

## Current Market Outlook

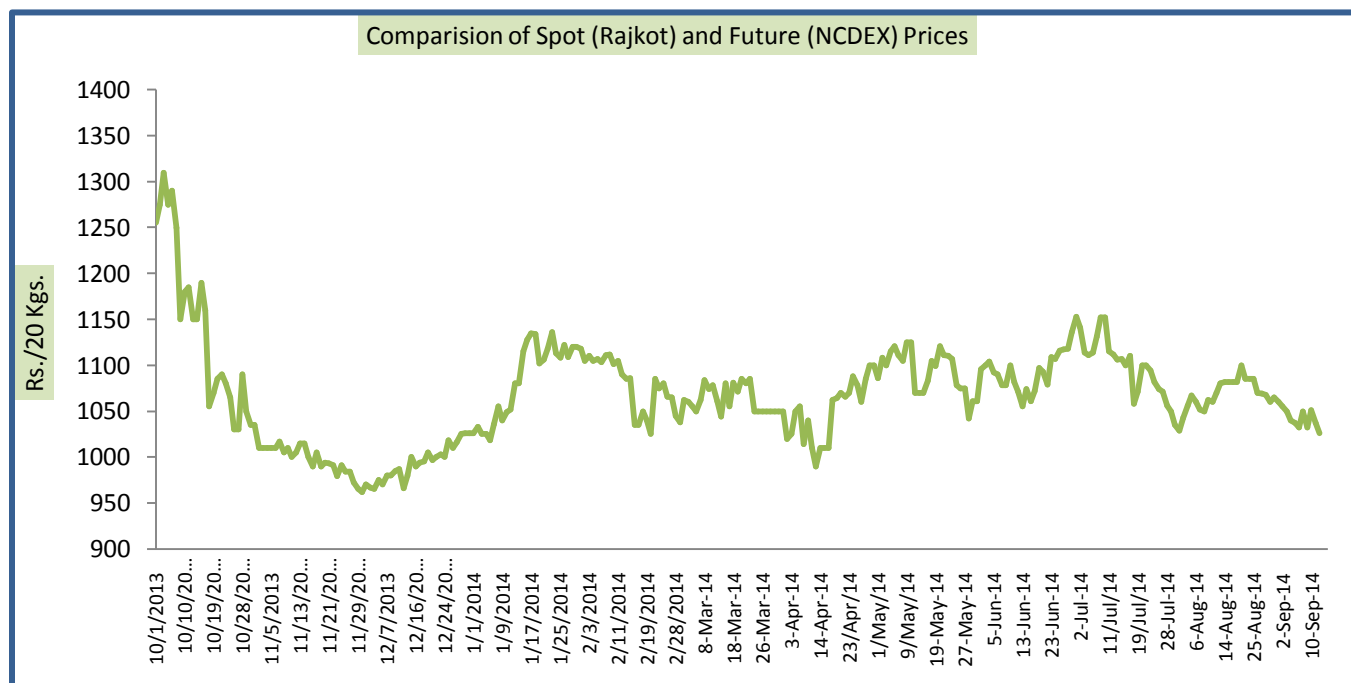
**Current Market Outlook:** Cotton market noticed steady weak tone in the prices following the expectation of higher production in the country and ample stocks on the global front.

**The Cotton Association of India (CAI) has revised its estimates for the cotton production** in the country. According to CAI cotton output in India would be around 40.37 million bales (6.86 million tonnes) in season 2014/15 which was earlier estimated 39.62 million bales in August for the same season. Consumption of cotton in the coming season is likely to be around 30 million bales, said CAI.

**According to the Central Water Commission (CWC), current live storage of water in main reservoirs of India as on 11 September** this year is 119.785 BCM, which is 77% of the live capacity at Full Reservoir Level (FRL). Due to weak monsoon rains this year the same has fallen by 6% compared to the previous year which was 83% during the same period. Although the late revival of monsoon has raised the storage by 6% compared to the previous week and 5% compared to 10 years average.

**According to the latest report by USDA, cotton exorts are likely to fall by 35% to 7.69 million bales** following the weak demand from China. Bangladesh and Vietnam are likely to emerge as leading export destination for India as China, the largest importer is likely to import lesser.

**According to Ministry of Agriculture, around 123.71 lakh hectare of area has been sown under pulses (Kharif)** this year as on September 05, around 9.2% lower than the previous year, when it was 113.21 lakh hectares during the same period.



### 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	12.5 million Hectares	388 Lakh bales	370 lakh bales

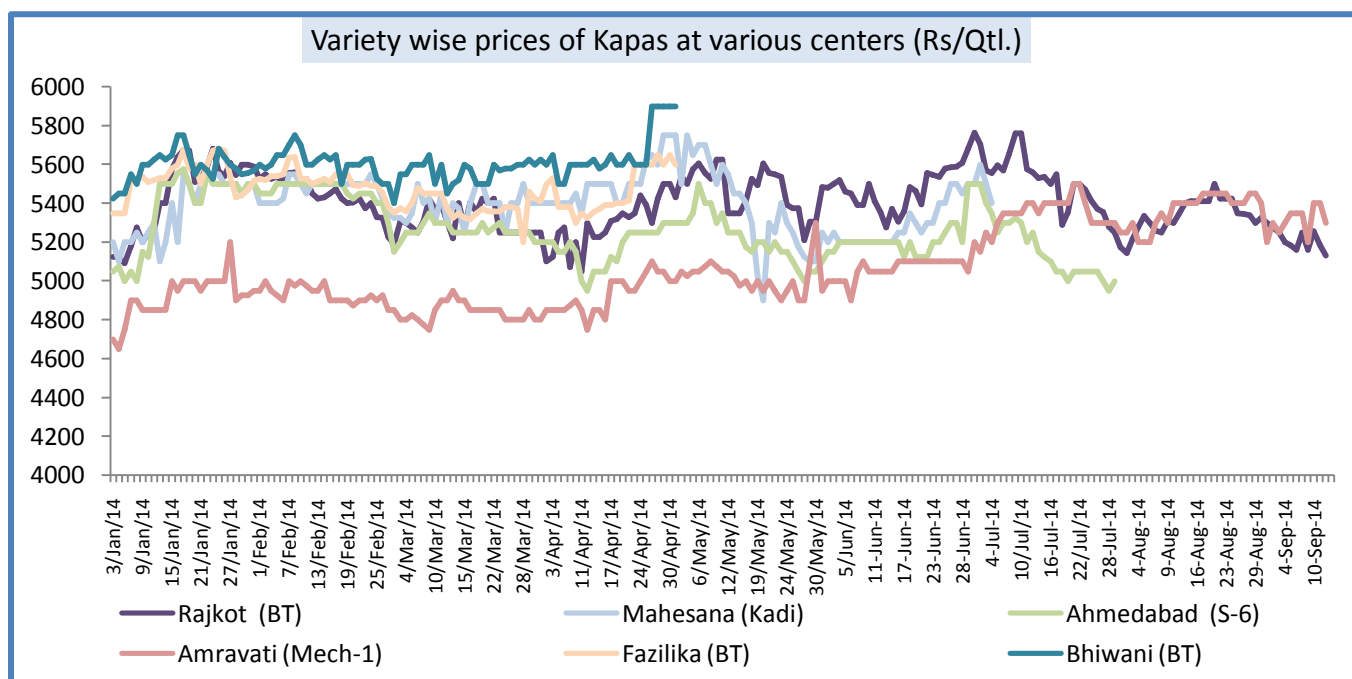
We expect that the El Nino this year will lead to the deficit rainfall and hence the hampered yield. Under the normal condition we expect production figure to touch the level of 388 lakh bales whereas impacted by El Nino the same could fall to 370 lakh bales.

### Cotton Prices and Arrivals

#### Cotton Prices at Key Spot Market:

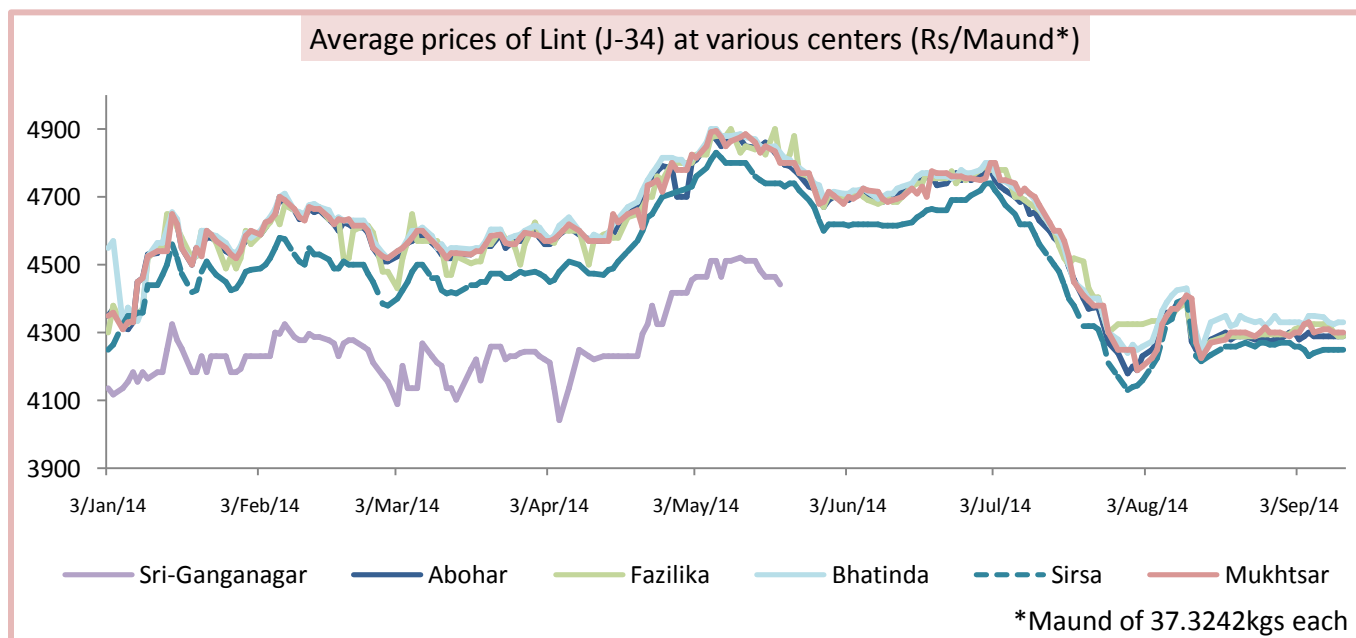
Centre	Variety	Prices		% Change
		12-Sep-14	5-Sep-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5333	5280	1.00
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5190	5242	-0.99
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4666	4850	-3.8
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	4583	4539	1.0
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	NA	-
Gondal	Shankar-6	5030	5020	0.2
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5253	5322	-1.3
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4774	4757	0.4
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4290	4294	-0.1
Muktsar	J-34	4303	4309	-0.1
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	4335	4333	Unch
Mansa	J-34	NA	NA	-
Sirsa	J-34	4248	4254	-0.1
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 weakness in prices of kapas in domestic market. The highest prices among the mentioned markets are being noticed in Amravati. Most of the other markets are reported with no arrivals due to season ending.

### Average Prices of Lint at Various Centers:

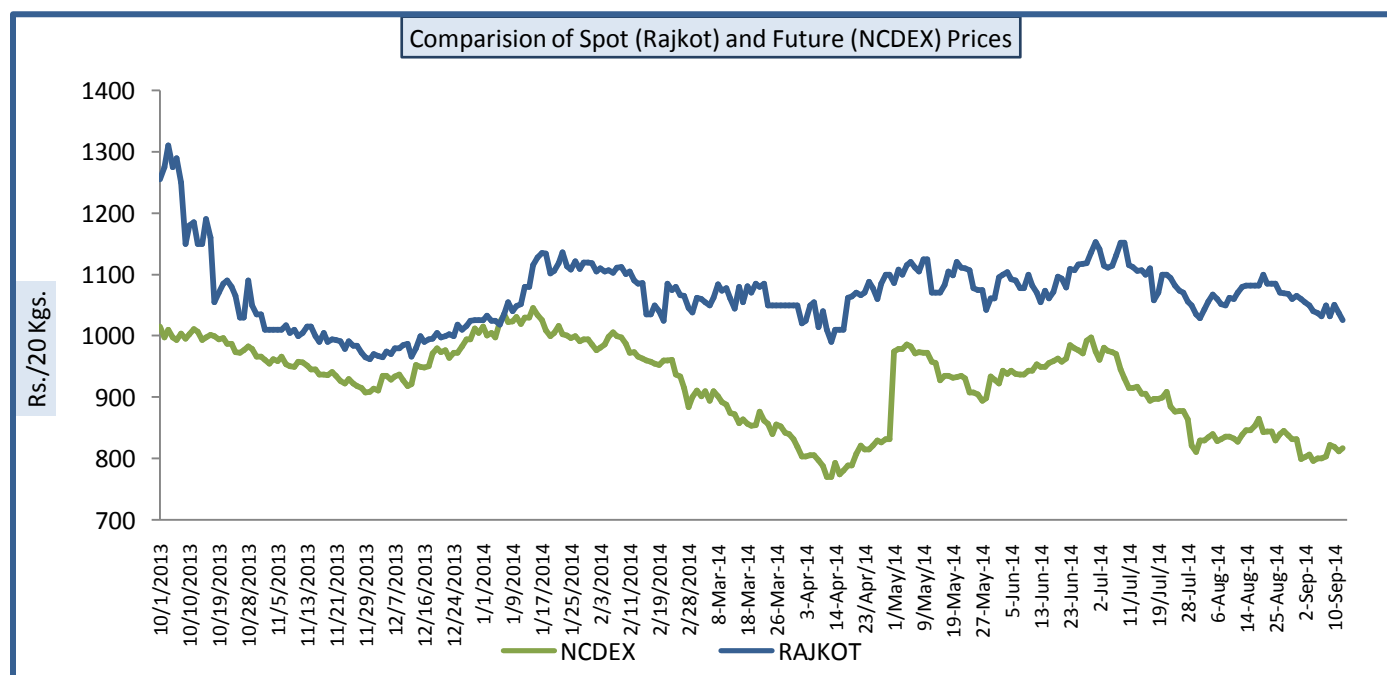


**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	% Change
				11-Sep-14	4-Sep-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	38100	38000	0.3
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38600	38500	0.3
J-34(202)	26mm	3.5 - 4.9	23	39400	39400	0.0
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38700	38900	-0.5
Shankar-6(105)	29mm	3.5 - 4.9	28	39800	39900	-0.3
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42500	-0.9
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43500	43500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55300	56000	-1.3

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

Prices of cotton remained weak during the week following the sentiments of higher production in USA and improved rainfall in the country which could bring the production either to the normal level or higher level. Also the acreage of cotton stood higher by around 10% this season compared to the previous year.



**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		% Change
		12-Sep-14	5-Sep-14	
Amravati	Mech-1	305	275	10.9
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	10200	11960	-14.7
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	8600	1400	514.3
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	255	85	200.0
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	NA	-
Gondal	Shankar-6	3207	2384	34.5
Bijapur	Bunny	1057	1692	-37.53
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1082	516	109.7
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	-

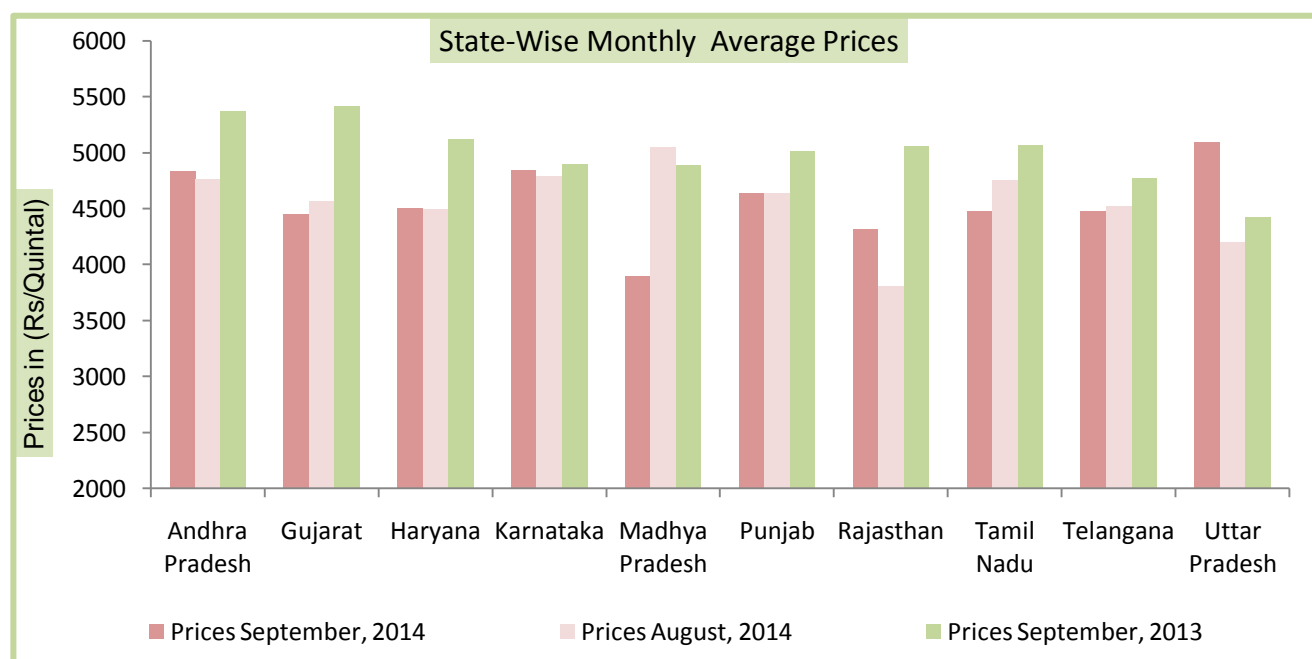
### State wise Scenario

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

State	Prices September, 2014	Prices August, 2014	Prices September, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4834.56	4761.53	5375.29	1.53	-10.06
Gujarat	4454.8	4564.54	5420.03	-2.4	-17.81
Haryana	4508.4	4500	5121.06	0.19	-11.96
Karnataka	4848.74	4788.21	4900.78	1.26	-1.06
Madhya Pradesh	3895.41	5056	4888.84	-22.95	-20.32
Punjab	4641.04	4639.8	5021.41	0.03	-7.57
Rajasthan	4321.18	3812.5	5059.57	13.34	-14.59
Tamil Nadu	4481.09	4757.65	5067.28	-5.81	-11.57
Telangana	4478.67	4525.79	4775	-1.04	-6.21
Uttar Pradesh	5091.03	4202	4426.19	21.16	15.02
Average	6164.08	6182.55	4810.03		

\*Source: Agmarknet

In all the mentioned states, cotton prices are showing downtrend on Y-o-Y basis except Karnataka and Uttar Pradesh. On M-o-M basis also, prices are showing downtrend except Andhra Pradesh, Karnataka and Uttar Pradesh. Currently highest prices are being noticed in Karnataka followed by Andhra Pradesh and Punjab.

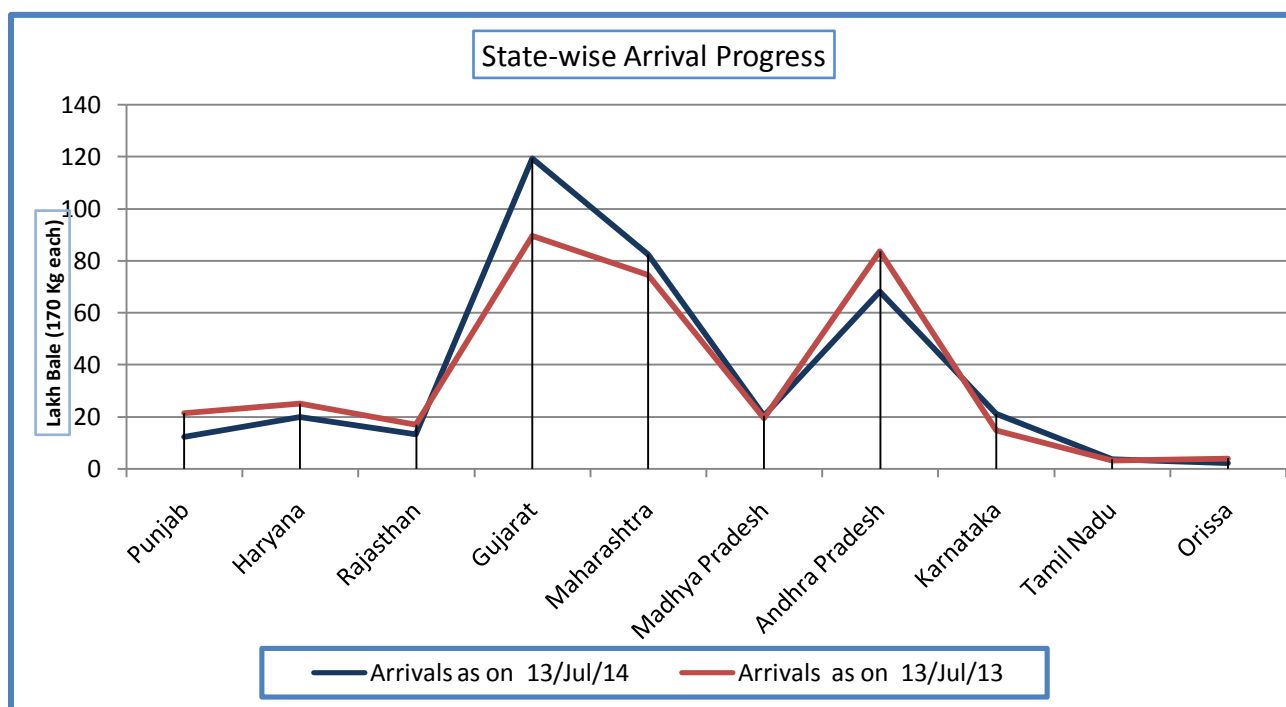


### State wise Arrivals (in lakh bales of 170 kgs each):

States	2013-14*		2012-13	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	2/Jul/14	13/Jul/14	2/Jul/13	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

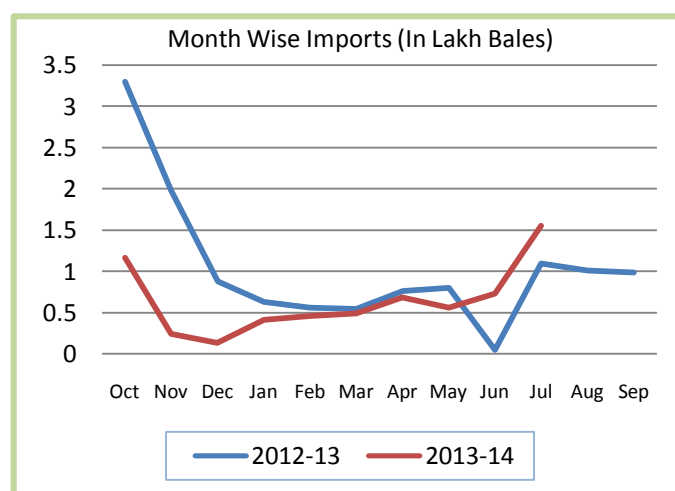
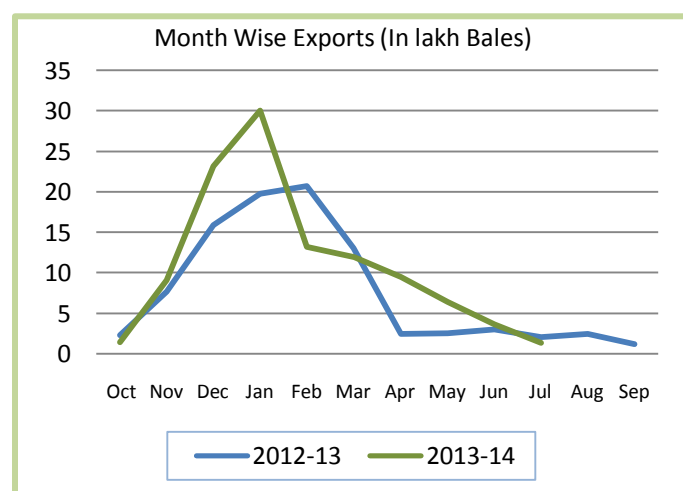
\*\*Source : Cotton Corporation of India (CCI)



### 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	1.32
Aug	2.5	
Sep	1.22	
<b>Total</b>	<b>93.12</b>	<b>109.4</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	1.55
Aug	1.01	
Sep	0.99	
<b>Total</b>	<b>12.61</b>	<b>6.41</b>



### Weekly Export Import Data

Date	25-31 Aug 2014	24-30 Aug 2014
Export (In lakh Bales)	0.22	0.22
Import (In lakh Bales)	0.51	0.51

Source: IBIS

### International Market Scenario

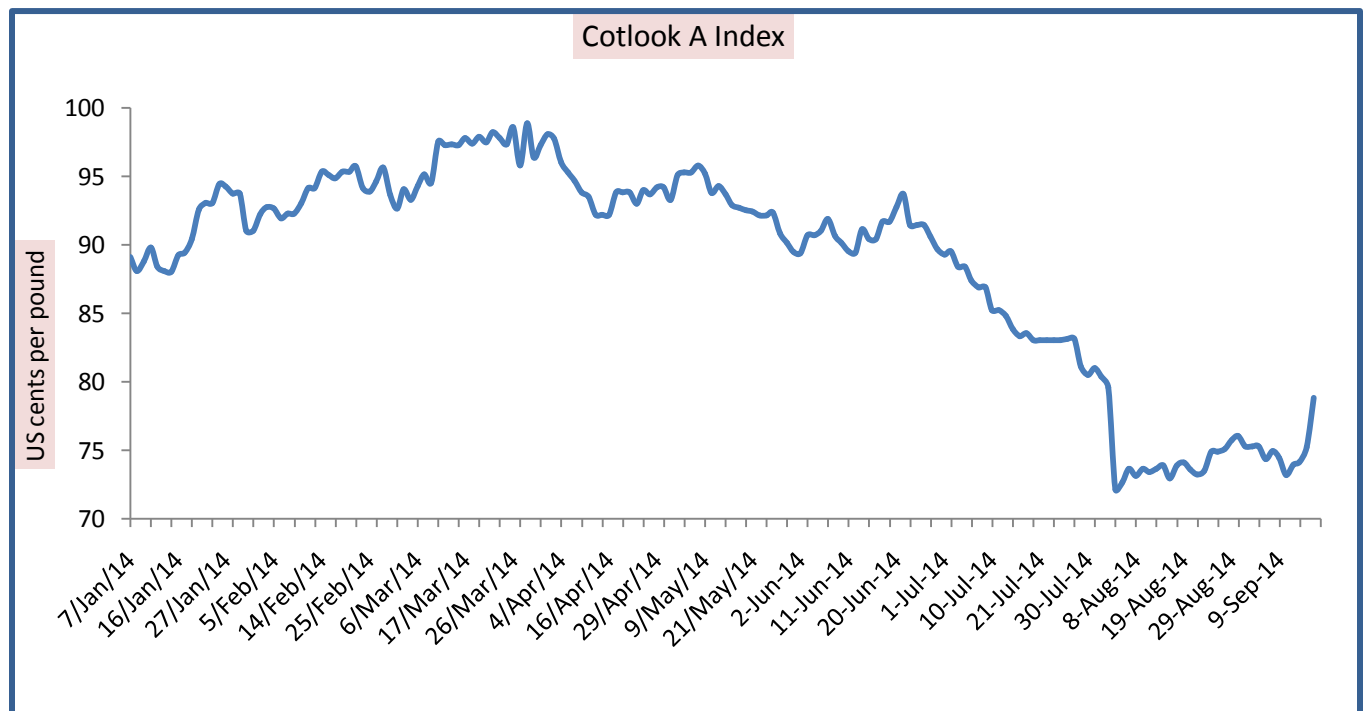
**Australia estimated cotton production in the country to be around 580,000 tons, 29% lower than the June estimates which was 820,000 tons, according to a report released by Australian Bureau of Agricultural and Resource Economics and Sciences. Australia produced 890,000 tons of cotton last year whereas output of cotton this year is likely to decline as dry weather condition prevails in the country.**

**World inventories are likely to surge to 22.25 million tonnes by the end of season 2014/15, estimated International Cotton Advisory Committee (ICAC). Global production is expected to be around 26.05 million tonnes this year slightly lower than production in 2013/14 which stood around 25.53 26.09 million tonnes.**

**According to the latest report released by USDA, as on August 31, 2014, 50% of cotton crop in USA is in excellent to good condition compared to 51% a week ago and 45% a year ago. 96% setting bolls has reported in cotton which was 90% last week and 94% a year ago. 31% of bolls opening reported which was 19% a week and 15% a year ago.**

**China's cotton acreage is expected to fall by 9.4% to 4.23 million hectares this year, as reflected in the latest survey by China Cotton Association (CCA). The CCA raised its projection for cotton acreage, which was earlier expected to fall by 12.6%, as cotton area surged higher in Xinjiang Uygur Autonomous Region following the Government's direct subsidy policy.**

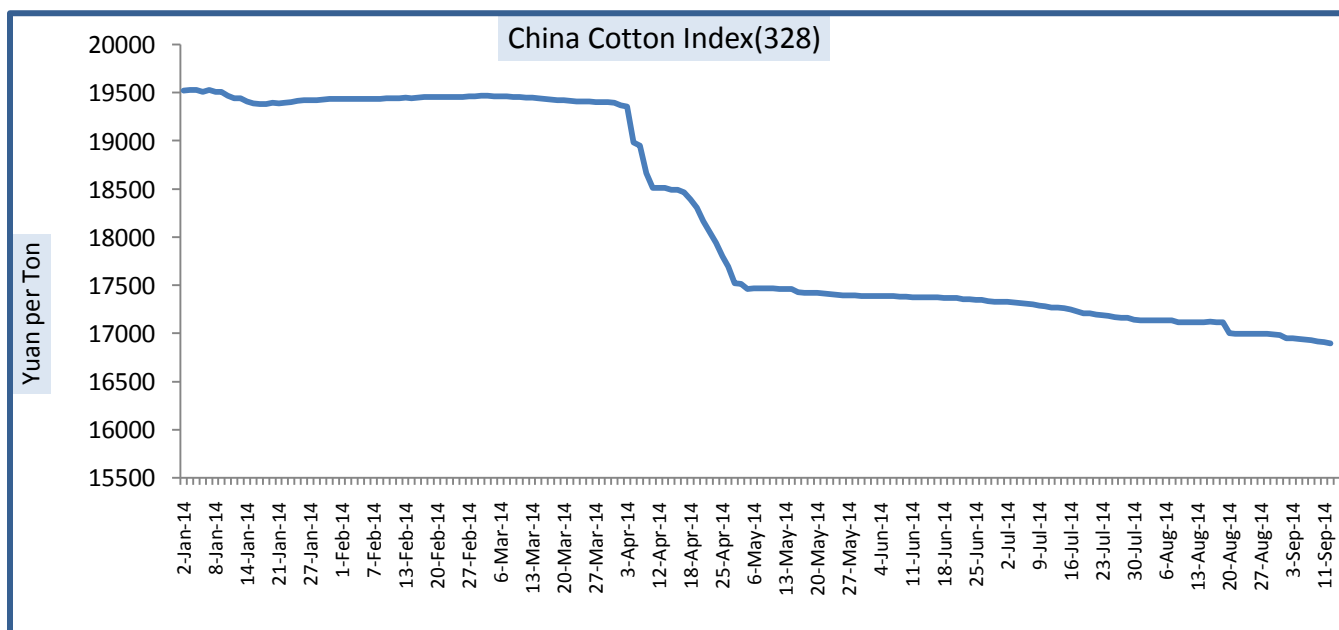
**Sri Lanka has recorded growth of 25% in its income from the textile export in June 2014, revealed by Central Bank of Sri Lanka (CBSL).**



### International Prices and Indices

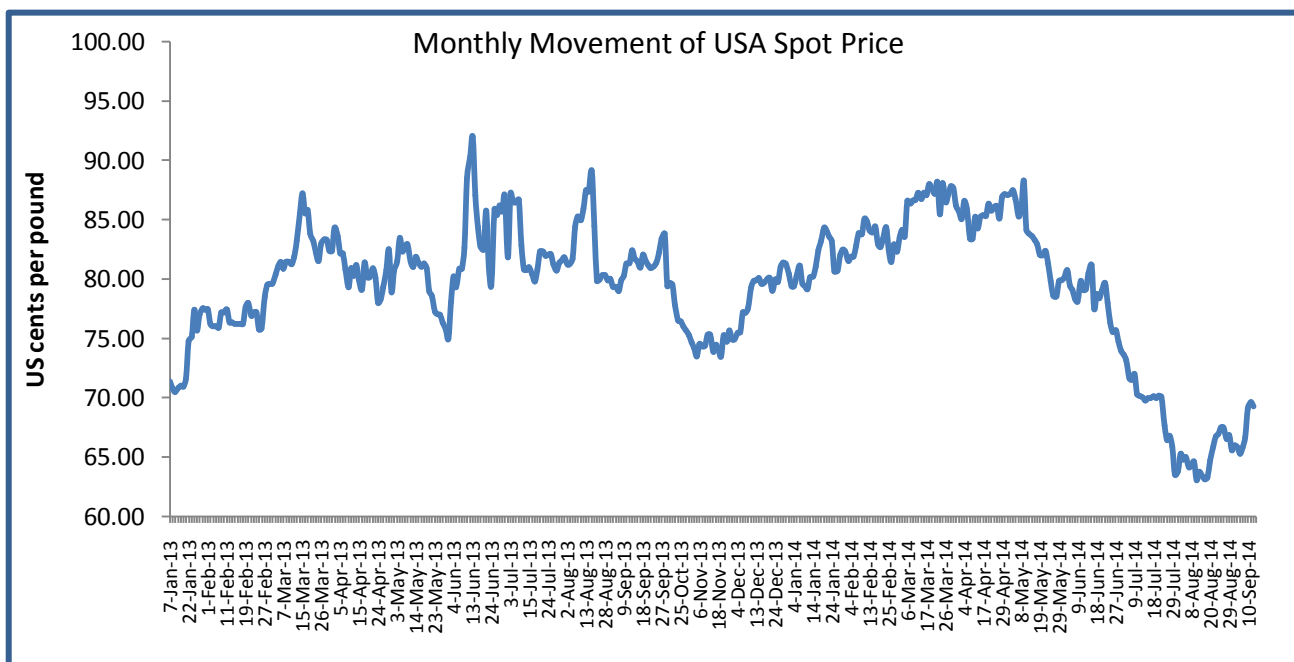
#### China Cotton Index:

CC Indices	12-Sep-14	5-Sep-14	% Change
CC Index(229)	17512	17570	-0.33
CC Index(328)	16898	16936	-0.22
CC Index(527)	15781	15841	-0.38
Prices in Yuan per Ton			



#### USA Spot Prices:

Date	12-Sep-14	5-Sep-14	% Change
Prices	69.29	65.27	6.16
Prices in US cents per Pound			


**World Monthly Average Cotlook A Index (FE) in US cents per Pound:**

Month	2013-14	2014-15	Y-o-Y % Change
August	92.71	73.99	-20.19
September	94.6		
October	89.35		
November	84.65		
December	87.49		
January	90.96		
February	94.05		
March	96.94		
April	94.2		
May	92.7		
June	90.89		
July	83.83		

**Cotton Futures (ICE):**

Contracts	12/9/2014	12/8/2014	12/9/2013	% Month change	%Y-o-Y change
<b>Oct-14</b>	70.61	63.03	79.28	12.03	-10.94
<b>Dec-14</b>	68.00	63.37	--	7.31	--
<b>Mar-15</b>	67.43	64.22	--	5.00	--
<b>May-15</b>	67.75	65.31	--	3.74	--
<b>Jul-15</b>	68.19	66.46	--	2.60	--
<b>Oct-15</b>	68.72	66.8	--	2.87	--

Figures in US cents per pound

## Cotton Futures

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



### Weekly Technical Outlook:

- Candlesticks denote range bound movement with firm biasness.
- RSI is moving flat in neutral region supporting bearish tone.
- MACD depicts a bullish cross over.
- We expect cotton prices to remain range bound.

### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range bound Momentum	795-835

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
785	770	850	860

Figures in Rs. per 20Kgs.

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

**Weekly Technical Outlook:**

- Candlesticks depict bullish momentum during the week.
- Increasing Volume and Open Interest denotes recovery.
- We expect prices to remain firm with sideways movements.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	66-73

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
64.00	62.40	74.60	75.00

Figures in US cents per pound

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