

Current Market Outlook

Current Market Outlook: Cotton market noticed downtrend in the prices following the expectation of record crop this season.

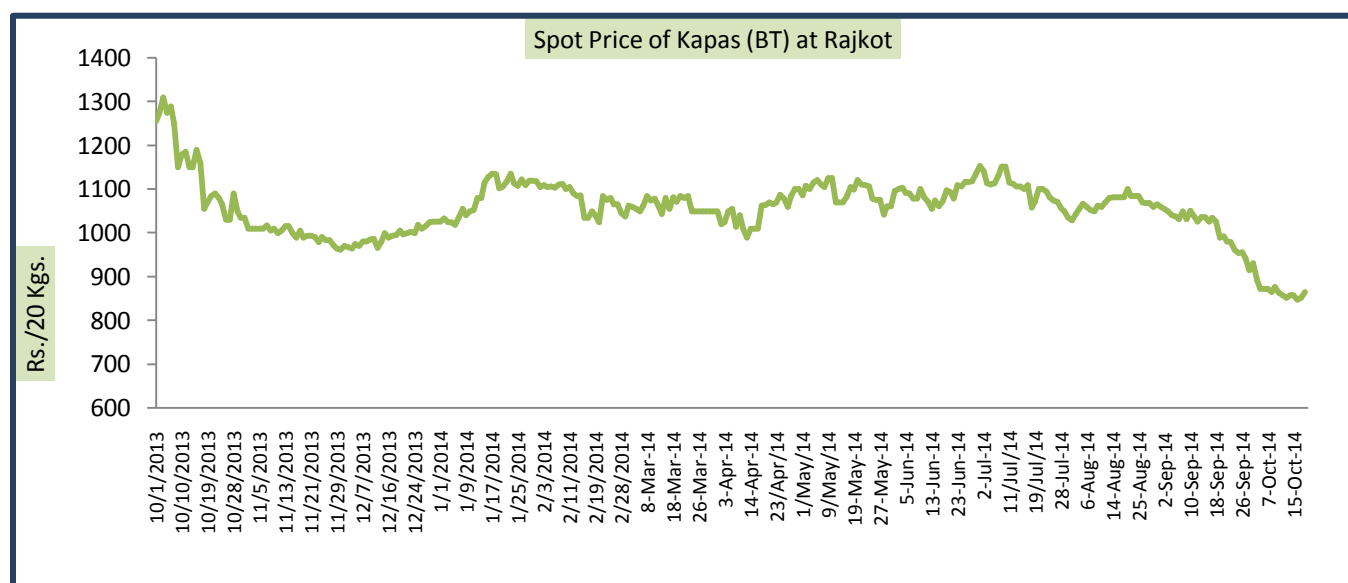
Cotton production in India during the current season (Oct'14-Sep'15), would to be around 400 lakh bales (of 170 kgs. each), as estimated by consultative committee of the Cotton Advisory Board (CAB). According to the latest estimates of Agriwatch, output of cotton in the country would stand around 395 lakh bales compared to 366 lakh bales in previous season.

India is likely to witness drop of 46.8% in the cotton exports this year due to weak global import demand. According to USDA India is expected to export 1.089 million tonnes of cotton this season (Oct'14-Sep'15) compared to 2.047 million tonnes a season before. World cotton export is expected to fall to 7.490 million tonnes in 2014/15 which was 8.908 million tonnes in 2013/14.

According to the United States Department of Agriculture (USDA), India is likely to produce 6.750 million tonnes of cotton this season (Oct'14-Sep'15), unchanged from estimated output of the previous season. World production is likely to be around 25.990 million tonnes this season compared to 26.039 million tonnes previous season.

YSR congress party (YSRCP) has requested centre and Telangana Government to raise the cotton MSP to Rs. 5,500 per quintal and urged to procure cotton through Cotton Corporation of India (CCI) or the government authorised agencies in order to eliminate middle man margins.

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.

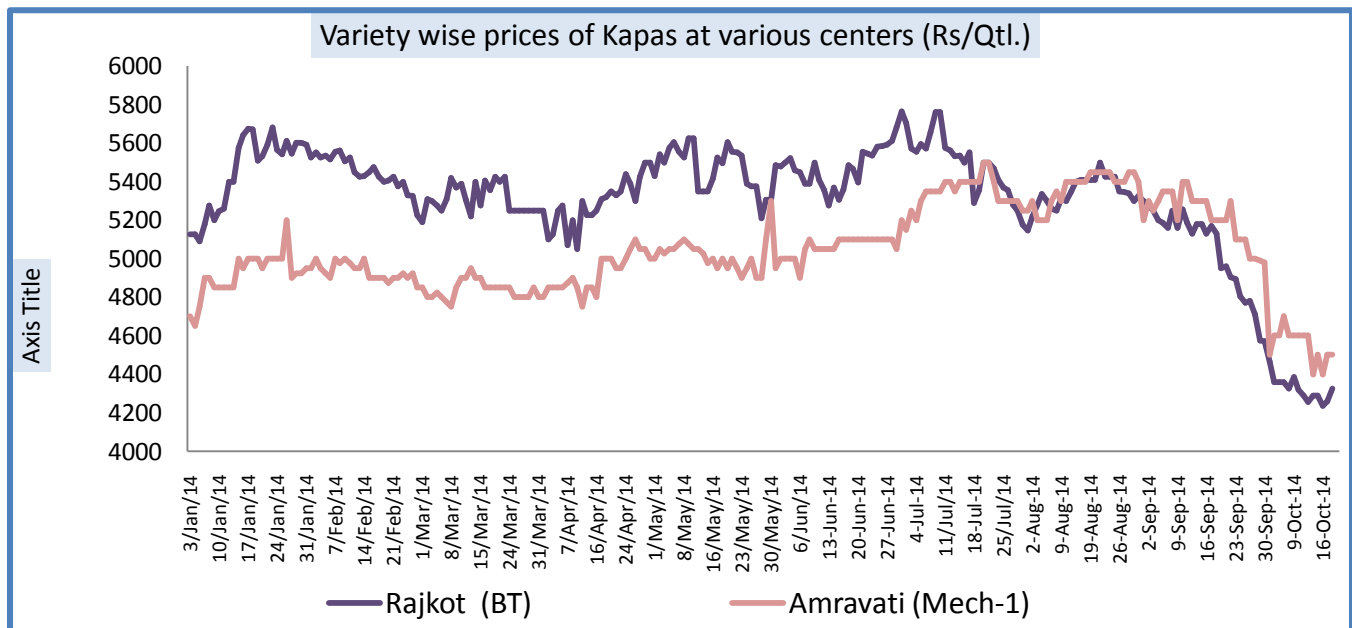


Cotton Prices and Arrivals

Cotton Prices at Key Spot Market:

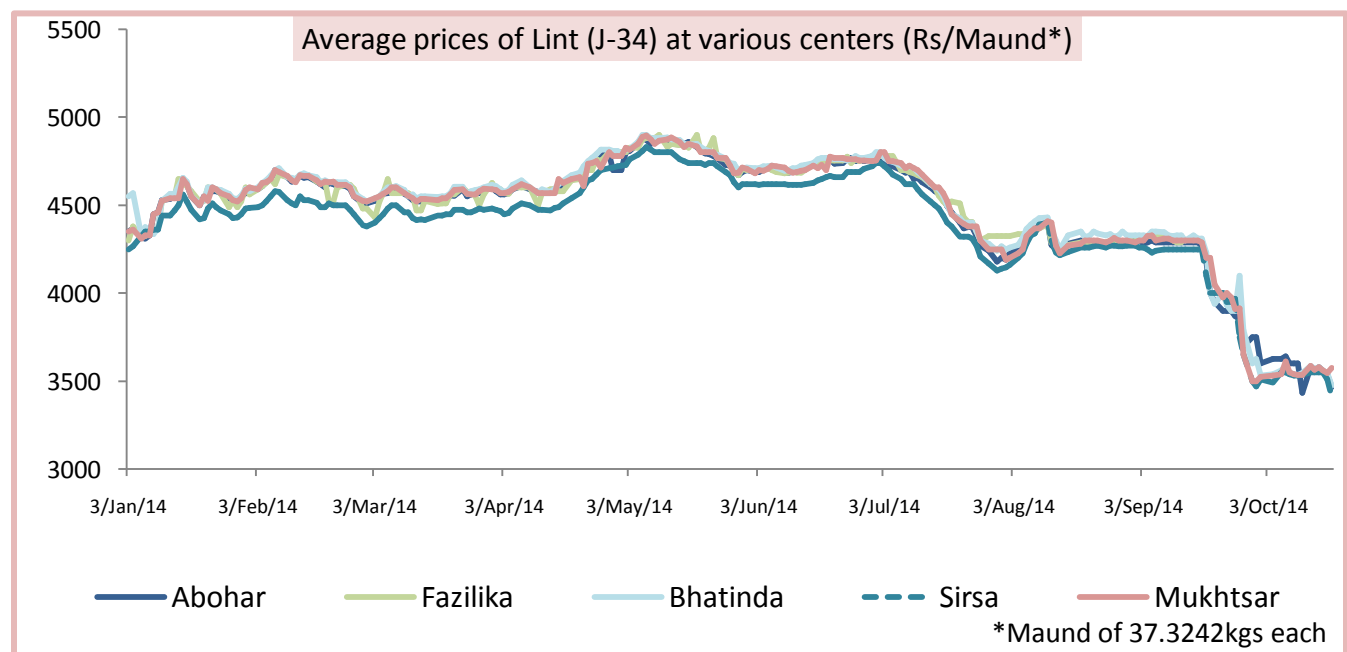
Centre	Variety	Weekly Average Prices		Change
		17-Oct-14	10-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4480	4615	-135
Khandwa	Mech-1	NA	NA	--
Khargaon	Mech-1	NA	NA	--
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4270	4275	-5
Rajkot	B.T. Cotton	4265	4335	-70
Patan	B.T. Cotton	4245	4240	5
Deesa	B.T. Cotton	NA	NA	--
Muktsar	B.T. Cotton	4230	4190	40
Fazilika	B.T. Cotton	3580	NA	--
Bhiwani	B.T. Cotton	4460	4420	40
Adampur	B.T. Cotton	4380	4405	-25
Fatehabad	B.T. Cotton	4350	4375	-25
Dabwali	B.T. Cotton	4265	4305	-40
Jind	B.T. Cotton	4500	4455	45
Uchana (Jind)	B.T. Cotton	NA	4353	--
Rawatsar (Hanumangarh)	B.T. Cotton	4260	4215	45
Hubli	B.T. Cotton	NA	NA	--
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4180	4140	40
Gondal	Shankar-6	4315	4370	-55
	Kapas	(Rs./Qtl)		
Bijapur	Bunny	4120	4085	35
Hubli	D.C.H.	NA	NA	--
Raichur	H-44 Cotton	4380	4390	-10
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3540	3550	-10
Muktsar	J-34	3560	3550	10
Fazilika	J-34	3580	NA	--
Bhatinda	J-34	3630	3550	80
Mansa	J-34	3555	3550	5
Sirsa	J-34	3540	3530	10
Sri-Ganganagar	J-34	3320	3380	-60
Hanumangarh	B.T. Cotton	4260	4230	30

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



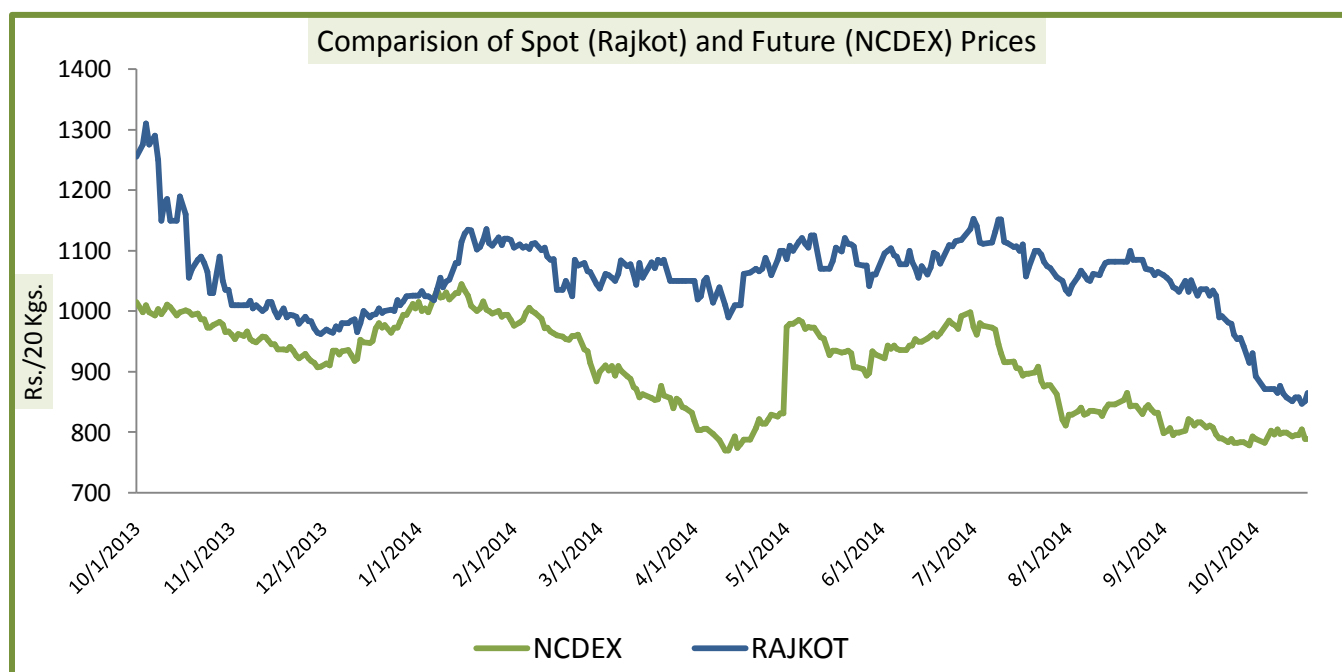
The graph shown above is depicting weakness in prices of kapas in domestic market. New crop has been arriving in the market, but fetching inferior prices due to moisture content in the produce. Also the bearish sentiments in domestic and International market are putting pressure on the prices of the crop.

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
				16-Oct-14	14-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37400	37000	400
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	37900	37500	400
J-34(202)	26mm	3.5 - 4.9	23	32800	33000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32200	32500	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35700	36000	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36700	37000	-300
DCH-32(107)	34mm	3.0 - 3.8	33	44500	45000	-500

Movement of Prices at Spot and Future Market:


Both spot and future market noticed timid movement in the prices following the weak sentiments prevailing in the market primarily because of higher production this year and restrictive import policy of China.

Cotton Arrivals in Key Centers:

Centre	Variety	Weekly Cumulative Arrivals (Qtl)		Change
		17-Oct-14	10-Oct-14	
Amravati	Mech-1	535	790	-255
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	34500	19700	14800
Rajkot	B.T. Cotton	21850	14185	7665
Patan	B.T. Cotton	68487	20732	47755
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	1400	NA	-
Bhiwani	B.T. Cotton	20000	30500	-10500
Adampur	B.T. Cotton	2720	3145	-425
Fatehabad	B.T. Cotton	7500	6200	1300
Dabwali	B.T. Cotton	3500	4775	-1275
Jind	B.T. Cotton	1258	978	280
Uchana (Jind)	B.T. Cotton	NA	550	-
Rawatsar (Hanumangarh)	B.T. Cotton	1300	470	830
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	85000	46750	38250
Gondal	Shankar-6	8190	6404	1786
Bijapur	Bunny	334	306	28
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	6271	3236	3035
Abohar	J-34	7990	4930	3060
Muktsar	J-34	NA	5695	-
Bhatinda	J-34	112200	108800	3400
Mansa	J-34	6120	5865	255
Sirsa	J-34	7140	11730	-4590
Sri-Ganganagar	J-34	2210	2159	51
Hanumangarh	B.T. Cotton	8800	800	8000

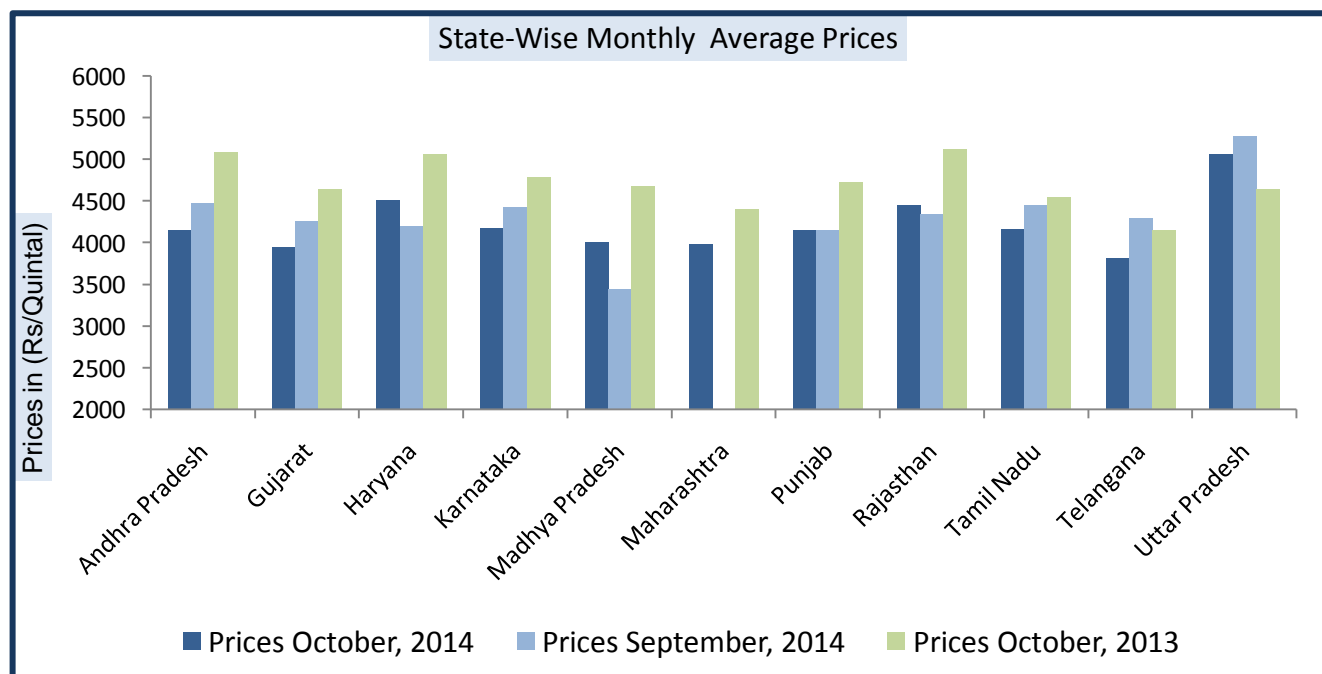
State wise Scenario

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	4155.18	4474.24	5096.75	-7.13	-18.47
Gujarat	3947.07	4256.97	4642.15	-7.28	-14.97
Haryana	4519.88	4203.89	5062.21	7.52	-10.71
Karnataka	4179.57	4427.27	4792.02	-5.59	-12.78
Madhya Pradesh	4009.48	3439.93	4679.53	16.56	-14.32
Maharashtra	3985.51		4404.9	—	-9.52
Punjab	4150.87	4158.4	4734.16	-0.18	-12.32
Rajasthan	4446.76	4347.07	5121.32	2.29	-13.17
Tamil Nadu	4161.85	4459.08	4550.41	-6.67	-8.54
Telangana	3820.08	4290.92	4146.05	-10.97	-7.86
Uttar Pradesh	5058.81	5285.15	4639.9	-4.28	9.03
Average	3990.84	5752.83	5096.67		

*Source: Agmarknet

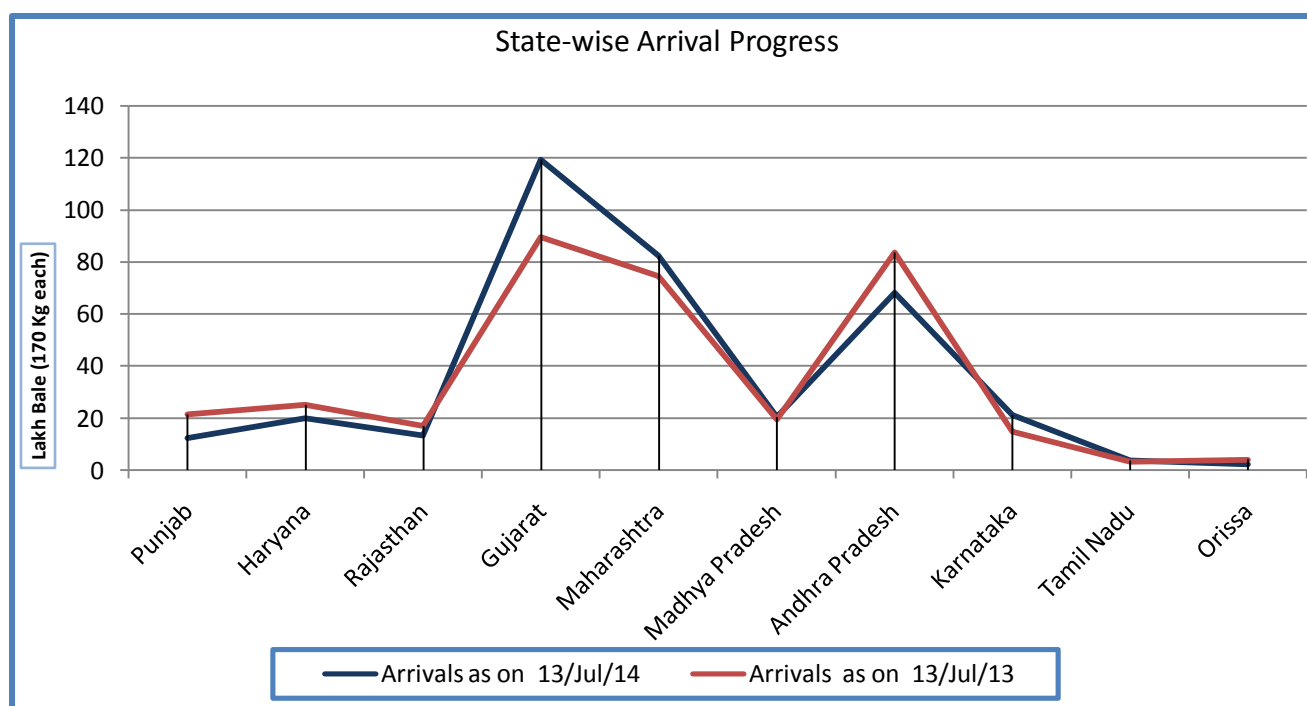
In all the mentioned states, cotton prices are showing downtrend on Y-o-Y basis except Uttar Pradesh. On M-o-M basis also, prices are showing downtrend except Madhya Pradesh and Rajasthan. Currently highest prices are being noticed in Uttar Pradesh and Haryana.



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
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

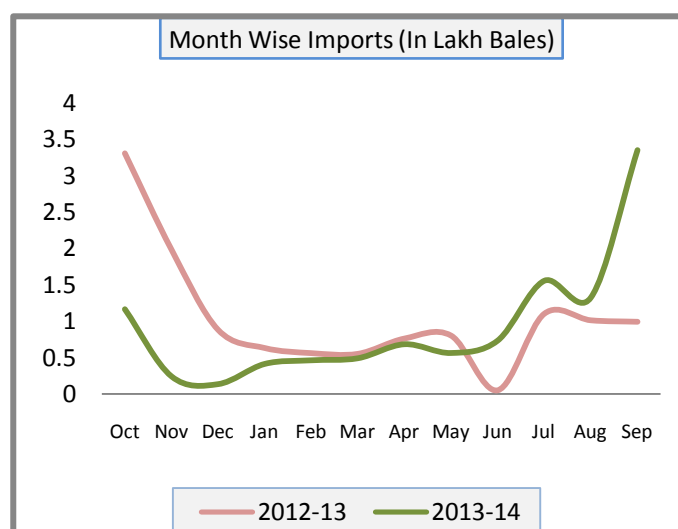
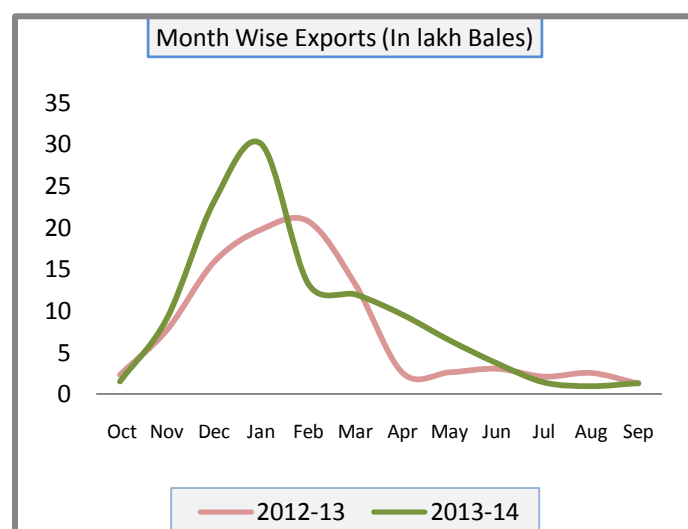
* Inclusive of new crop arrivals in September 2013
 **Source : Cotton Corporation of India (CCI)



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	1.24
Total	93.12	111.5

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
Total	12.61	11.07



Weekly Export Import Data

Date	06-12 Oct. 2014	29 Sept-05 Oct. 2014
Export (In lakh Bales)	0.28	0.28
Import (In lakh Bales)	0.59	0.41

Source: IBIS

International Market Scenario

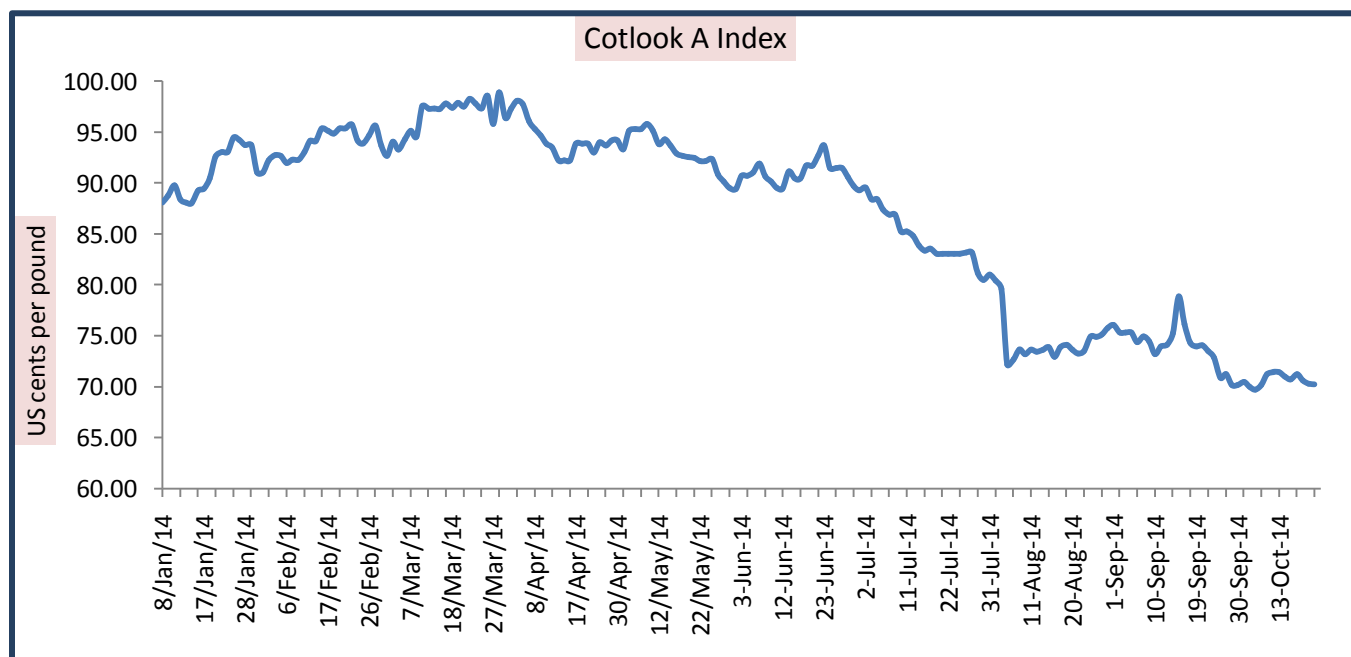
According to International Cotton Advisory Committee (ICAC), output of cotton on the global front would be around 26.24 million tonnes compared to 25.98 million tonnes in 2013/14. Although the first two largest producer of cotton that is China and India are expected to notice fall in the production but 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 12, 2014, 47% of cotton crop in USA is in excellent to good condition, same as previous week. 77% bolls open has reported in cotton which was 73% last week and 85% as five year average. 22% of cotton harvesting reported which was 15% a week ago and 24% as a 5 year average.

Cotton output in West Africa is likely to surge by 19 percent to 25.70 lakh tonnes for the season 2014/15 as government has fixed high prices for the commodity, which has attracted more growers, as revealed by data compiled by Reuters.

Bangladesh is expected to lower its imports from Uzbekistan by 12% in 2014 compared to 2013 up to 175 thousand tons, but it will remain the largest export destination for Uzbekistan. The top importers of Uzbekistan cotton are Bangladesh (35%), China (25%), and South Korea (7%).

China imports are projected to diminish to half this season on announcement of revision on import quota policies. The country is likely to import 1.524 million tonnes of cotton this season 50.4% lower when compared to 3.075 million tonnes in 2013/14.

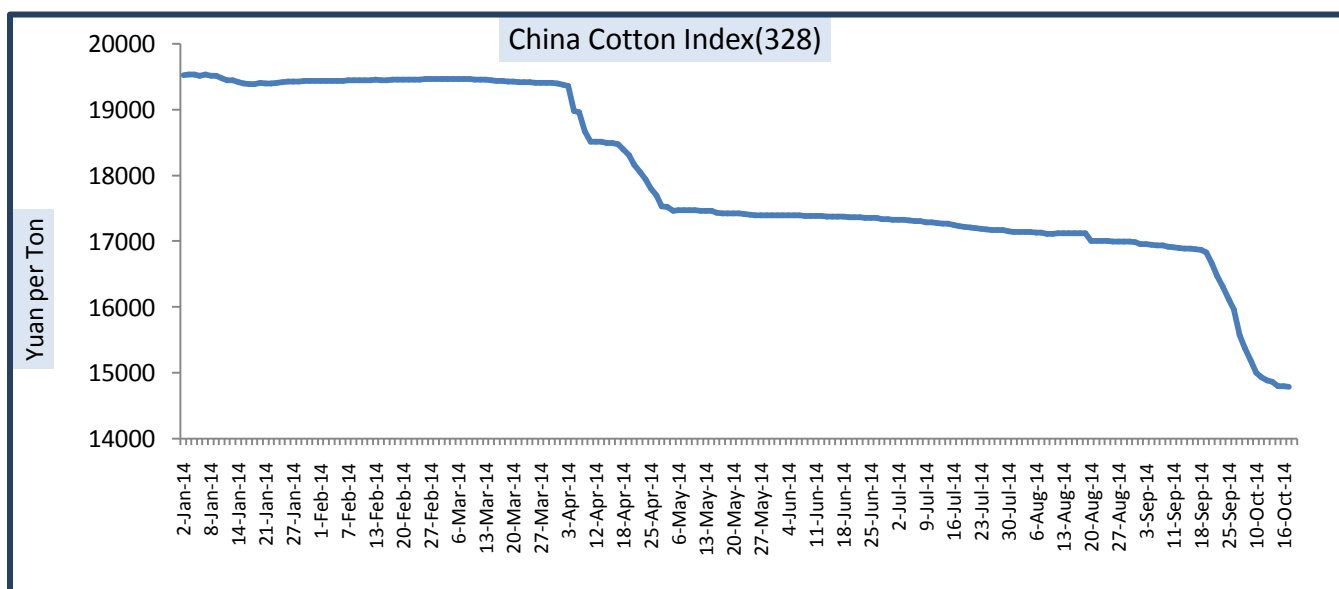


International Prices and Indices

China Cotton Index:

CC Indices	17-Oct-14	10-Oct-14	% Change
CC Index(229)	15240	15409	-1.10
CC Index(328)	14785	14996	-1.41
CC Index(527)	13668	13772	-0.76

Prices in Yuan per Ton



Cotlook A Index:

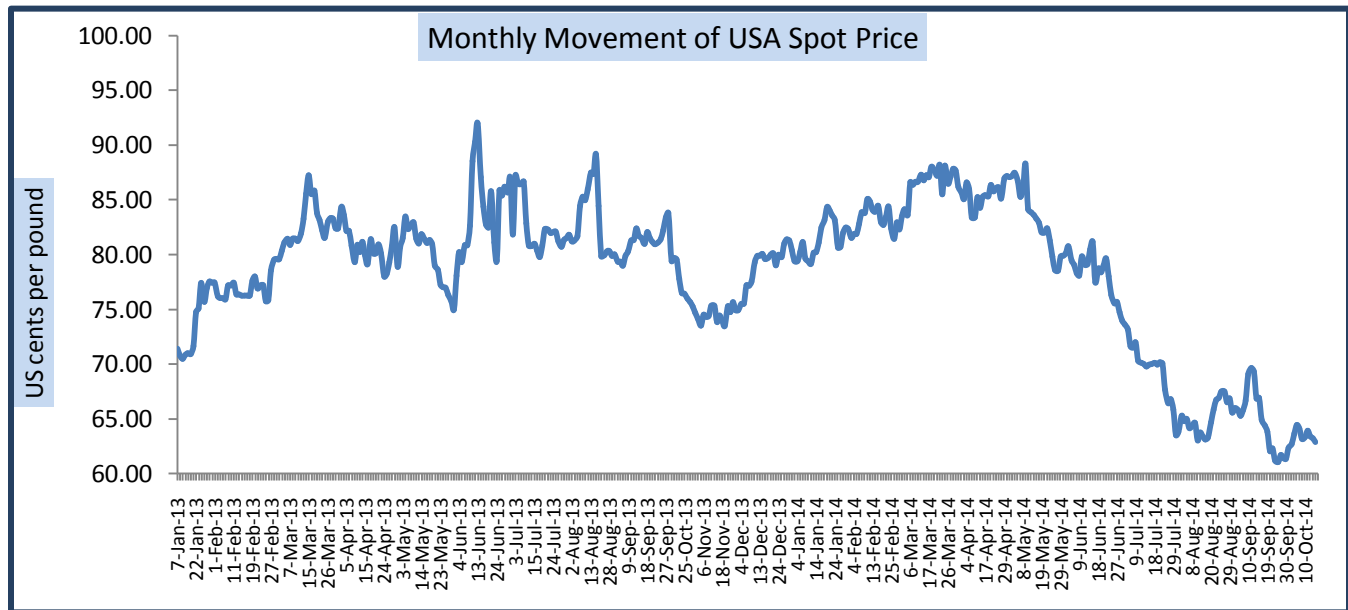
Date	17-Oct-14	10-Oct-14	% Change
Prices	70.2	71	-1.13

Prices in US cents per Pound

USA Spot Prices:

Date	17-Oct-14	10-Oct-14	% Change
Prices	62.86	63.35	-0.77

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	10/17/2014	10/10/2014	10/17/2013	%W-o-W change	%Y-o-Y change
Oct-14	63.00	64.10	80.41	-1.72	-21.65
Dec-14	61.73	61.84	--	-0.18	--
Mar-15	63.63	62.76	--	1.39	--
May-15	63.50	63.62	--	-0.19	--
Jul-15	64.27	64.38	--	-0.17	--
Oct-15	65.11	65.45	--	-0.52	--

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

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range bound to Bearish	775-805

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
770	755	820	835

Figures in Rs. per 20Kgs.

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

Weekly Technical Outlook:

- Candlesticks depict range bound to weak momentum.
- Weak prices and increasing OI depicts bears in the market.
- We expect prices to remain range bound to weak in coming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish	61.40-65.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
61.20	60.80	66.20	66.60

Figures in US cents per pound

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