

## Current Market Outlook

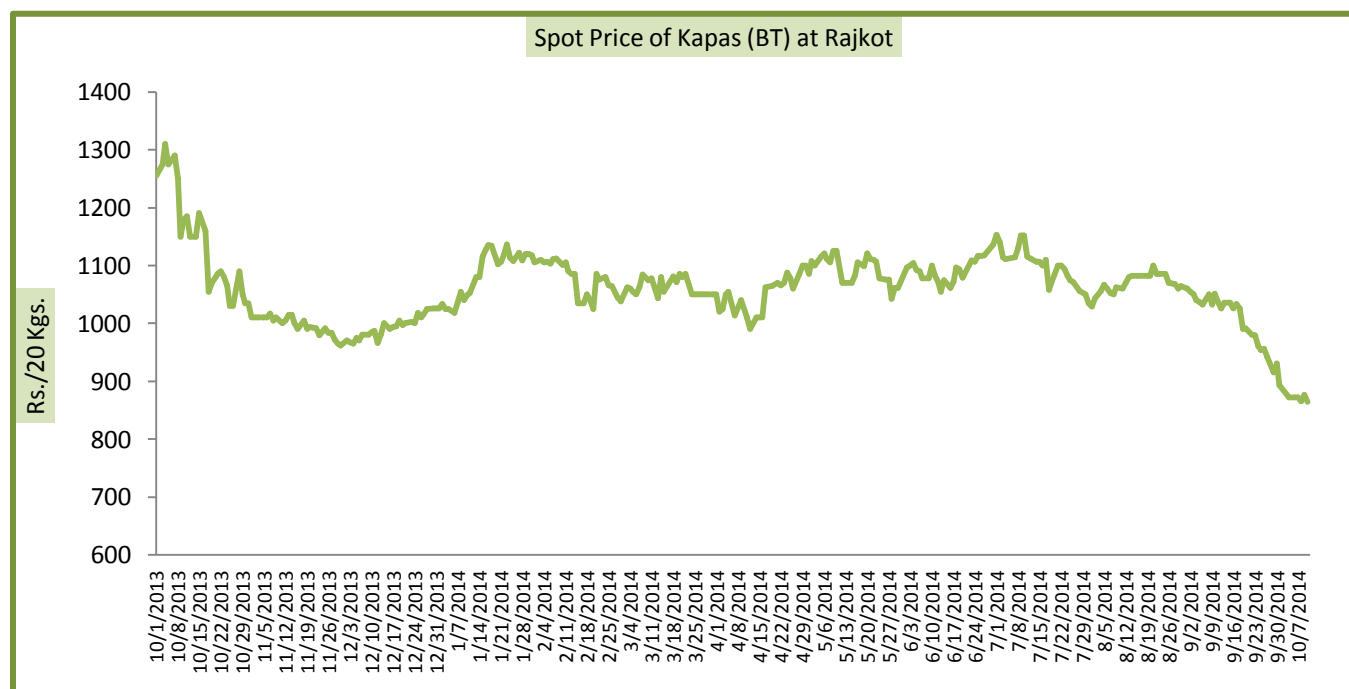
**Current Market Outlook:** Cotton market noticed uptrend in the prices following the expectation of delay in arrivals in the current season due to late sowing.

**Gujarat has decided not to give no objection certificate (NOC) for open field trials of any genetically modified** food crop including wheat, maize, brinjal and mustard, though it has no problem with the trial of non food crops like cotton. Although Genetic Engineering Appraisal Committee (GEAC), the central regulator, gave nod to the seed companies but it cannot be practiced without getting the NOC from the respective states. Rajasthan, Madhya Pradesh, Chhattisgarh, Bihar, West Bengal, Odisha, Tamil Nadu, Kerala, Andhra Pradesh and Telangana are the other states who denied to provide NOC for open field trial to seed companies.

**The Cotton Corporation of India (CCI) would execute a new procedure in the current season** for lifting cotton from farmers and fixing its price in Telangana. CCI will conduct its operation from Warangal instead of Guntur, on the emergence of new state, Telangana.

**According to the first advance estimates for season 2014-15 released by Department of Agriculture and Co-operation**, production of cotton is likely to be around 34.62 million bales (of 170 kgs. each), approximately 1.97 million bales lower than the production in season 2013-14, which stood around 36.59 million bales and around 2.02 million tonnes higher when compared to the normal production.

**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.



### 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):

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.

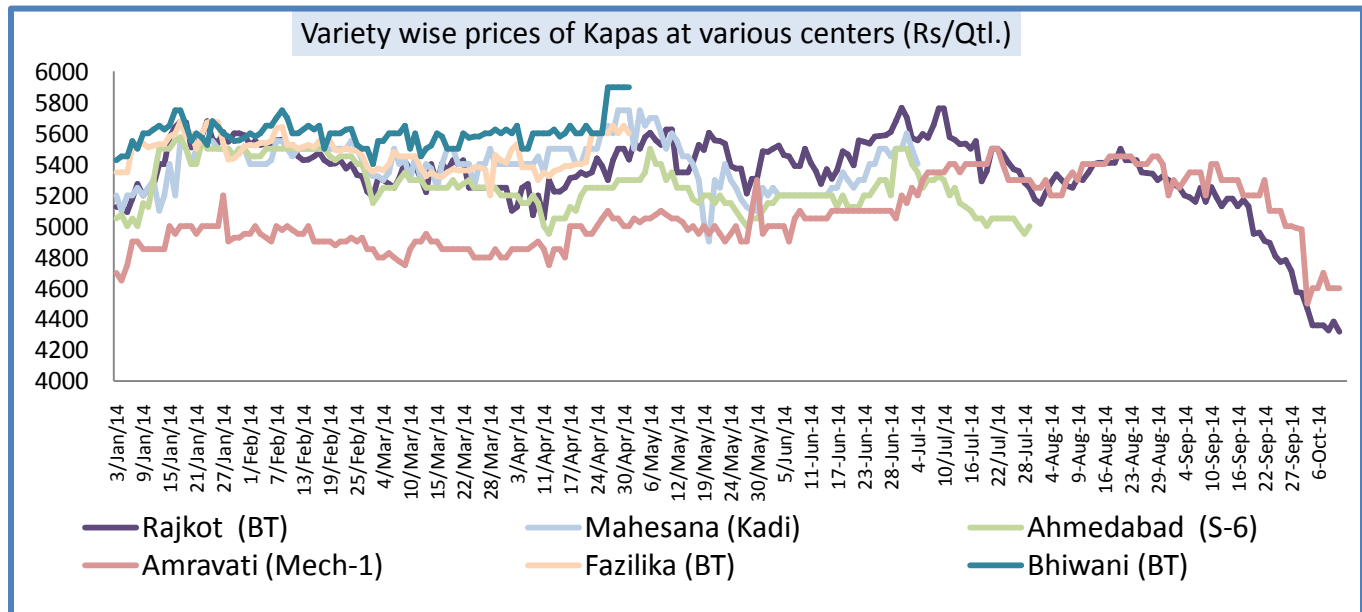
Area (2013-14)	Expected Area (2014-15)	Production under normal conditions	Production under Deficit Rainfall
11.4 million hectares	12.5 million Hectares	395 lakh bales	384 lakh bales

### Cotton Prices and Arrivals

#### Cotton Prices at Key Spot Market:

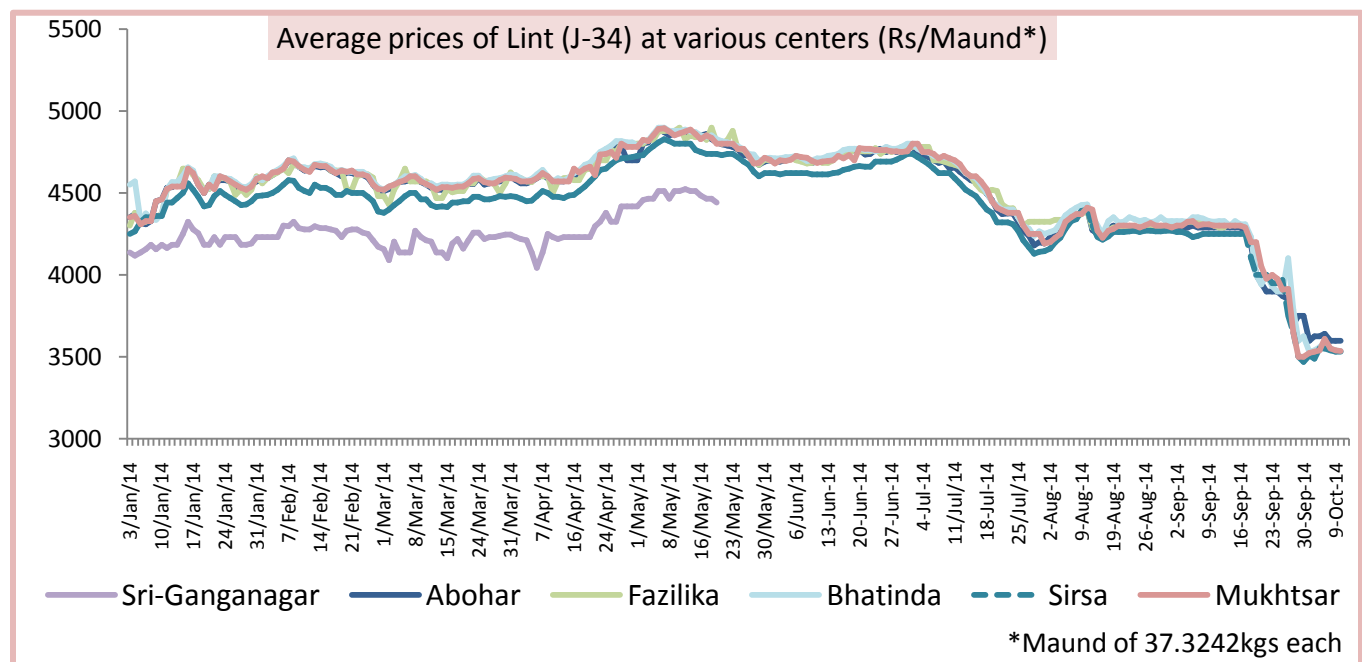
Centre	Variety	Weekly Average Prices		Change
		10-Oct-14	1-Oct-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4615	5015	<b>-400</b>
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4275	4000	<b>275</b>
Rajkot	B.T. Cotton	4335	4600	<b>-265</b>
Patan	B.T. Cotton	4241	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4188	4163	<b>25</b>
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4418	4406	<b>12</b>
Adampur	B.T. Cotton	4404	3150	<b>1254</b>
Fatehabad	B.T. Cotton	4373	4154	<b>219</b>
Dabwali	B.T. Cotton	4307	3100	<b>1207</b>
Jind	B.T. Cotton	4455	-	-
Uchana (Jind)	B.T. Cotton	4353	-	-
Rawatsar (Hanumangarh)	B.T. Cotton	4213	NA	-
Hubli	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4138	-	-
Gondal	Shankar-6	4369	4285	<b>84</b>
	<b>Kapas</b>			
Bijapur	Bunny	4086	3683	<b>403</b>
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4393	4305	<b>88</b>
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3550	3656	<b>-106</b>
Muktsar	J-34	3551	3544	<b>7</b>
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3551	3636	<b>-85</b>
Mansa	J-34	3548	2629	<b>919</b>
Sirsa	J-34	3531	3533	<b>-2</b>
Sri-Ganganagar	J-34	3378	-	-
Hanumangarh	B.T. Cotton	4228	NA	-

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



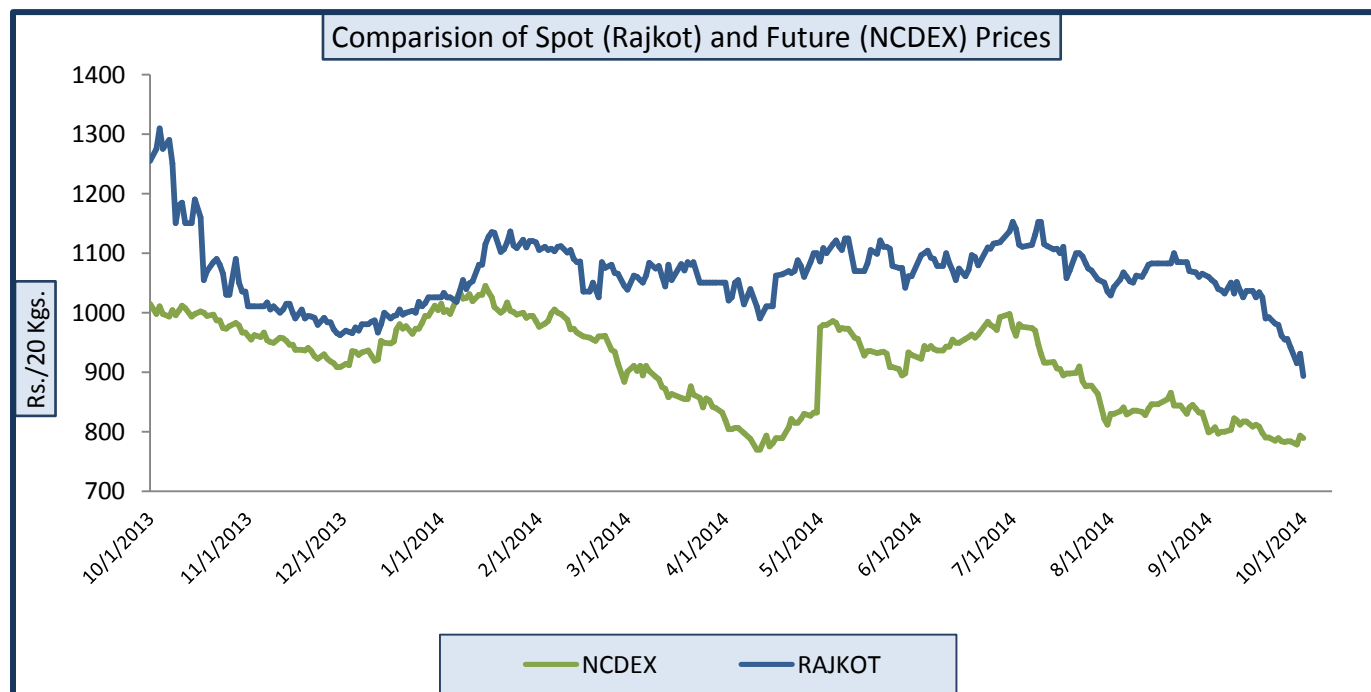
The graph shown above is depicting weakness in prices of kapas in domestic market. The highest prices among the mentioned markets are being noticed in Amravati followed by Rajkot. Most of the other markets are reported with no arrivals due to season ending.

### 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
				10-Oct-14	30-Sep-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37000	36750	250
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	37500	37250	250
J-34(202)	26mm	3.5 - 4.9	23	32900	34950	-2050
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32800	34350	-1550
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	35350	-1350
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36200	37350	-1150
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37700	38850	-1150
DCH-32(107)	34mm	3.0 - 3.8	33	45500	47050	-1550

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


Cotton Arrivals in Key Centers:

Centre	Variety	Weekly Arrivals (Qtl)		Change
		10-Oct-14	1-Oct-14	
Amravati	Mech-1	790	230	560
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	19700	-	-
Rajkot	B.T. Cotton	14185	6150	8035
Patan	B.T. Cotton	20732	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	30500	24350	6150
Adampur	B.T. Cotton	3145	1445	1700
Fatehabad	B.T. Cotton	6200	5300	900
Dabwali	B.T. Cotton	4775	1500	3275
Jind	B.T. Cotton	978	-	-
Uchana (Jind)	B.T. Cotton	550	305	245
Rawatsar (Hanumangarh)	B.T. Cotton	470	NA	-
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	46750	-	-
Gondal	Shankar-6	6404	2513	3891
Bijapur	Bunny	306	95	211
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	3236	2314	922
Abohar	J-34	4930	1445	3485
Muktsar	J-34	5695	1343	4352
Bhatinda	J-34	108800	21250	87550
Mansa	J-34	5865	1955	3910
Sirsa	J-34	11730	6460	5270
Sri-Ganganagar	J-34	2159	-	-
Hanumangarh	B.T. Cotton	800	NA	-

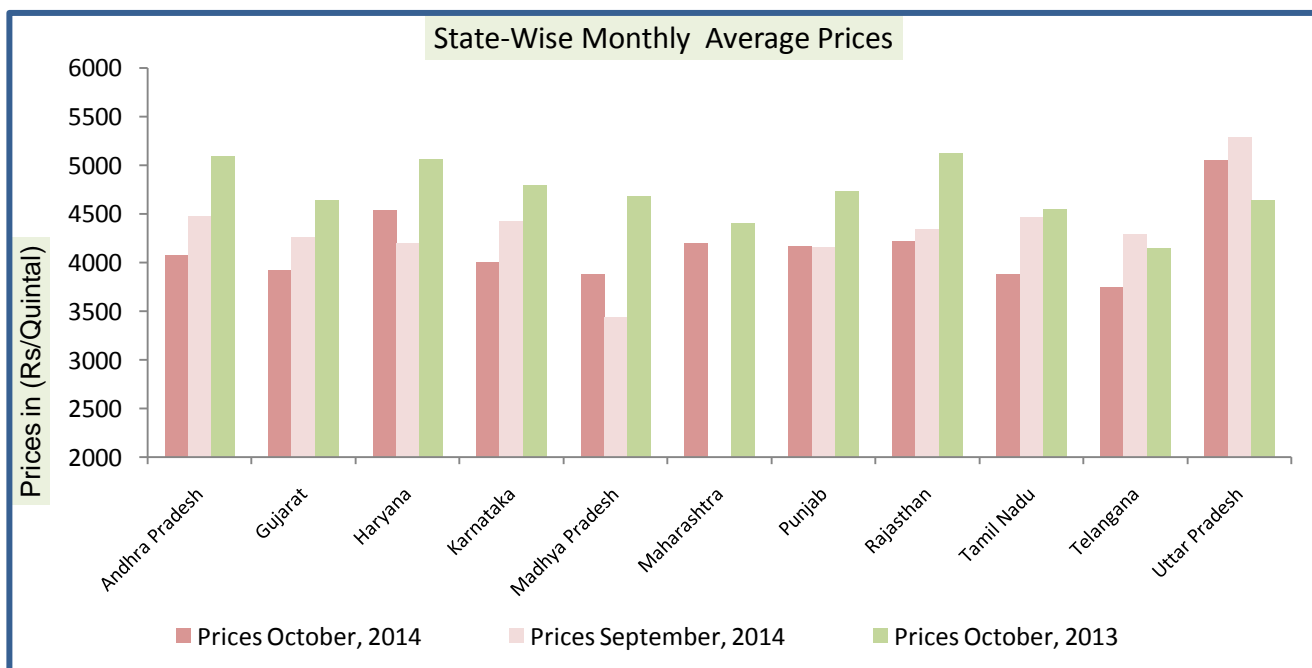
### State wise Scenario

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

State	Prices October, 2014	Prices September, 2014	Prices October, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4075.11	4474.24	5096.75	-8.92	-20.04
Gujarat	3921.81	4256.97	4642.15	-7.87	-15.52
Haryana	4533.31	4203.89	5062.21	7.84	-10.45
Karnataka	4006.77	4427.27	4792.02	-9.5	-16.39
Madhya Pradesh	3886.91	3439.93	4679.53	12.99	-16.94
Maharashtra	4200		4404.9	—	-4.65
Punjab	4170.4	4158.4	4734.16	0.29	-11.91
Rajasthan	4220.71	4347.07	5121.32	-2.91	-17.59
Tamil Nadu	3880.78	4464.55	4550.41	-13.08	-14.72
Telangana	3745.7	4290.92	4146.05	-12.71	-9.66
Uttar Pradesh	5054.9	5285.15	4639.9	-4.36	8.94
<b>Average</b>	<b>3929.28</b>	<b>5753.28</b>	<b>5096.67</b>		

\*Source: Agmarknet

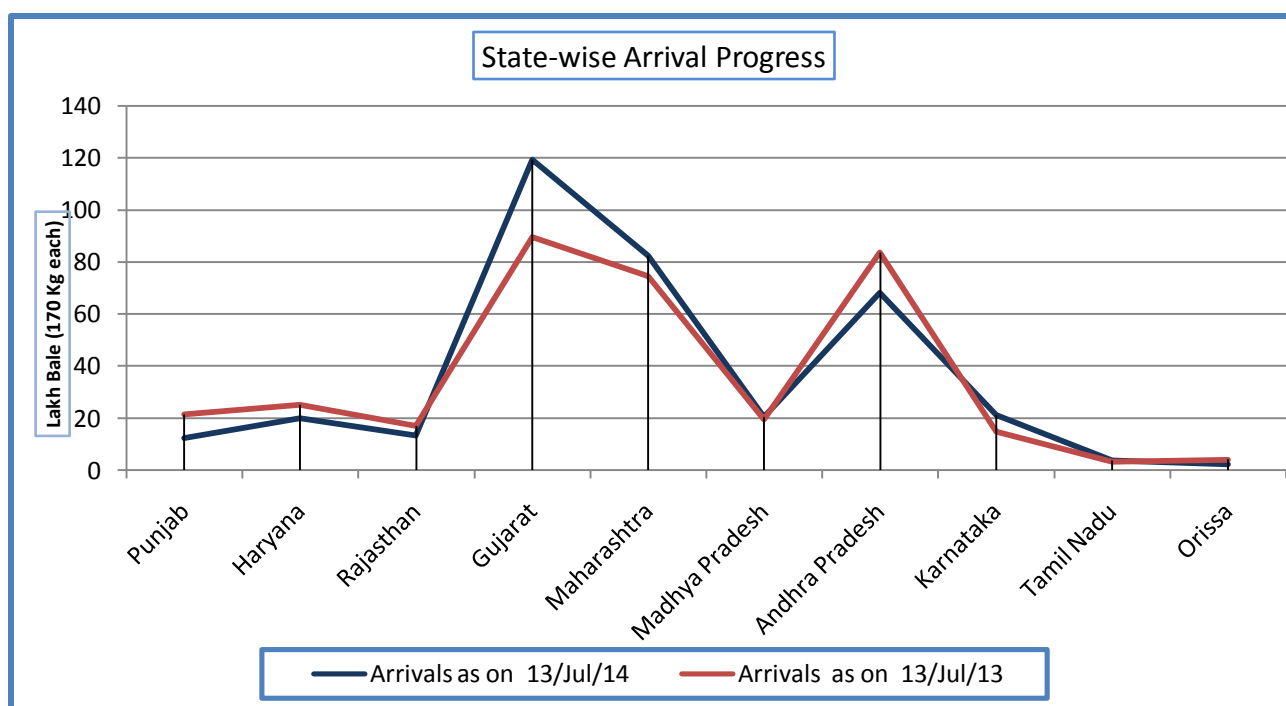
In all the mentioned states, cotton prices are showing downtrend on Y-o-Y basis except Uttar Pradesh. On M-o-M basis also, prices are showing downtrend except Madhya Pradesh and Punjab. Currently highest prices are being noticed in Uttar Pradesh and Haryana.



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)

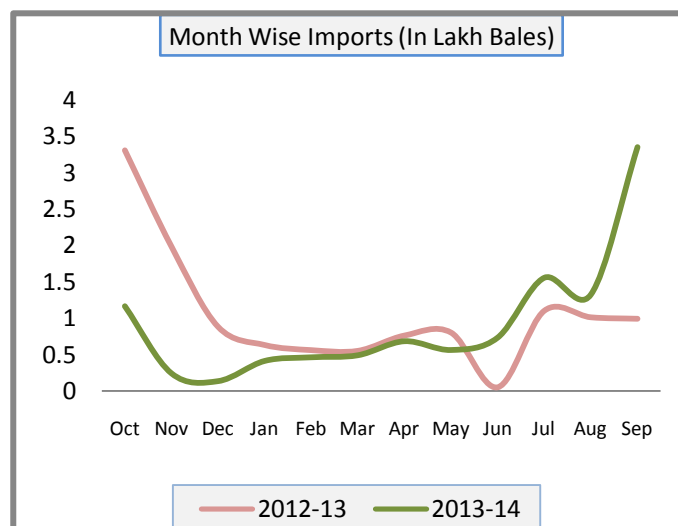
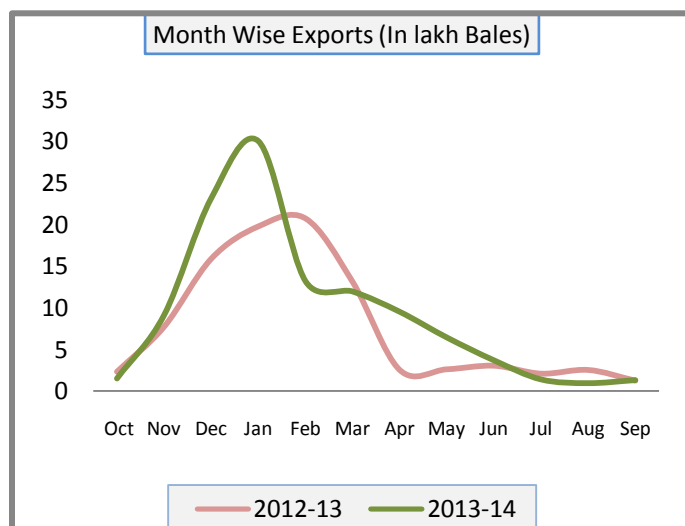




### Cotton Export and Import

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	1.32
Aug	2.5	0.87
Sep	1.22	1.24
<b>Total</b>	<b>93.12</b>	<b>111.5</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	1.32
Sep	0.99	3.34
<b>Total</b>	<b>12.61</b>	<b>11.07</b>



### Weekly Export Import Data

Date	29 Sept-05 Oct. 2014	22-28 September 2014
Export (In lakh Bales)	0.28	0.25
Import (In lakh Bales)	0.41	0.97

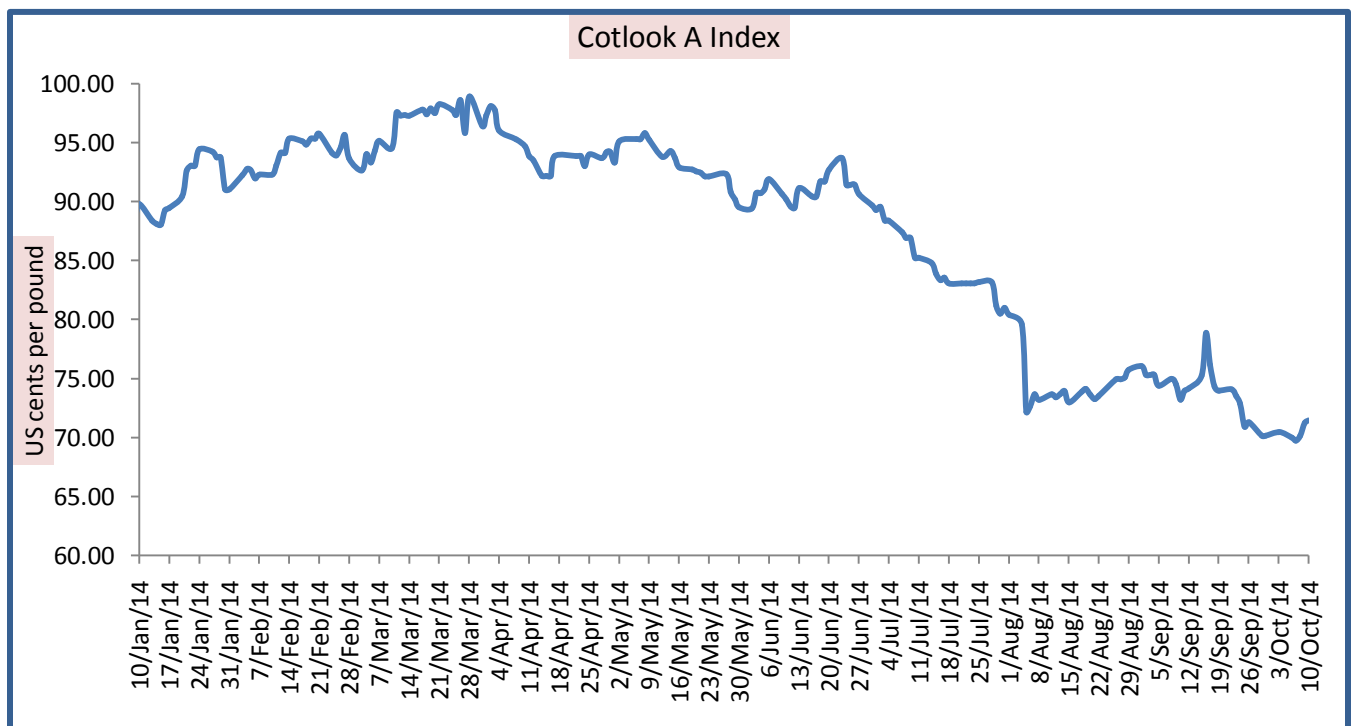
Source: IBIS

### International Market Scenario

**World production is likely rise by 1% in season 2014/15, according to International Cotton Advisory Committee (ICAC).** Output of cotton on the global front would be around 26.24 million tonnes compared to 25.98 million tonnes in 2013/14. Although the first two largest producer of cotton that is China and India are expected to notice fall in the production but the output of USA and Pakistan the other major producer of fibre are likely to produce more, which is making the overall output higher when compared to the previous year.

**According to the latest report released by USDA, as on October 05, 2014, 47% of cotton crop in USA is in excellent to good condition compared to 49% percent a week. 73% bolls open has reported in cotton which was 64% last week and 79% as five year average. 15% of cotton harvesting reported which was 10% a week ago and 18% as a 5 year average.**

**China cotton import in August fell to 204500 metric tons, around 26% lower on the Y-o-Y basis, said China Cotton Association.** China has imported 1.88 million metric tons of cotton in the first eight months of the year, around 37.9% lower when compared to the same period last year.

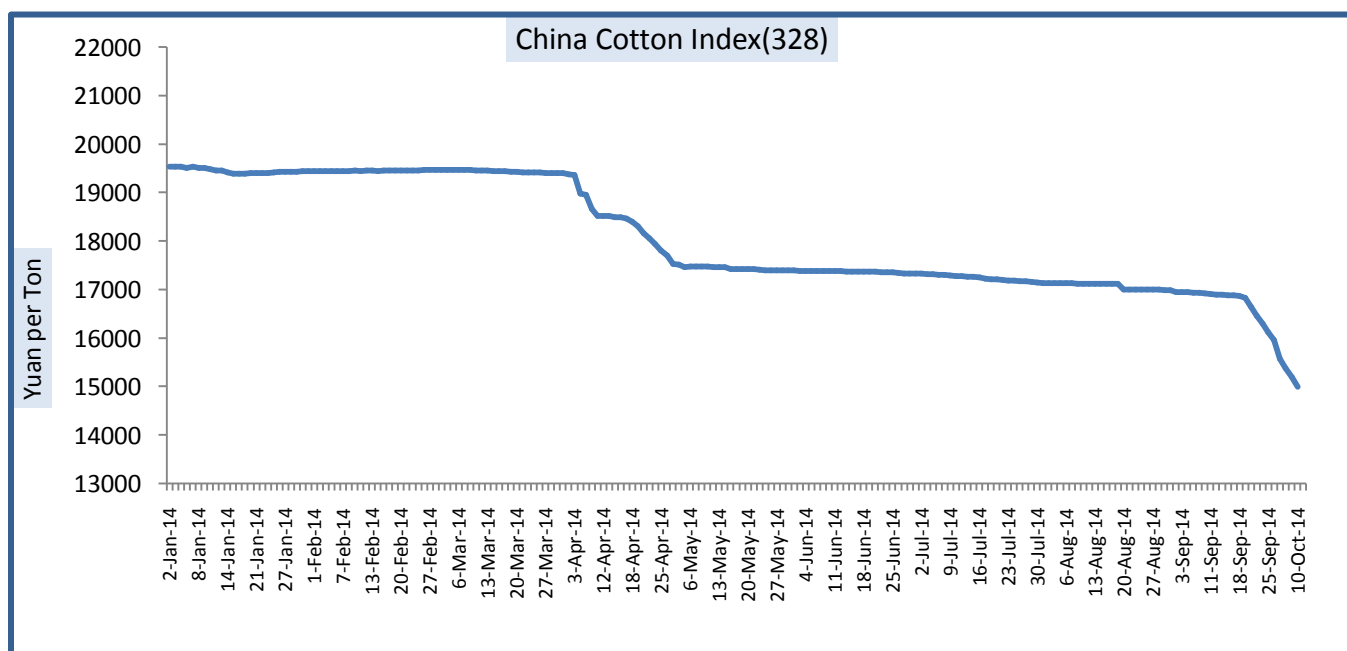


### International Prices and Indices

#### China Cotton Index:

CC Indices	10-Oct-14	30-Sep-14	% Change
CC Index(229)	15409	15921	-3.22
CC Index(328)	14996	15378	-2.48
CC Index(527)	13772	14217	-3.13

Prices in Yuan per Ton



#### Cotlook A Index:

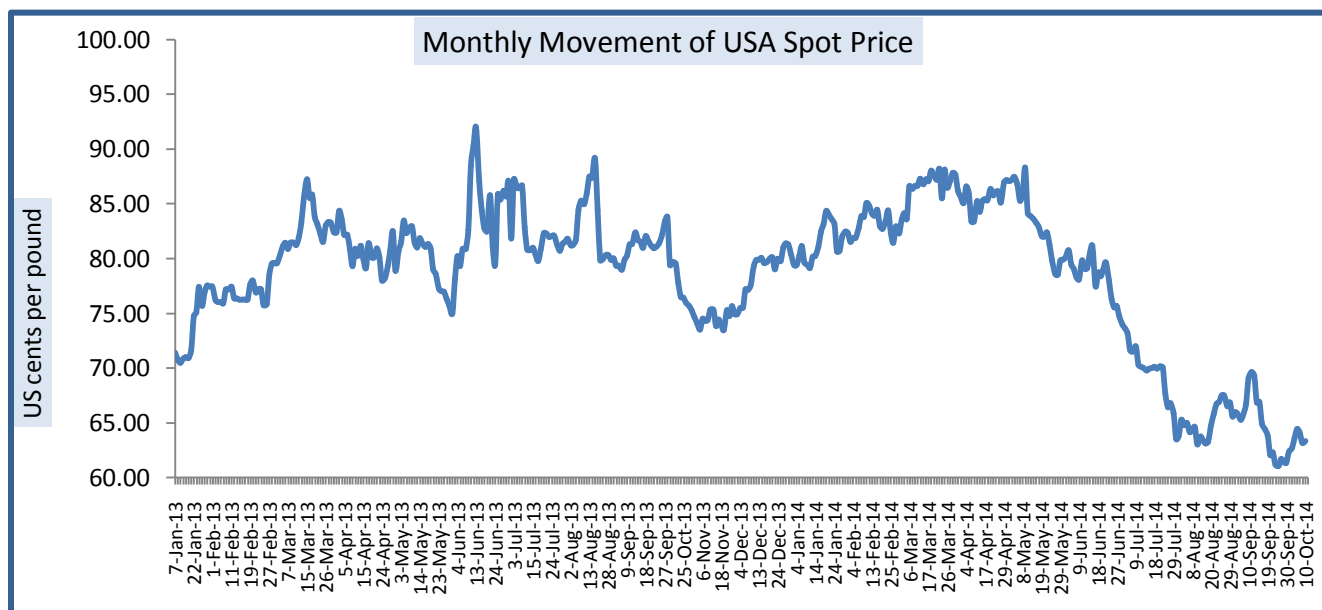
Date	10-Oct-14	3-Oct-14	% Change
Prices	71	69.7	1.87

Prices in US cents per Pound

#### USA Spot Prices:

Date	10-Oct-14	2-Oct-14	% Change
Prices	63.35	62.73	0.99

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	10/10/2014	3/9/2014	10/10/2013	% Month change	%Y-o-Y change
<b>Oct-14</b>	64.10	63.07	79.31	1.63	-19.18
<b>Dec-14</b>	61.84	62.47	--	-1.01	--
<b>Mar-15</b>	62.76	61.10	--	2.72	--
<b>May-15</b>	63.62	61.58	--	3.31	--
<b>Jul-15</b>	64.38	62.14	--	3.60	--
<b>Oct-15</b>	65.45	62.88	--	4.09	--

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
<b>Bullish to Range Bound</b>	<b>790-815</b>

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
<b>785</b>	<b>775</b>	<b>825</b>	<b>830</b>

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 prices along with volume and open interest beckons strong sentiments.
- We expect prices to remain firm in the coming days.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Bullish Momentum	62-66

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
61.20	60.00	67.60	68.00

Figures in US cents per pound

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