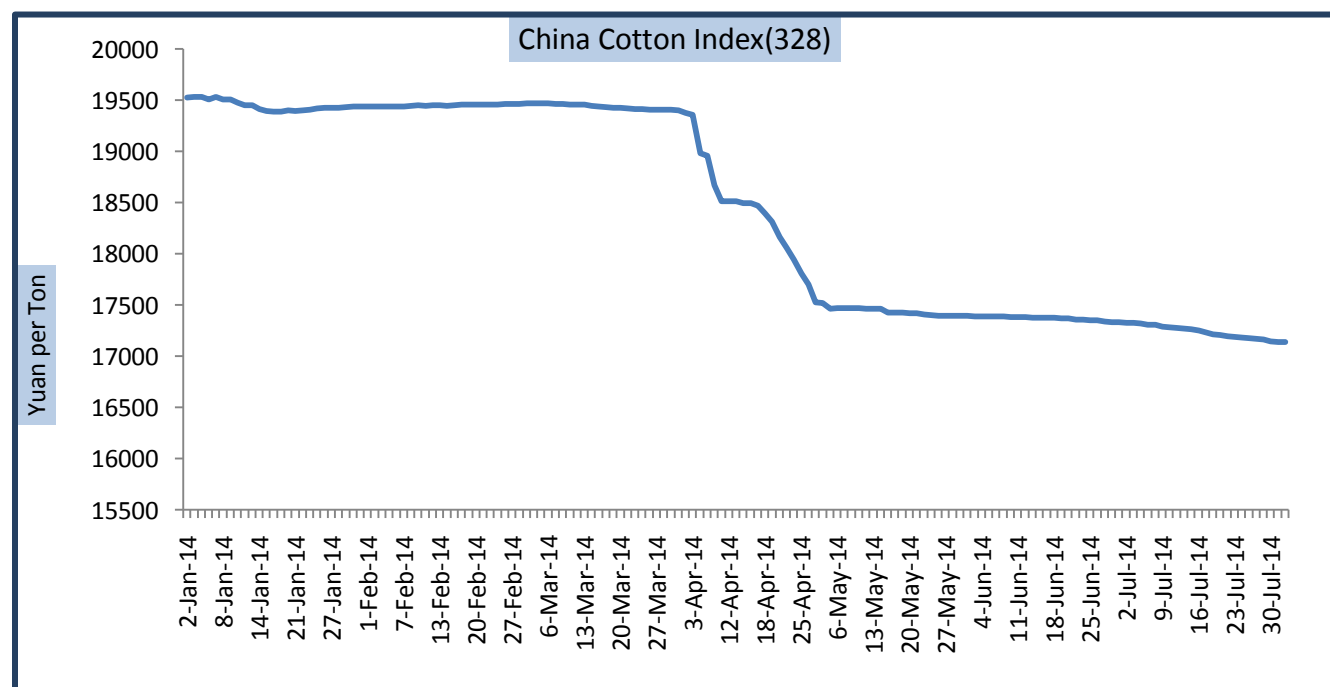
**Lower imports to China and higher ending stocks outside China will lead to the southwards movement in the international prices in 2014/15.** Also, world production is expected to lead consumption in 2014/15. World production is expected to rise by six percent to 21.4 million tonnes hence there would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



## International Prices and Indices

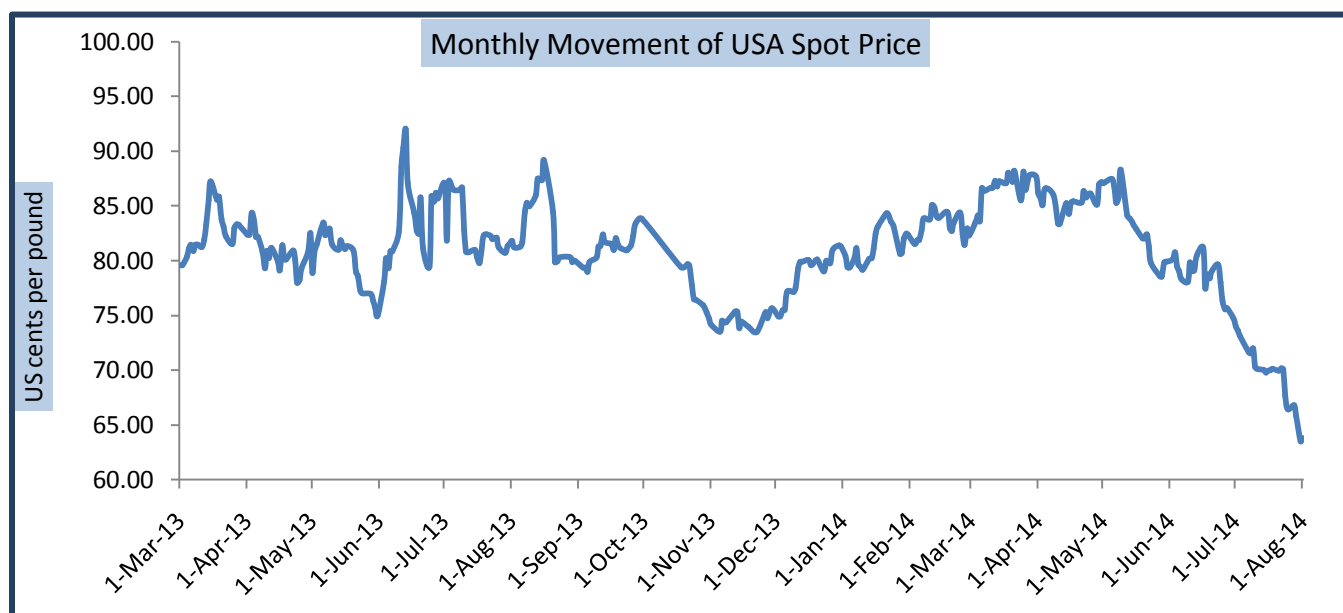
### China Cotton Index:

CCI Indices	1-Aug-14	25-Jul-14	% Change
CCIndex(229)	17782	17849	-0.38
CCIndex(328)	17138	17173	-0.20
CCIndex(527)	16046	16065	-0.12
Prices in Yuan per Ton			



### USA Spot Prices:

Date	1-Aug-14	25-Jul-14	% Change
<b>Prices</b>	63.81	66.44	-3.95
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	83.83	-9.49

### Cotton Futures (ICE):

Contracts	31/7/2014	24/7/2014	31/7/2013	% W-o-W change	%Y-o-Y change
<b>Oct-14</b>	62.09	66.40	78.44	-6.49	-20.84
<b>Dec-14</b>	62.87	660.05	--	-90.47	--
<b>Mar-15</b>	63.51	66.98	--	-5.18	--
<b>May-15</b>	64.66	68.30	--	-5.33	--
<b>Jul-15</b>	65.87	69.46	--	-5.17	--
<b>Oct-15</b>	66.30	69.68	--	-4.85	--

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 overall selling interest in the market.
- Last candle stick depicts recovery in the prices.
- RSI is moving high in neutral region supporting sideways fluctuations.
- We expect prices to remain in range with weak biasness.

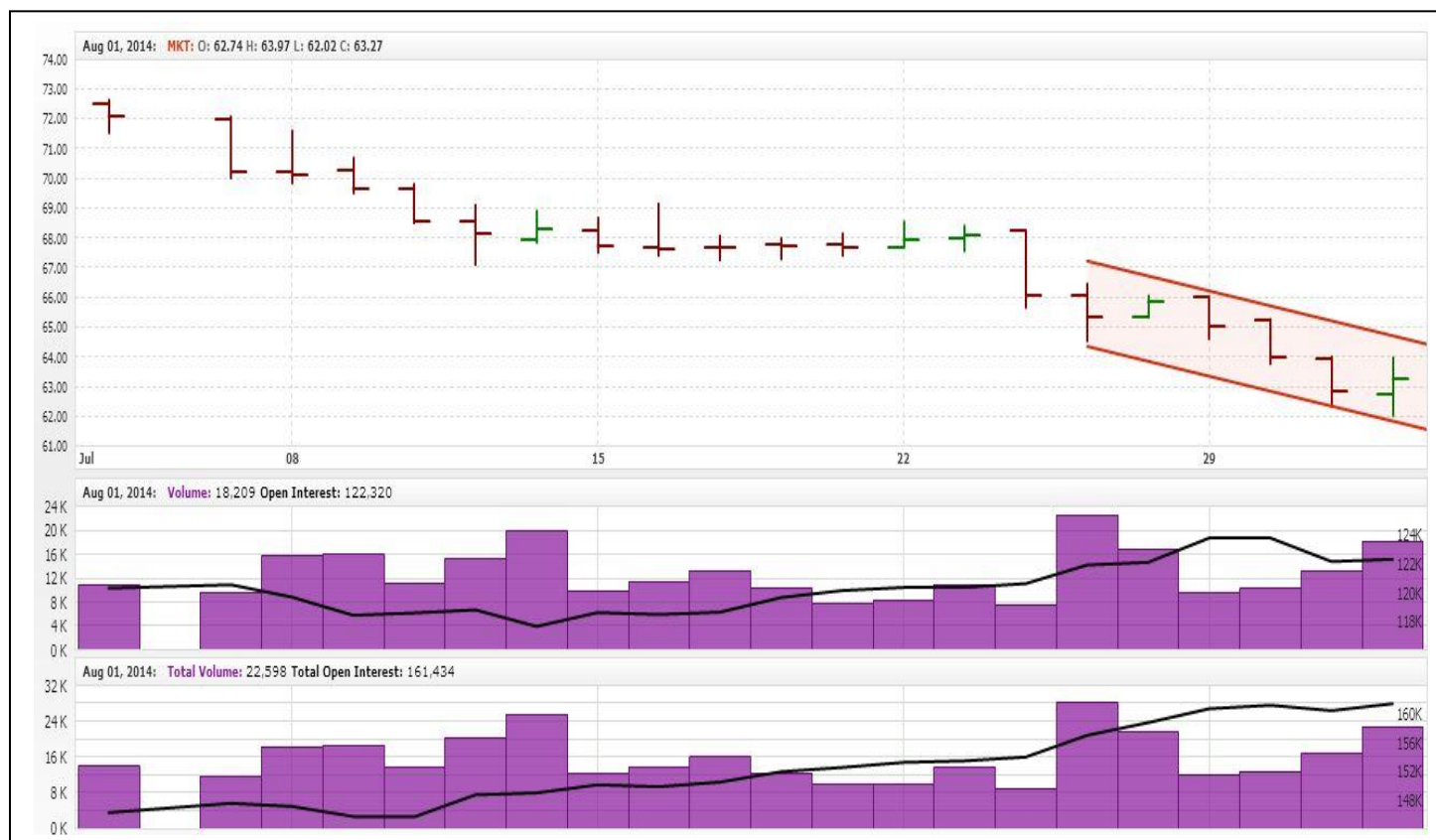
### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range Bound with Weak Biasness	790-865

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
785	770	875	890

Figures in Rs. per 20Kgs.

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

**Weekly Technical Outlook:**

- Candlestick denotes 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
Range Bound with Weak Biasness	60-66

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
58.00	56.00	67.00	68.60

Figures in US cents per pound

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