

Current Market Outlook

Current Market Outlook: Cotton market noticed bullish tone this week over the delayed arrivals expected in the coming season.

According to Ministry of Agriculture, around 112.24 lakh hectare of area has been sown for cotton this year as on August 08.

According to the state agriculture departments, In Gujarat 28.20 lakh hectares has been sown for cotton as on August 04, around 1.71 lakh hectares than previous year and 103% of the three year average. In Maharashtra 36.30 lakh hectares of the area has been planted for cotton as on August 04, which is 96% of the targeted area. Cotton acreage was 38.43 lakh hectares in the state last year. In Andhra Pradesh, cotton planting was being recorded 52% higher of the normal area as on August 06 this season. According to the cotton seed companies, sale of cotton seed stood higher by about 15 to 20 lakh packets so far compared to the previous year.

First quarter of current fiscal year witnessed timid sentiments in the textile industry. The reason for the same is decline in cotton yarn export to China and lackluster demand for fabrics and made-up from European countries. There is a situation of leading supplies and hence depending on the counts, prices of cotton yarn fell by Rs. 10 to Rs. 25 per Kg.

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.

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):

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

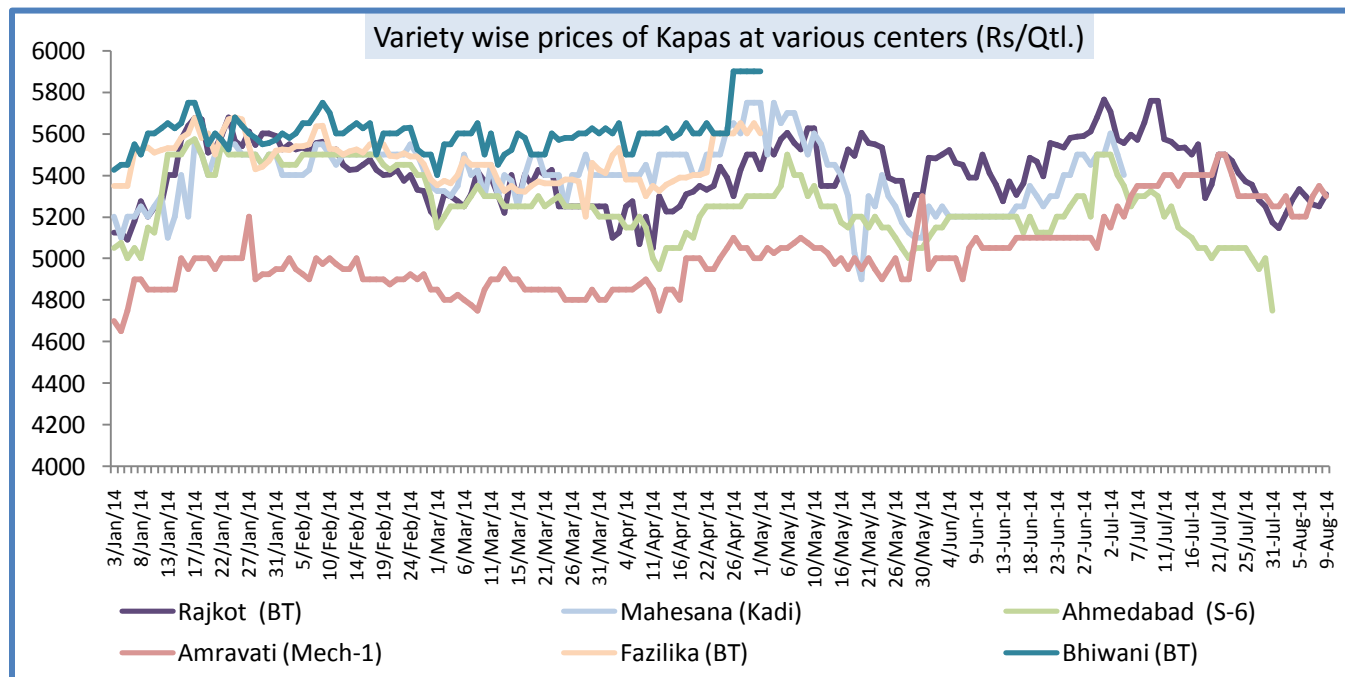
We expect that the El Nino this year will lead to the deficit rainfall and hence the hampered yield. Under the normal condition we expect production figure to touch the level of 366 lakh bales whereas impacted by El Nino the same could fall to 354 lakh bales.

Cotton Prices and Arrivals

Cotton Prices at Key Spot Market:

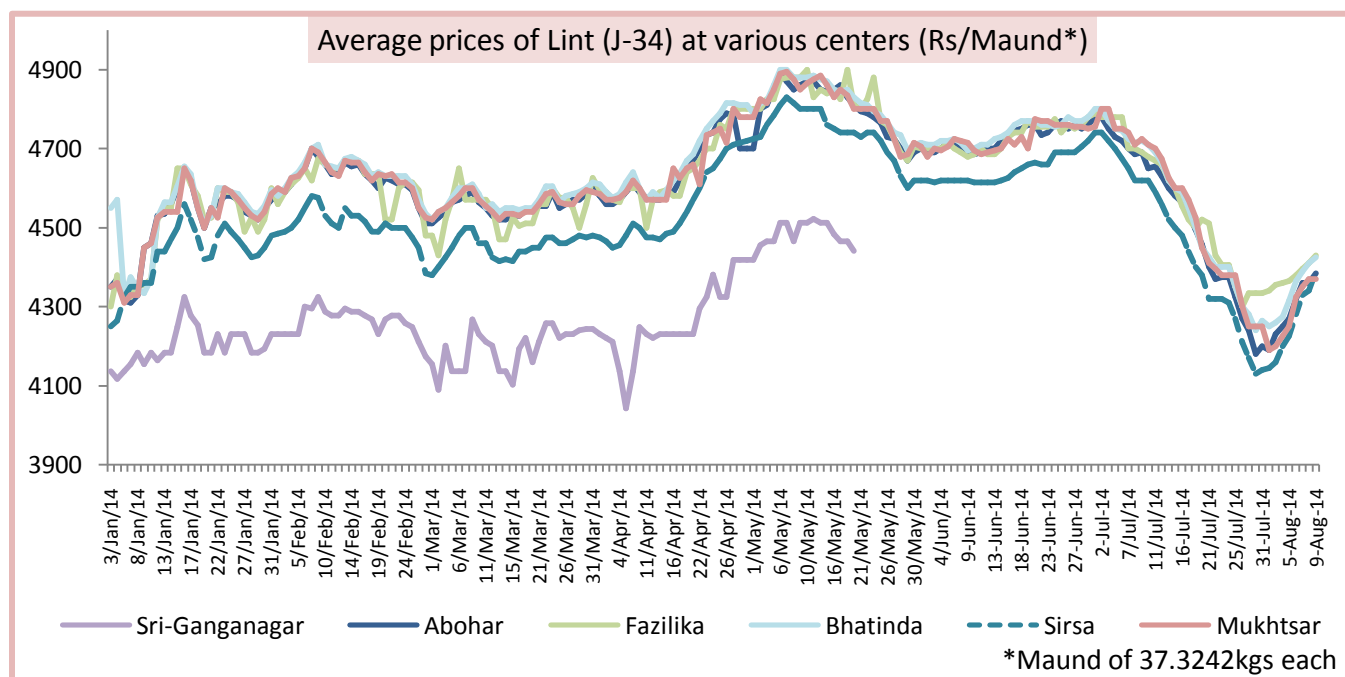
Centre	Variety	Prices		Change
		8-Aug-14	1-Aug-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5350	5250	1.90
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5250	5145	2.04
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. 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	5150	5050	1.98
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	NA	NA	-
Gondal	Shankar-6	4850	4735	2.43
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5269	5039	4.56
Hubli	D.C.H.	NA	-	-
Raichur	H-44 Cotton	4700	4300	9.30
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4360	4190	4.06
Muktsar	J-34	4370	4190	4.30
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	4410	4250	3.76
Mansa	J-34	NA	NA	-
Sirsa	J-34	4340	4145	4.70
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 depicting the uptrend in prices of kapas in domestic market. The highest prices among the mentioned markets are being noticed in Rajkot and Amravati. Most of the other markets are reported with no arrivals due to season ending.

Average Prices of Lint at Various Centers:

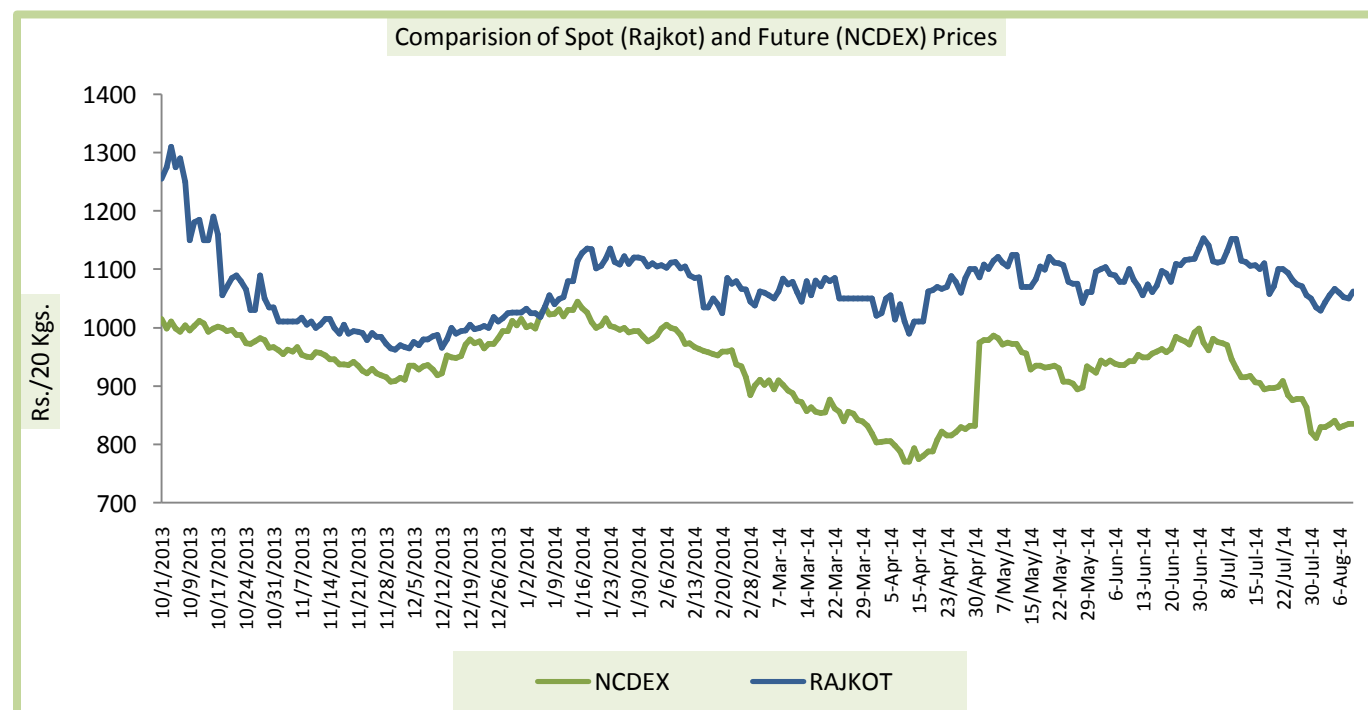


Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	% Change
				7-Aug-14	31-Jul-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	38800	37500	3.47
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39300	38000	3.42
J-34(202)	26mm	3.5 - 4.9	23	39900	38300	4.18
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39100	38500	1.56
Shankar-6(105)	29mm	3.5 - 4.9	28	40100	39500	1.52
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	41300	2.18
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	42200	2.13
DCH-32(107)	34mm	3.0 - 3.8	33	58500	58800	-0.51

Movement of Prices at Spot and Future Market:

Over the expectation of delayed arrivals in the upcoming season, cotton prices noticed recovery during the week. Both spot and future prices surged higher on the bullish sentiments prevailing in the market. We expect prices to remain strong in the coming days.



Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		8-Aug-14	1-Aug-14	
Amravati	Mech-1	155	50	210.00
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	12250	6900	77.54
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	NA	8500	-
Gondal	Shankar-6	1378	978	40.90
Bijapur	Bunny	1436	841	70.75
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	520	152	242.11
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	NA	NA	-
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

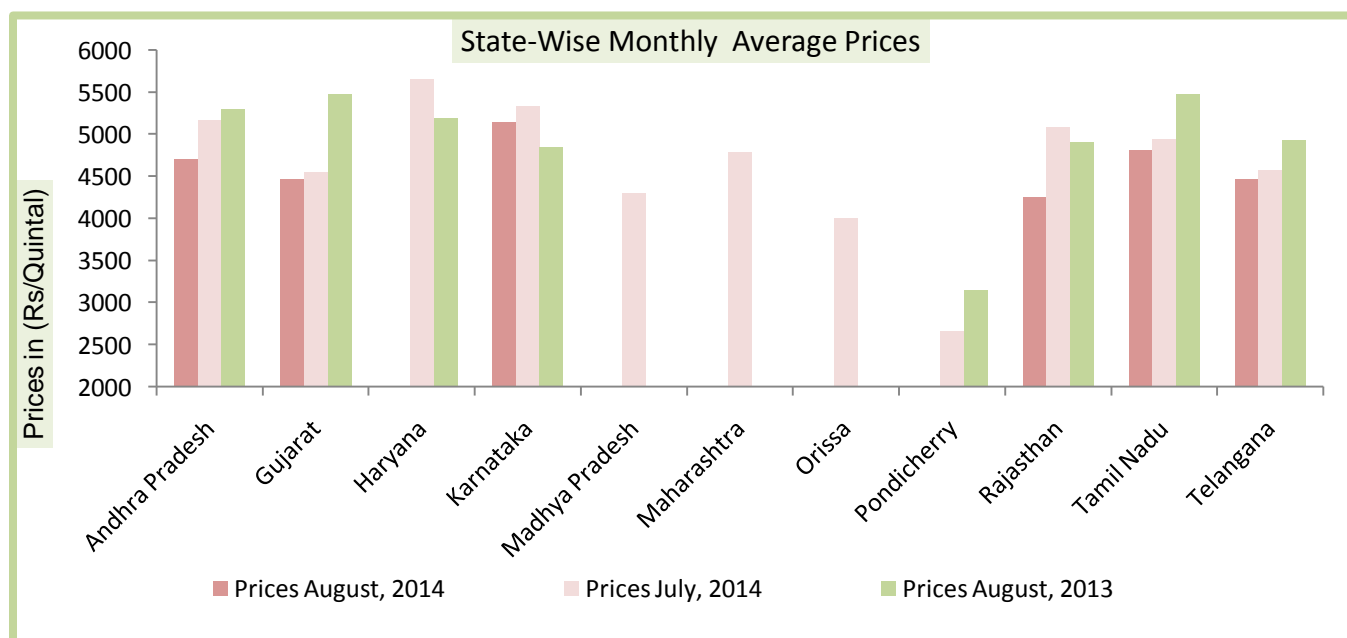
State wise Scenario

State wise Prices (Rs./Qtl.)

State	Prices August, 2014	Prices July, 2014	Prices August, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4698.74	5169.45	5290.36	-9.11	-11.18
Gujarat	4470.62	4548.66	5473.71	-1.72	-18.33
Haryana		5652.14	5190.11	—	—
Karnataka	5136.31	5328.55	4842.26	-3.61	6.07
Madhya Pradesh		4303.98		—	—
Maharashtra		4789.63		—	—
Orissa		4000		—	—
Pondicherry		2651	3149.51	—	—
Rajasthan	4250	5079.36	4900.51	-16.33	-13.27
Tamil Nadu	4815.67	4933.82	5472.14	-2.39	-12
Telangana	4472.4	4578.1	4926.55	-2.31	-9.22
Average	4640.62	4639.52	4905.64		

*Report Generation: As per the data reported by APMCs

In most of the states, no prices has been reported as stocks and arrivals are depleting due to the season ending. In all the mentioned states, cotton prices are showing downtrend on Y-o-Y basis and M-o-M basis, except Karnataka, where prices remained higher on Y-o-Y basis.

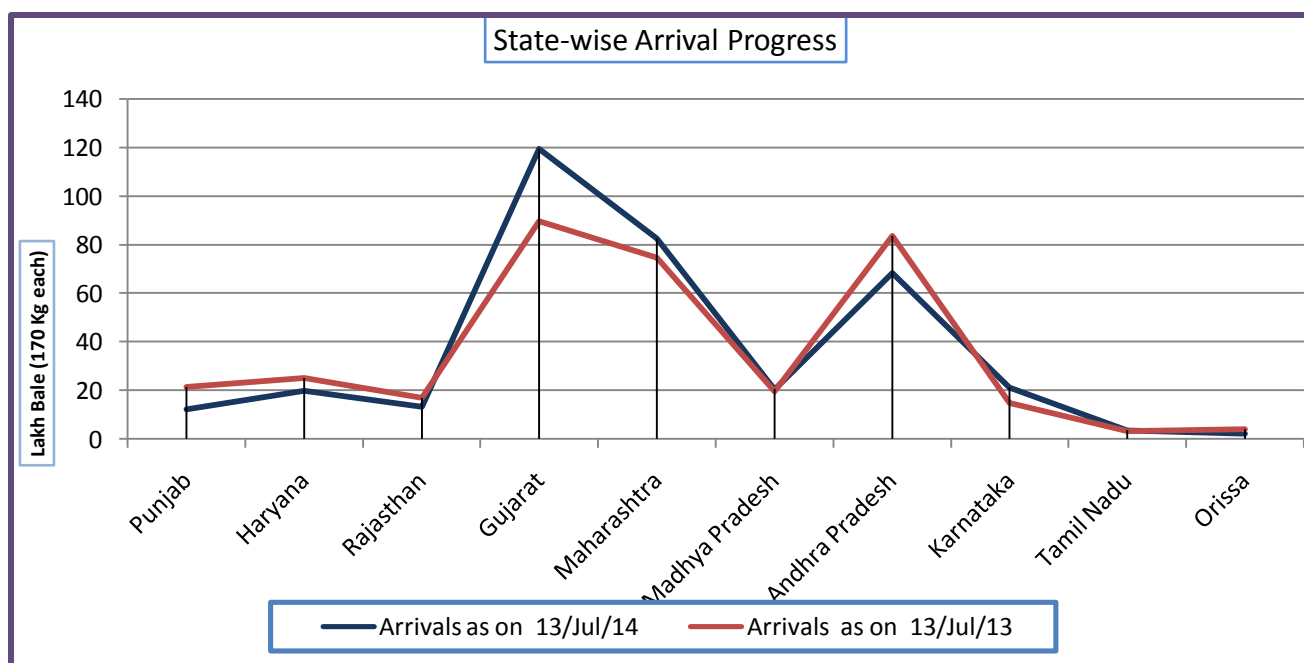


State wise Arrivals (in lakh bales of 170 kgs each):

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

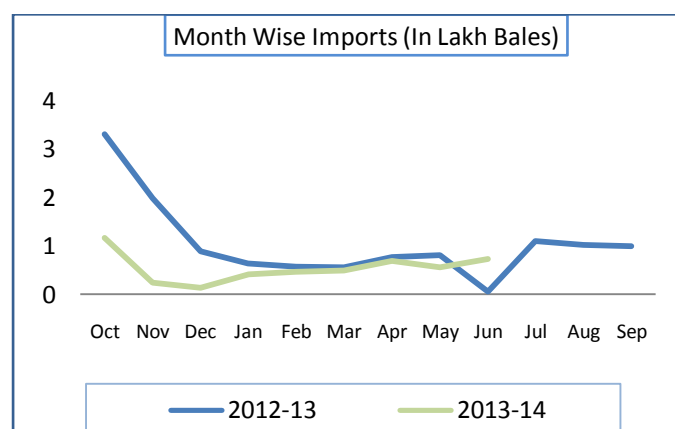
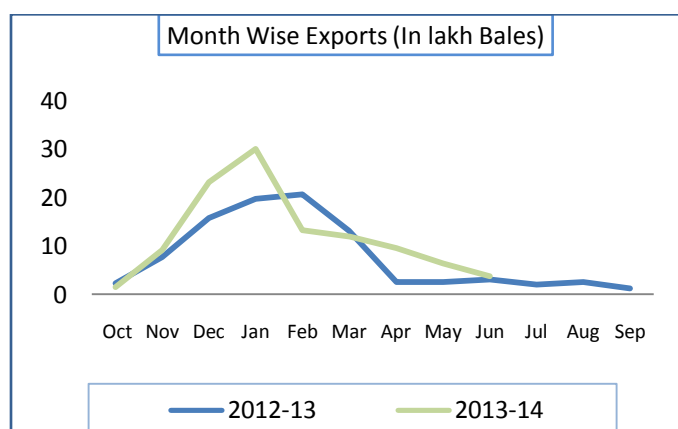
**Source : Cotton Corporation of India (CCI)



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	27 Jul-03 Aug 2014	20-27 Jul 2014
Export (In lakh Bales)	0.36	0.3
Import (In lakh Bales)	0.20	0.31

Source: IBIS

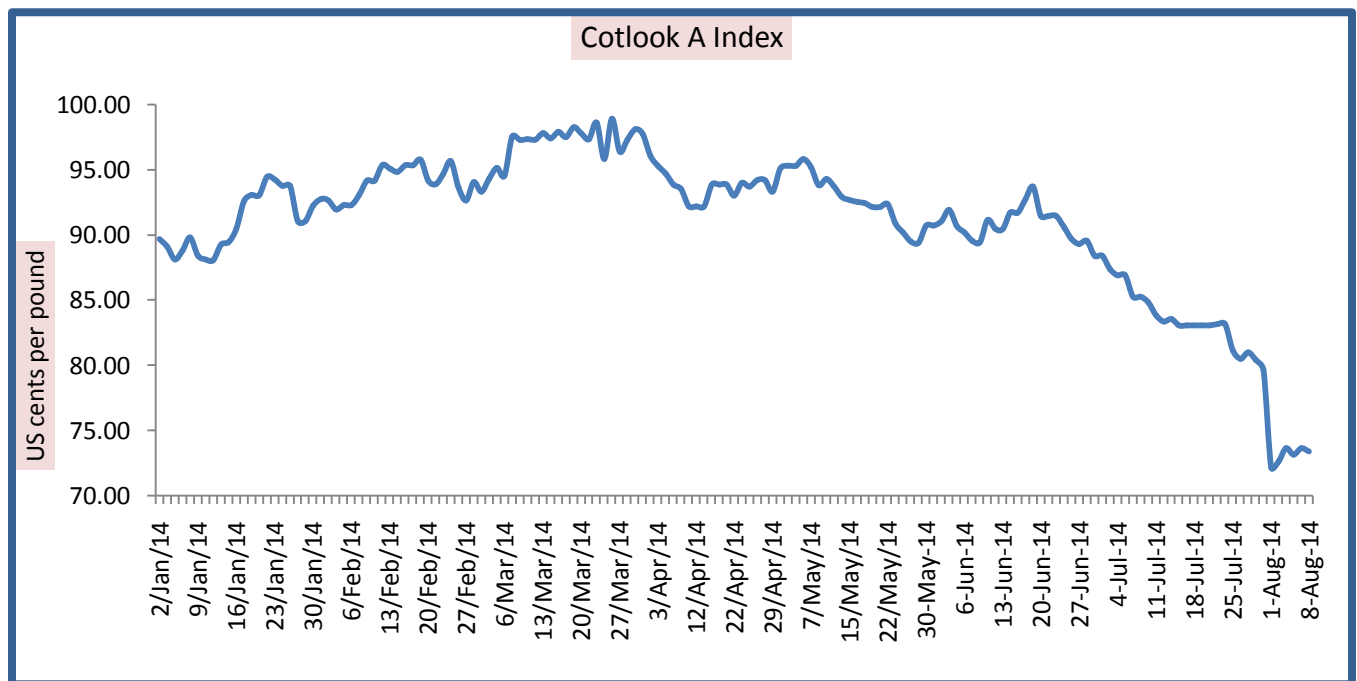
International Market Scenario

Cotton output in Bangladesh is likely to be around 115,000 and 120,000 bales in Marketing year 2013/14 and 2014/15 respectively due to good weather conditions and increased usage of hybrid seeds. Cotton imports are expected to increase by 8.3% to 3.9 million bales in MY 2013/14 and 7.6% to 4.2 million bales in MY 2014/15.

Cotton planting area in China has been falling gradually in recent years as a result of declining planting profit and rising production cost, said National Development and Reform Commission (NDRC). As predicted by China Cotton Association, cotton area is expected to fall to 4.08 million hectares, 12.6 percent down year on year.

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.

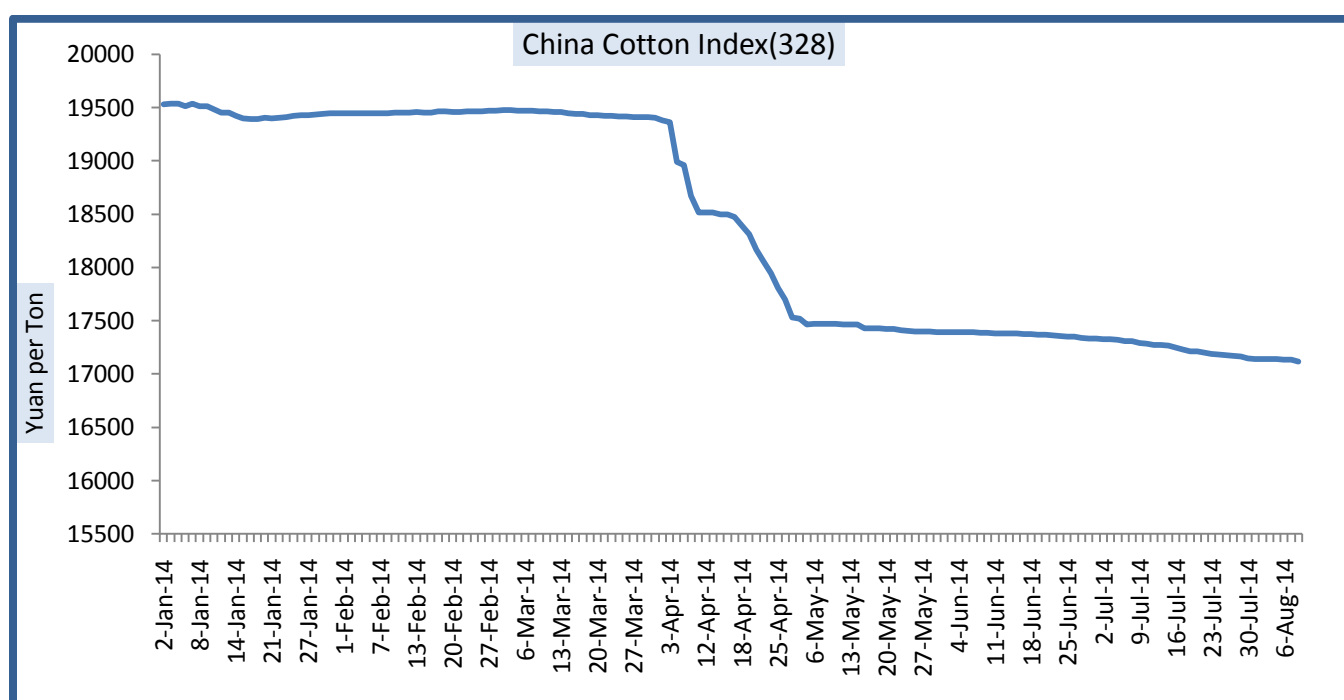


International Prices and Indices

China Cotton Index:

CCI Indices	8-Aug-14	1-Aug-14	% Change
CCIndex(229)	17757	17782	-0.14
CCIndex(328)	17115	17138	-0.13
CCIndex(527)	16034	16046	-0.07

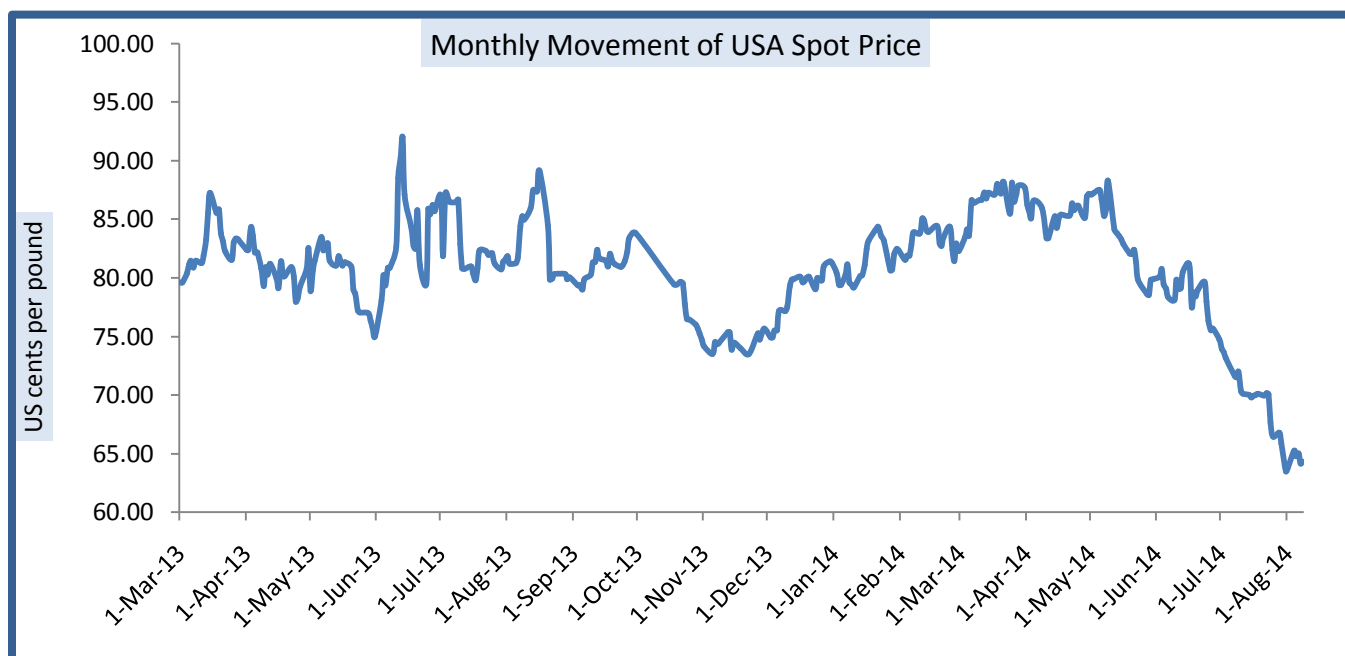
Prices in Yuan per Ton



USA Spot Prices:

Date	8-Aug-14	1-Aug-14	% Change
Prices	64.33	63.81	0.81

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	08/08/2014	08/07/2014	08/08/2013	% M-o-M change	%Y-o-Y change
Oct-14	63.81	70.09	80.36	-8.96	-20.59
Dec-14	64.21	70.10	--	-8.40	--
Mar-15	65.03	71.17	--	-8.63	--
May-15	66.14	72.38	--	-8.62	--
Jul-15	67.30	73.43	--	-8.35	--
Oct-15	67.60	--	--	--	--

Source: MRCI, Figures in US Cents Per Pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlesticks denote buying interest in the market.
- RSI is moving high in neutral region supporting bullish tone.
- MACD denotes bullish centerline and signal line cross over.
- We expect cotton prices to remain strong.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bullish Momentum	810-860

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
800	894	875	890

Figures in Rs. per 20Kgs.

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



Weekly Technical Outlook:

- Candlestick denotes recovery in the prices.
- Increasing open interest and volume depicts short built up
- We expect prices to remain firm.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bullish Momentum	63.20-66.50

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62	60	68	70

Figures in US cents per pound

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