

Current Market Outlook

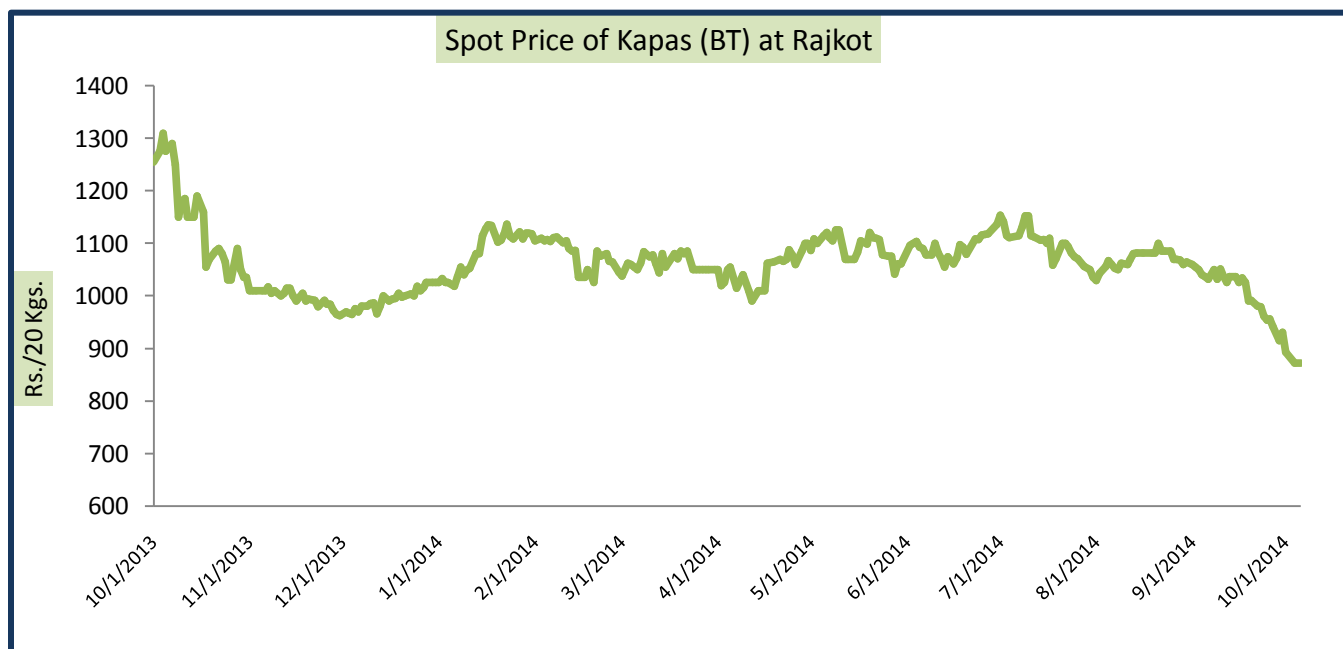
Current Market Outlook: Cotton market noticed downtrend in the prices following the expectation weaker import demand from China and ample availability in the coming season.

As per the latest estimates released by Ministry of Agriculture (MoA), around 126.55 lakh hectare of area has been sown under cotton this year as on September 29, around 10.64% higher than the previous year, when it was 114.37 lakh hectares during the same period.

On the continuous downtrend in the cotton prices over the last few weeks, Cotton Corporation of India (CCI) is preparing itself for procurement of cotton in Telangana, Karnataka, Maharashtra and Odisha. MSP for the long staple cotton is Rs. 35,000 a candy and Rs. 32,500 per candy for medium staple, as announced by government for the year 2013-14. Currently cotton prices are moving in the band of 37,000-38,000 per candy as compared to 40,000 per candy last week.

Annual monsoon in India has started withdrawing from the country's northwest region, said weather official on 23-Sep-2014. The monsoon withdrawal has been delayed due to late revival of rains this month, which has caused flood in some of the regions. According to IMD, country has received 763.1 mm of rainfall till 24 September this year; around 11% lower than the normal rainfall of 858.8 mm.

India is expected to surpass China in cotton production by the upcoming crop season, said USDA. India is expected likely to produce 6.53 million tons of cotton compared to 6.75 million tons in the season 2013/14 whereas China's cotton production would be around 6.42 million tons which was 6.96 million



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):

Due to delayed rainfall, acreage of cotton has surged this season compared to the previous season. Farmers have sown cotton instead of the other Kharif crop that requires more water for example soybean, though production could vary depending on the yield, impacted by weather conditions.

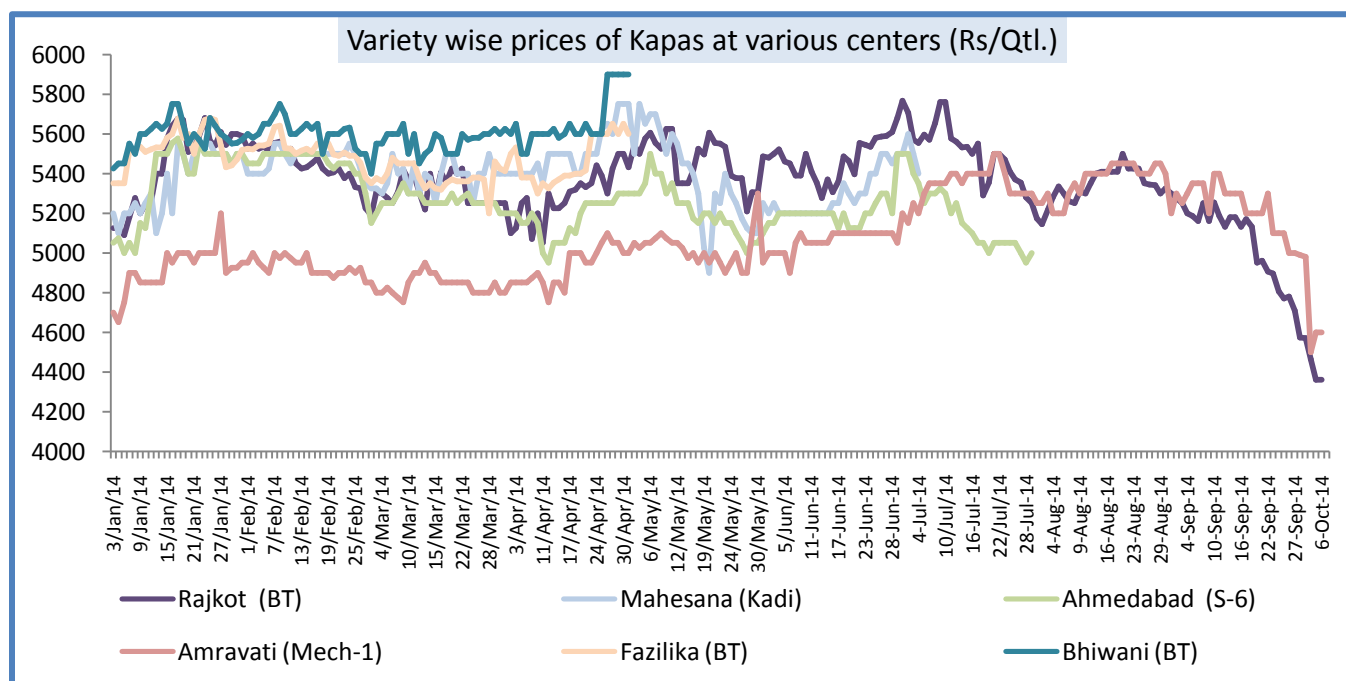
Area (2013-14)	Expected Area (2014-15)	Production under normal conditions	Production under Deficit Rainfall
11.4 million hectares	12.5 million Hectares	395 lakh bales	384 lakh bales

Cotton Prices and Arrivals

Cotton Prices at Key Spot Market:

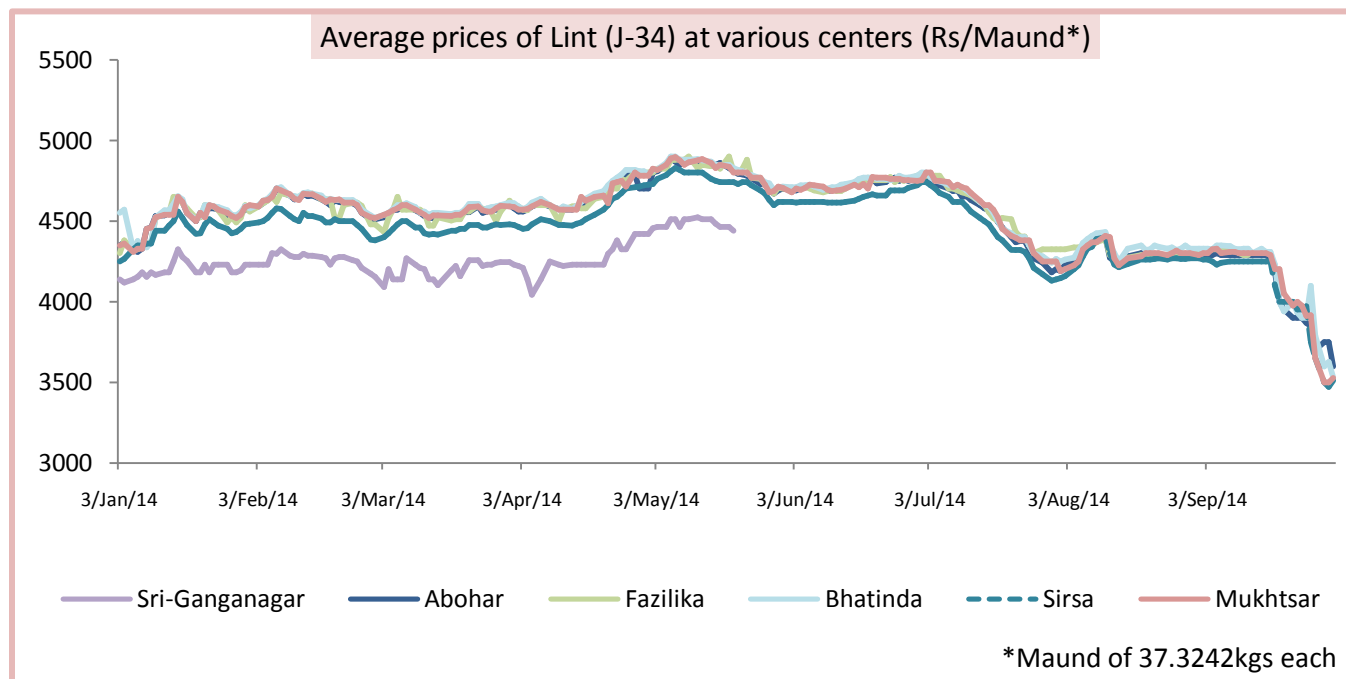
Centre	Variety	Weekly Average Prices		Change
		1-Oct-14	26-Sep-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5013	5133	-121
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	1000	0	1000
Rajkot	B.T. Cotton	4601	4853	-251
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4163	3533	629
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4406	4505	-99
Adampur	B.T. Cotton	3150	NA	-
Fatehabad	B.T. Cotton	4154	4273	-119
Dabwali	B.T. Cotton	3100	NA	-
Jind	B.T. Cotton	1288	NA	-
Uchana (Jind)	B.T. Cotton	3138	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	1031	NA	-
Gondal	Shankar-6	4285	4663	-378
	Kapas			
Bijapur	Bunny	3683	3438	246
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4305	4679	-374
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3656	3895	-239
Muktsar	J-34	3544	3971	-427
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3636	3962	-325
Mansa	J-34	2629	NA	-
Sirsa	J-34	3533	3270	263
Sri-Ganganagar	J-34	1669	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 followed by Rajkot. Most of the other markets are reported with no arrivals due to season ending.

Average Prices of Lint at Various Centers:

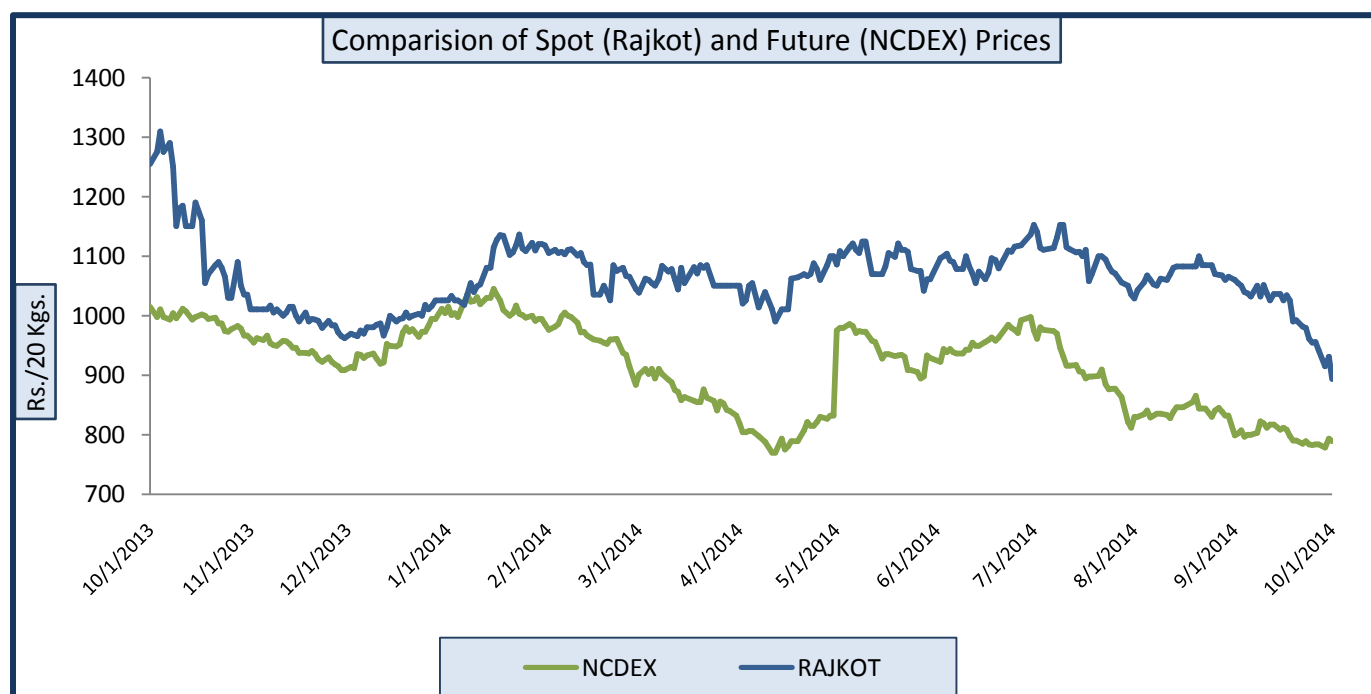


Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Sep-14	25-Sep-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36750	37846	-1096
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37250	38346	-1096
J-34(202)	26mm	3.5 - 4.9	23	34950	38642	-3692
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34350	38012	-3662
Shankar-6(105)	29mm	3.5 - 4.9	28	35350	39131	-3781
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37350	41550	-4200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38850	42804	-3954
DCH-32(107)	34mm	3.0 - 3.8	33	47050	54446	-7396

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	Weekly Sum Arrivals (Qtl)		Change
		1-Oct-14	26-Sep-14	
Amravati	Mech-1	230	470	-240
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	200	NA	NA
Rajkot	B.T. Cotton	6150	9150	-3000
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	24350	19500	4850
Adampur	B.T. Cotton	1445	NA	-
Fatehabad	B.T. Cotton	5300	7100	-1800
Dabwali	B.T. Cotton	1500	NA	-
Jind	B.T. Cotton	139	NA	-
Uchana (Jind)	B.T. Cotton	305	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	3400	NA	-
Gondal	Shankar-6	2513	2862	-349
Bijapur	Bunny	95	446	-351
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2314	926	1388
Abohar	J-34	1445	1890	-445
Muktsar	J-34	1343	2550	-1207
Bhatinda	J-34	21250	14110	7140
Mansa	J-34	1955	NA	-
Sirsa	J-34	6460	4063	2397
Sri-Ganganagar	J-34	510	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

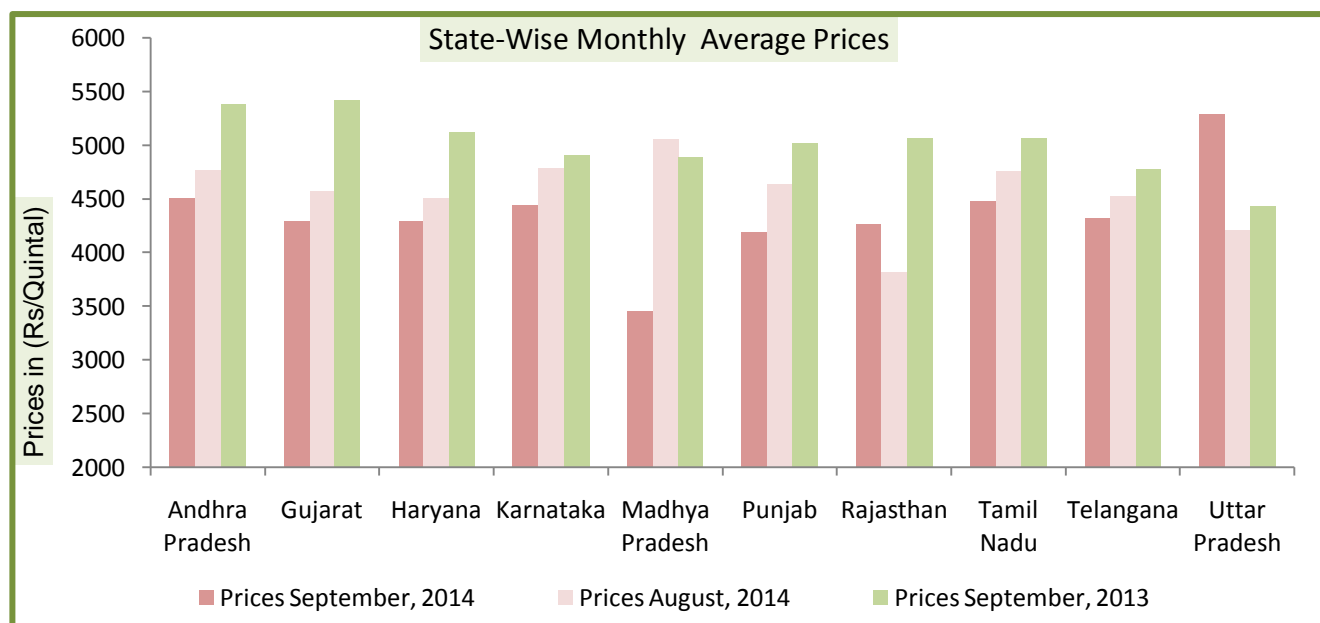
State wise Scenario

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	4500.12	4761.53	5375.29	-5.49	-16.28
Gujarat	4293.09	4564.54	5420.03	-5.95	-20.79
Haryana	4283.4	4500	5121.06	-4.81	-16.36
Karnataka	4442.5	4788.21	4900.78	-7.22	-9.35
Madhya Pradesh	3451.78	5056	4888.84	-31.73	-29.39
Punjab	4190.71	4639.8	5021.41	-9.68	-16.54
Rajasthan	4263.93	3812.5	5059.57	11.84	-15.73
Tamil Nadu	4473.52	4757.65	5067.28	-5.97	-11.72
Telangana	4322.35	4525.79	4775	-4.5	-9.48
Uttar Pradesh	5285.15	4202	4426.19	25.78	19.41
Average	5770.63	6182.55	4810.03		

*Source: Agmarknet

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

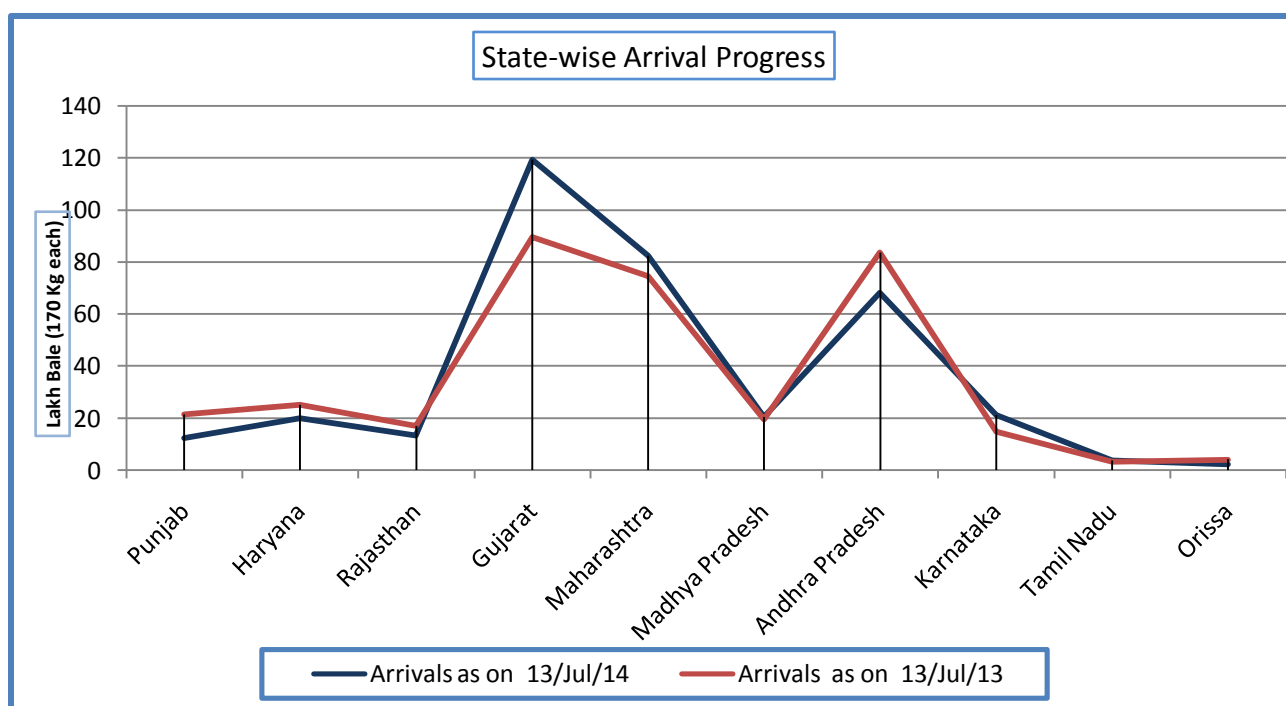


State wise Arrivals (in lakh bales of 170 kgs each):

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

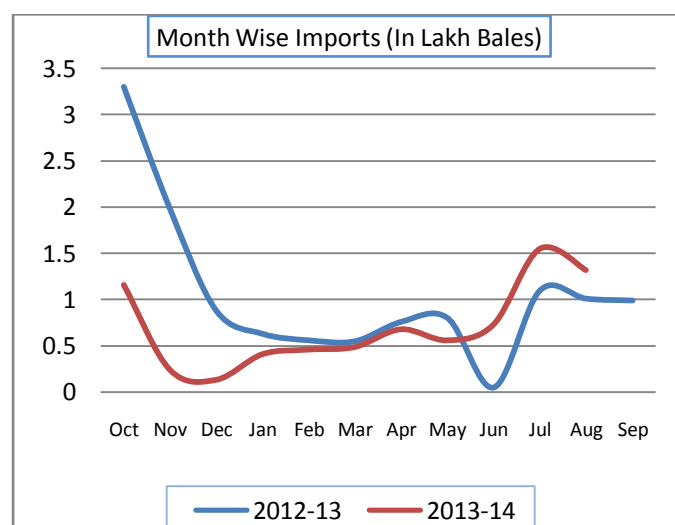
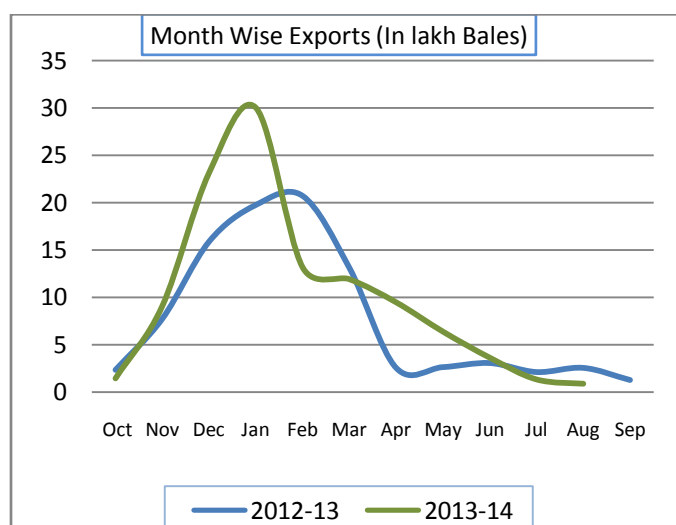
**Source : Cotton Corporation of India (CCI)



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	1.32
Aug	2.5	0.87
Sep	1.22	
Total	93.12	109.4

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	1.32
Sep	0.99	
Total	12.61	6.41



Weekly Export Import Data

Date	22-28 September 2014	15-21 September 2014
Export (In lakh Bales)	0.25	0.42
Import (In lakh Bales)	0.97	0.84

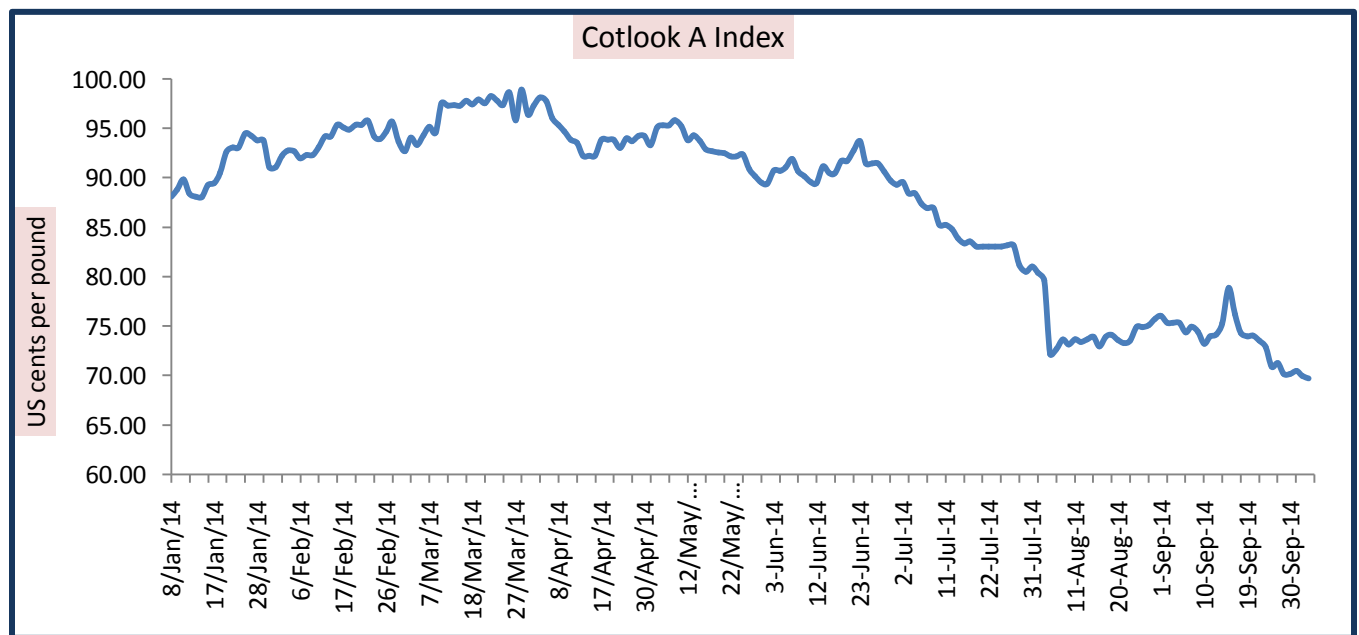
Source: IBIS

International Market Scenario

According to the latest report released by USDA, as on September 29, 2014, 48% of cotton crop in USA is in excellent to good condition compared to 49% percent a week and 44% a year ago. 58% bolls open has reported in cotton which was 51% last week and 45% a year ago. 8% of cotton harvesting reported which was 5% a year ago during the same period.

China's announcement of allowing only minimum tax free imports of cotton has hit the cotton futures adversely. China is the top importer and consumer of cotton in the world. The country has the huge stockpile of the fiber and now it wishes to release this to fulfill the domestic demands, instead of importing from the other nations. China, under the terms negotiated with WTO, obliged to imports 894,000 tons of cotton every year, which would be the tax free import limit for the year 2015 too, whereas China imported around 3.08 m tons of cotton in 2013-14. Any imports beyond the quota limit would be liable for 40% import duty. Amid this situation, the international market is noticing the timid sentiments and cotton futures are likely remain weak.

Cotton area in Brazil is likely to fall by 11 percent to one million hectares in year 2014/15 compared to the previous year. Weak domestic prices are making cotton less lucrative for the Brazilian farmers. In response to the situation, Government of Brazil has approved the allocation of approx. USD 134 million to finance the Equalization Premium Paid to the Producers Program (PEPRO) in order to support cotton producers in the country. It should be noted that Brazil is the third largest exporter of cotton in the world after US and India.



International Prices and Indices

China Cotton Index:

CC Indices	30-Sep-14	23-Sep-14	% Change
CC Index(229)	15921	17077	-6.77
CC Index(328)	15378	16465	-6.60
CC Index(527)	14217	15400	-7.68

Prices in Yuan per Ton



Cotlook A Index:

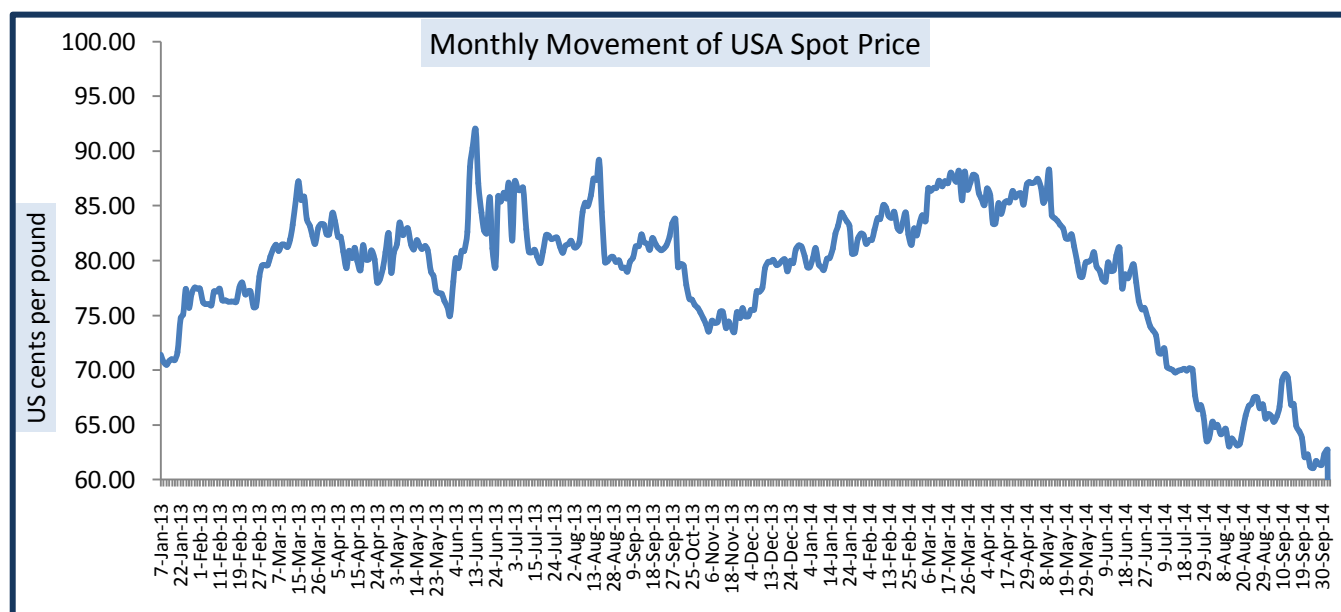
Date	3-Oct-14	26-Sep-14	% Change
Prices	69.7	70.15	-0.64

Prices in US cents per Pound

USA Spot Prices:

Date	2-Oct-14	26-Sep-14	% Change
Prices	62.73	61.71	1.66

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	73.38	-22.43
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	3/10/2014	3/9/2014	3/10/2013	% Month change	%Y-o-Y change
Oct-14	63.07	66.70	82.52	-5.44	-23.57
Dec-14	62.47	65.96	--	-5.29	--
Mar-15	61.10	65.77	--	-7.10	--
May-15	61.58	66.83	--	-7.86	--
Jul-15	62.14	67.62	--	-8.10	--
Oct-15	62.88	68.17	--	-7.76	--

Figures in US cents per pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlesticks denote bullish momentum during the week.
- RSI is moving high in neutral region supporting bullish tone.
- MACD is depicting strong signal line and centerline cross over.
- Prices closed above the 9 and 18 days EMA.
- We expect cotton prices to remain bullish to range-bound.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bullish to Range Bound	780-820

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
770	750	840	855

Figures in Rs. per 20Kgs.

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

Weekly Technical Outlook:

- Candlesticks depict range bound momentum during the week.
- Weak movements in volume and open Interest denote bears.
- We expect prices to remain sideways to weak in the coming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bearish Momentum	62.00-64.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
59.40	59.00	65.00	66.60

Figures in US cents per pound

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