

## Current Market Outlook

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

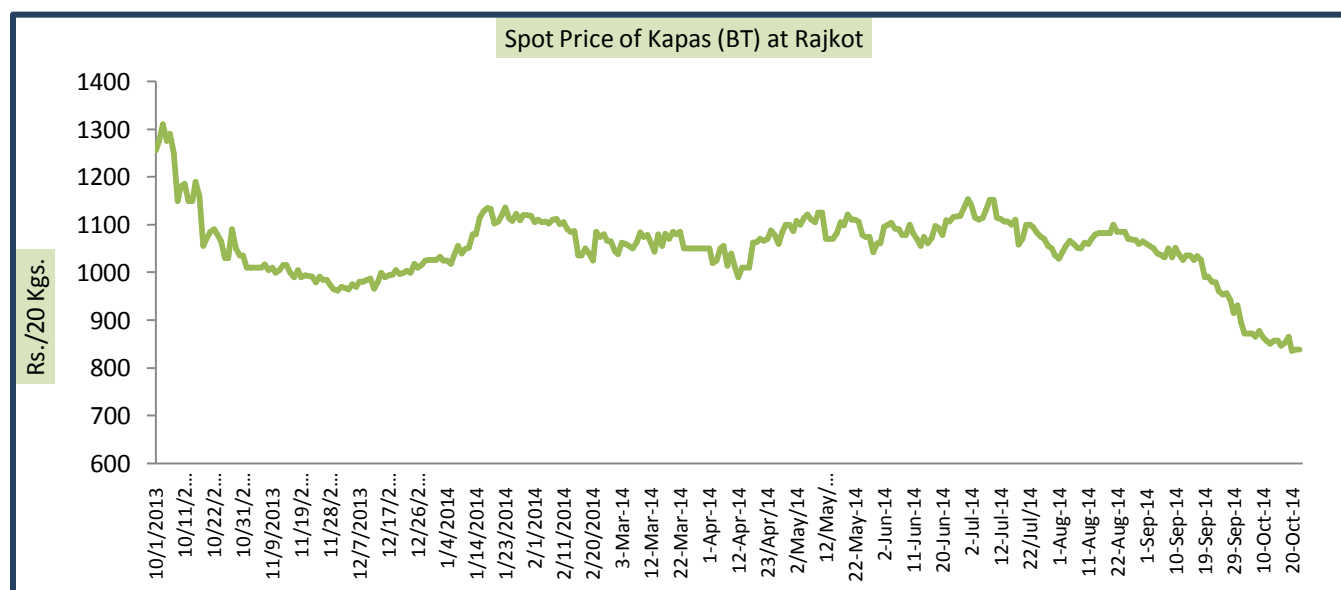
**Cotton Corporation of India (CCI) has not started the procurement of cotton at Adilabad market yard on 20 Oct**, as scheduled few days back. CCI official refused to procure cotton at MSP of Rs. 4050 per quintal, due to presence of moisture content beyond the permissible limit of 12%. Farmers had protested for the same as they wish their produce to be sold at MSP without the consideration of moisture, whereas CCI said it would lower Rs.40 from the MSP for every one per cent extra moisture in the produce.

**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.

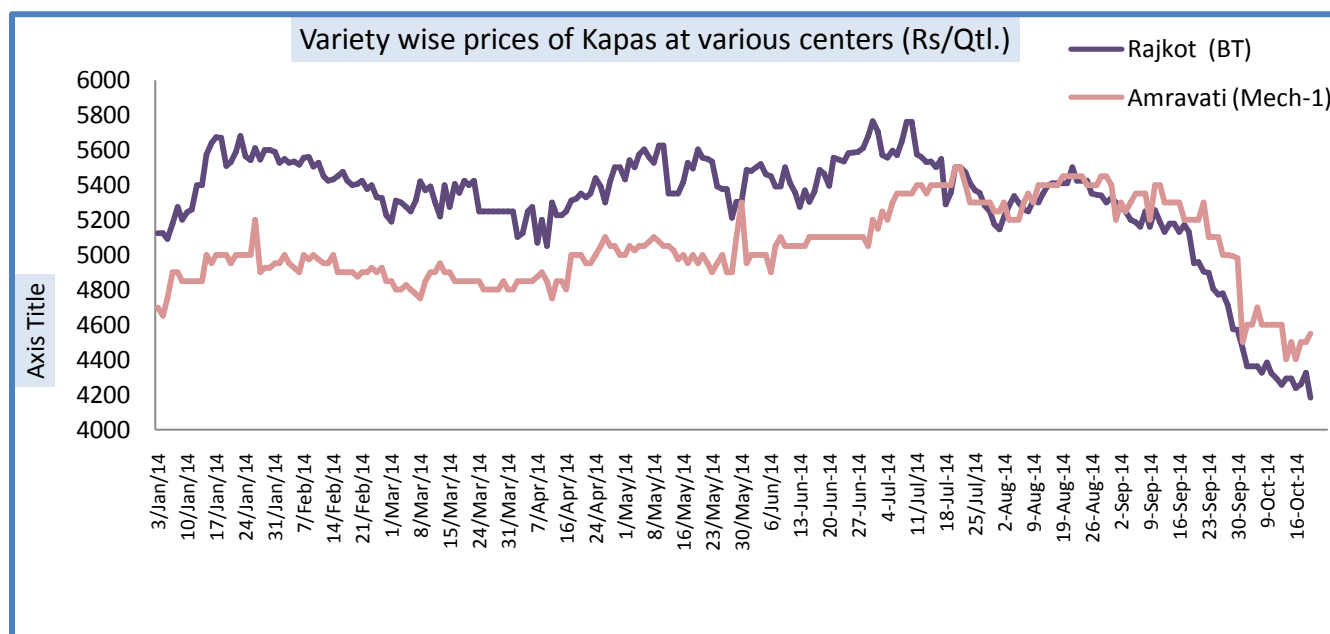


### Cotton Prices and Arrivals

#### Cotton Prices at Key Spot Market:

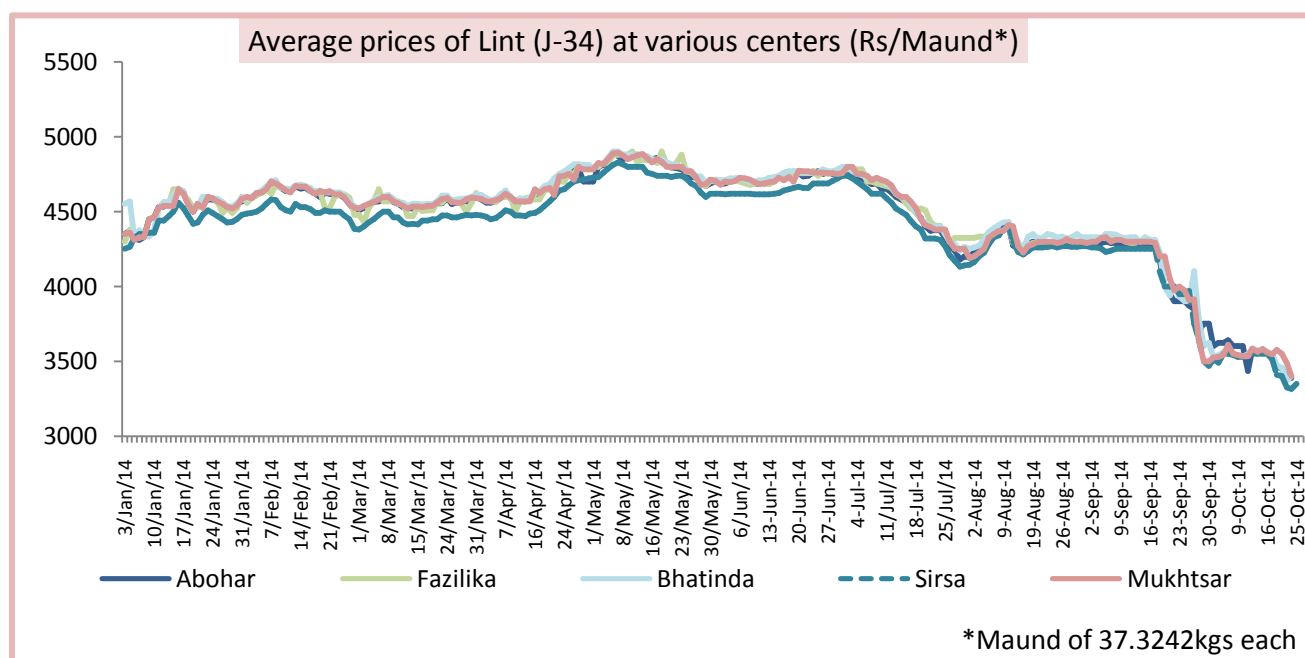
Centre	Variety	Weekly Average Prices		Change
		24-Oct-14	17-Oct-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4525	4480	45
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	4205	4270	-65
Rajkot	B.T. Cotton	4230	4265	-35
Patan	B.T. Cotton	4195	4245	-50
Deesa	B.T. Cotton	NA	NA	--
Muktsar	B.T. Cotton	4015	4230	-215
Fazilika	B.T. Cotton	4035	4220	-185
Bhiwani	B.T. Cotton	4230	4460	-230
Adampur	B.T. Cotton	4170	4380	-210
Fatehabad	B.T. Cotton	4170	4350	-180
Dabwali	B.T. Cotton	4035	4265	-230
Jind	B.T. Cotton	4250	4495	-245
Uchana (Jind)	B.T. Cotton	NR	NR	--
Rawatsar (Hanumangarh)	B.T. Cotton	4010	4260	-250
Hubli	B.T. Cotton	NA	NA	--
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	4125	4180	-55
Gondal	Shankar-6	4255	4315	-60
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Bijapur	Bunny	4090	4120	-30
Hubli	D.C.H.	NA	NA	--
Raichur	H-44 Cotton	4190	4380	-190
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3425	3540	-115
Muktsar	J-34	3500	3560	-60
Fazilika	J-34	3455	3580	-125
Bhatinda	J-34	3425	3630	-205
Mansa	J-34	3420	3555	-135
Sirsa	J-34	3360	3540	-180
Sri-Ganganagar	J-34	3195	3320	-125
Hanumangarh	B.T. Cotton	4000	4260	-260

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



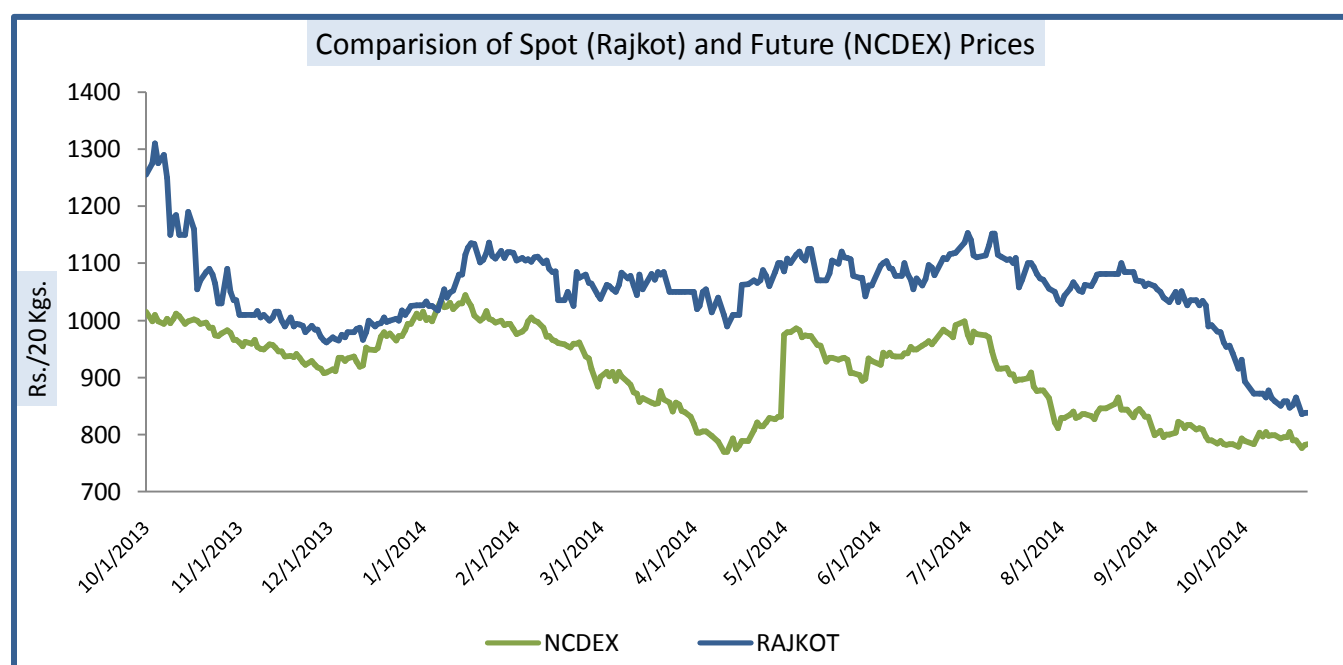
The graph shown above is depicting weakness in prices of kapas in domestic market. New crop has been arriving in the market, but fetching inferior prices due to moisture content in the produce. Also the bearish sentiments in domestic and International market are putting pressure on the prices of the 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
				22-Oct-14	17-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37100	37400	-300
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38000	37900	100
J-34(202)	26mm	3.5 - 4.9	23	31200	32800	-1600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	32700	33700	-1000
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	35700	-1300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35400	36700	-1300
DCH-32(107)	34mm	3.0 - 3.8	33	43500	44500	-1000

**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. For the coming period of time we expect a slight recovery in the prices as demand has been revived following the mill demand.

**Cotton Arrivals in Key Centers:**

Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		24-Oct-14	17-Oct-14	
Amravati	Mech-1	175	535	-360
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	38500	34500	4000
Rajkot	B.T. Cotton	9565	21850	-12285
Patan	B.T. Cotton	23580	68487	-44907
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	10500	1400	9100
Bhiwani	B.T. Cotton	15000	20000	-5000
Adampur	B.T. Cotton	2805	2720	85
Fatehabad	B.T. Cotton	6100	7500	-1400
Dabwali	B.T. Cotton	2250	3500	-1250
Jind	B.T. Cotton	1343	1258	85
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	2000	1300	700
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	37400	85000	-47600
Gondal	Shankar-6	2400	8190	-5790
Bijapur	Bunny	89	334	-245
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	3569	6271	-2702
Abohar	J-34	6290	7990	-1700
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	86700	112200	-25500
Mansa	J-34	4845	6120	-1275
Sirsa	J-34	7650	7140	510
Sri-Ganganagar	J-34	6800	2210	4590
Hanumangarh	B.T. Cotton	6000	8800	-2800

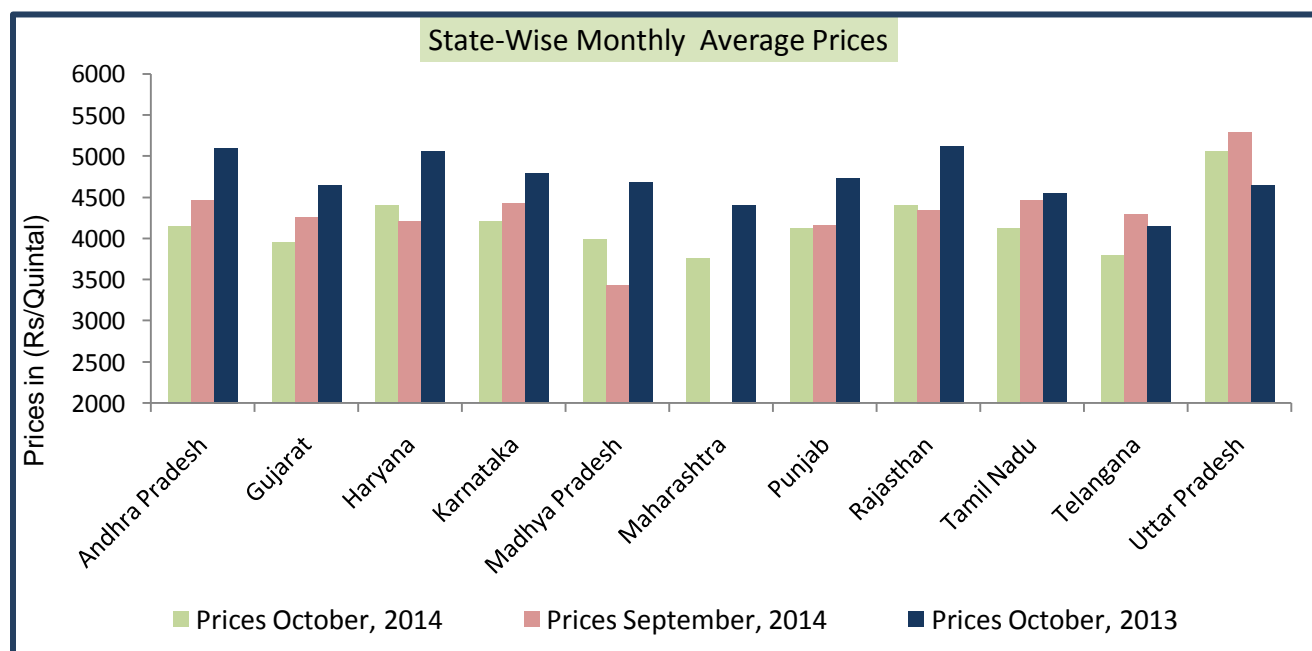
### State wise Scenario

#### 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	4154.45	4474.24	5096.75	-7.15	-18.49
Gujarat	3946.16	4256.97	4642.15	-7.3	-14.99
Haryana	4405.95	4203.89	5062.21	4.81	-12.96
Karnataka	4207.03	4427.27	4792.02	-4.97	-12.21
Madhya Pradesh	3997.11	3439.93	4679.53	16.2	-14.58
Maharashtra	3759.72		4404.9	—	-14.65
Punjab	4129.75	4158.4	4734.16	-0.69	-12.77
Rajasthan	4401.66	4347.07	5121.32	1.26	-14.05
Tamil Nadu	4127.68	4459.08	4550.41	-7.43	-9.29
Telangana	3805.68	4290.55	4146.05	-11.3	-8.21
Uttar Pradesh	5058.81	5285.15	4639.9	-4.28	9.03
Average	5507.07	5752.8	5096.67		

\*Source: Agmarknet

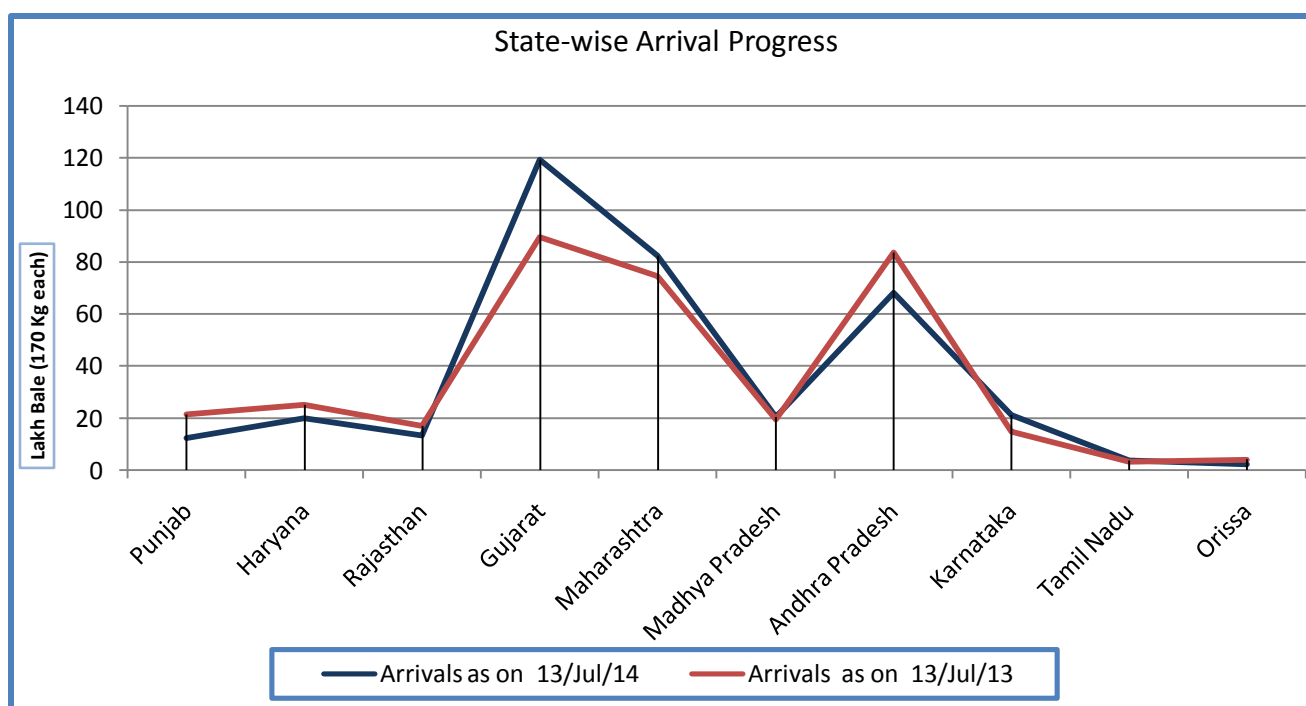
In all the mentioned states, cotton prices are showing downtrend on Y-o-Y basis except Uttar Pradesh. On M-o-M basis also, prices are showing downtrend except Madhya Pradesh, Haryana and Rajasthan. Currently highest prices are being noticed in Uttar Pradesh and Haryana.



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
<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>

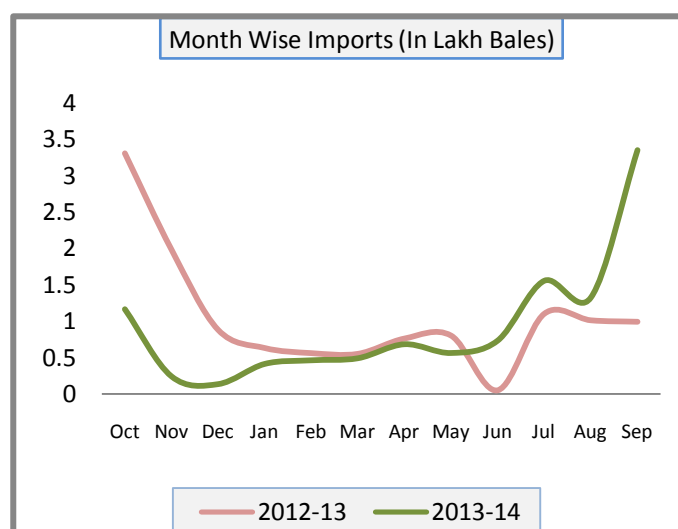
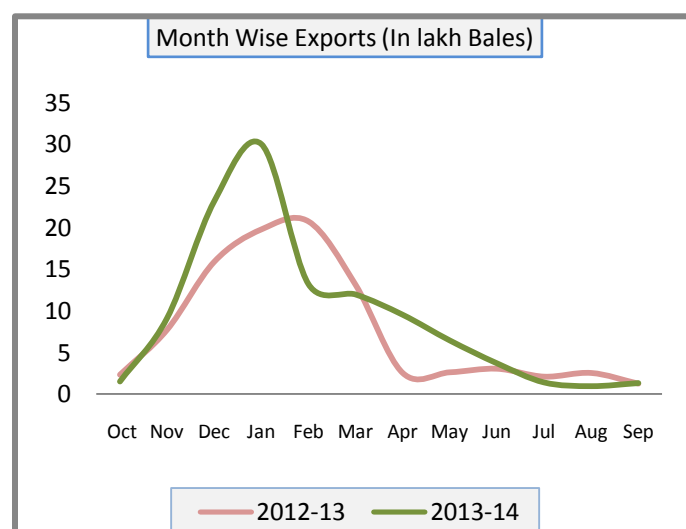
\* Inclusive of new crop arrivals in September 2013  
\*\*Source : Cotton Corporation of India (CCI)



### 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	13-19 Oct. 2014	06-12 Oct. 2014
Export (In lakh Bales)	0.36	0.28
Import (In lakh Bales)	0.37	0.59

Source: IBIS



### International Market Scenario

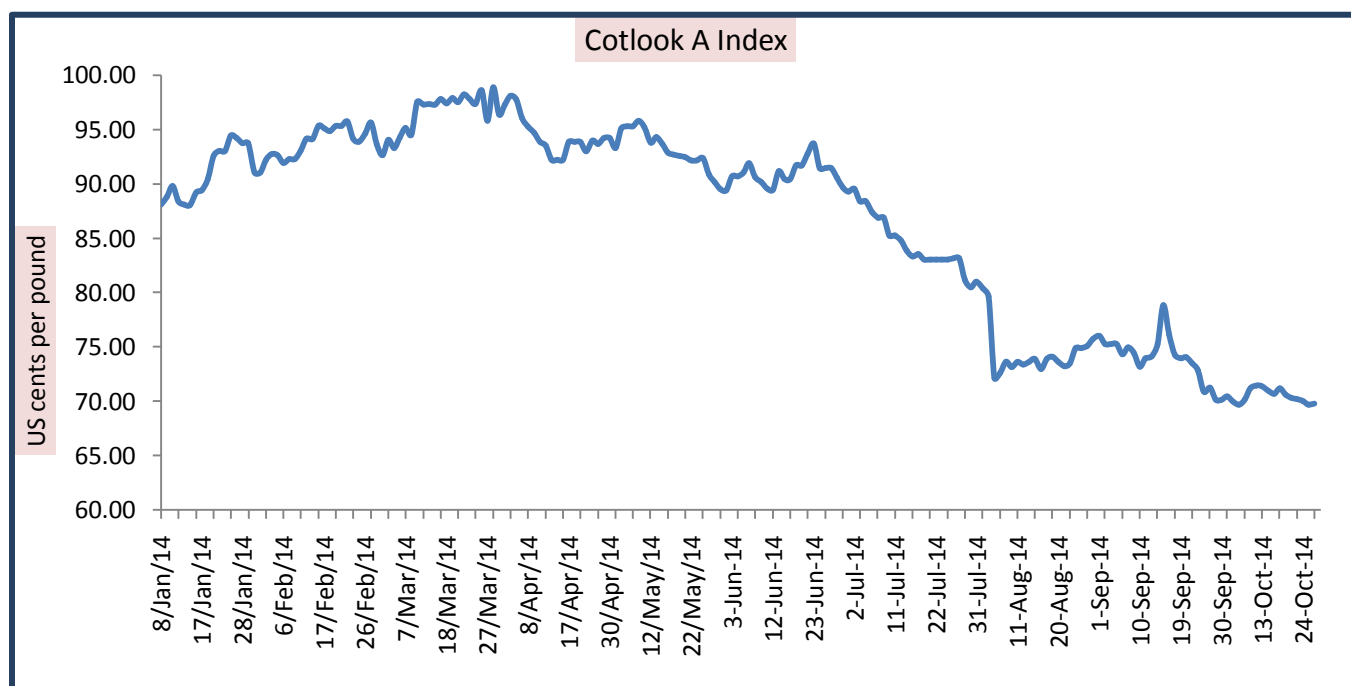
**According to the latest report released by USDA, as on October 19, 2014,** 47% of cotton crop in USA is in excellent to good condition, which was 47% last week and 44% a year ago. 86% bolls open has reported in cotton which was 77% last week and 90% as five year average. 29% of cotton harvesting reported which was 22% a week ago and 31% as a 5 year average.

**China imported around 122,900 tonnes of cotton in September this year,** 39% lower when compared to same month last year, reported China Cotton Association (CCA). During the initial nine month of the year, China imported 2 million tonnes of cotton, 38% lower when compared to same period last year.

**Cotton production in Pakistan is lagging behind the target set for the current season due to flood** that has damaged the standing crop badly, said Cotton Crop Assessment Committee (CCAC). Cotton production in the country would stand around 13.539 bales (of 170 kg each) in the season 2014/15 against the target of 15.1 million bales earlier expected by the Government of Pakistan.

**According to the latest report of USDA, countries could face fall in the export of cotton** and its products including yarn and textiles due to lack of price competitiveness if they support the policies that support prices above the world market.

**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.

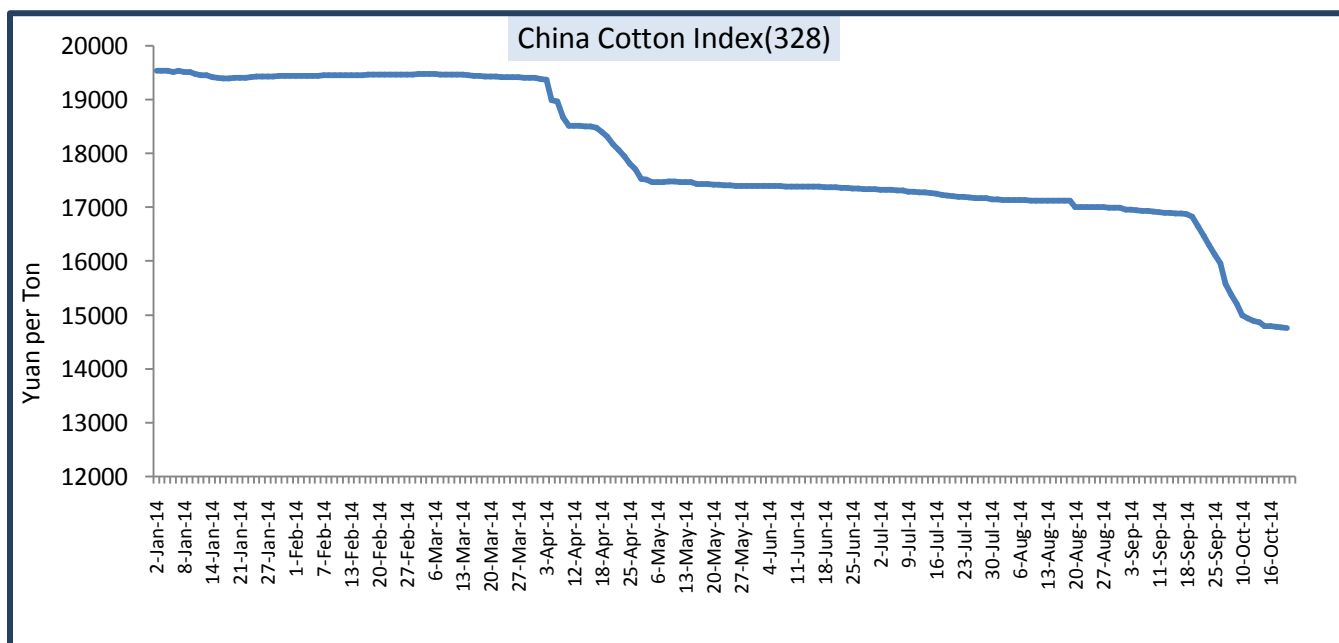


### International Prices and Indices

#### 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:

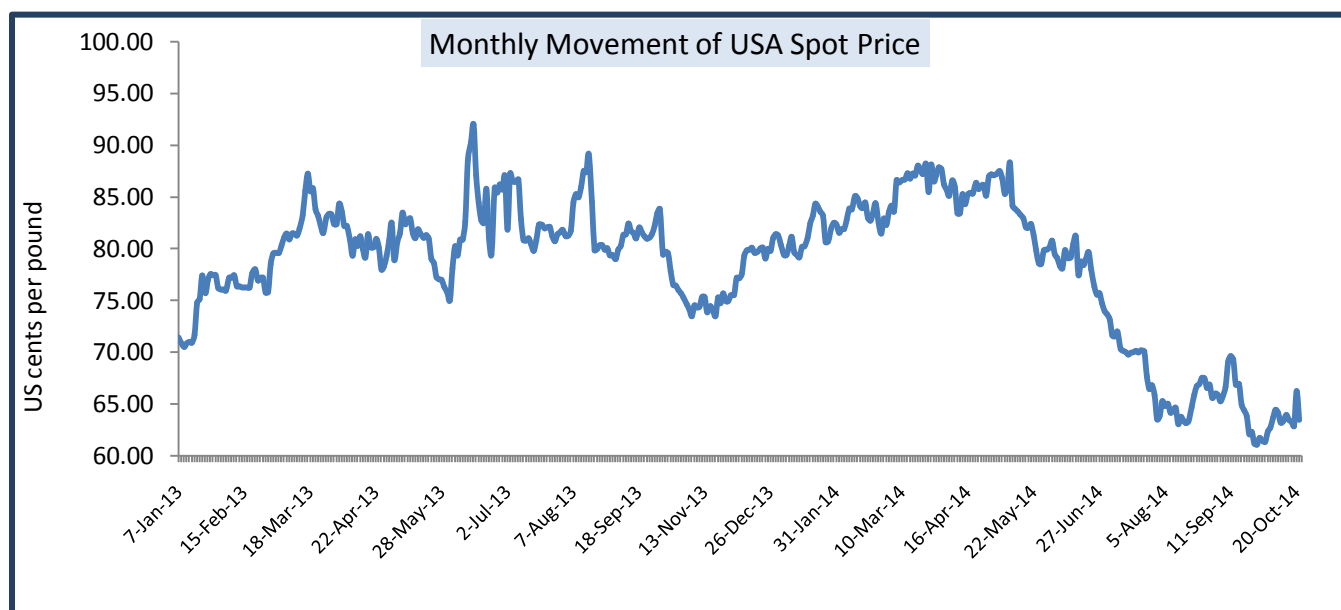
Date	24-Oct-14	17-Oct-14	% Change
Prices	69.8	70.2	-0.57

Prices in US cents per Pound

#### USA Spot Prices:

Date	24-Oct-14	17-Oct-14	% Change
Prices	63.47	62.86	0.97

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	24-Oct-2014	17-Oct-2014	24-Oct-2013	%W-o-W change	%Y-o-Y change
<b>Oct-14</b>	63.81	63.00	77.78	1.29	-17.96
<b>Dec-14</b>	62.17	61.73	--	0.71	--
<b>Mar-15</b>	63.02	63.63	--	-0.96	--
<b>May-15</b>	63.91	63.50	--	0.65	--
<b>Jul-15</b>	65.13	64.27	--	1.34	--
<b>Oct-15</b>	65.76	65.11	--	1.00	--

Figures in US cents per pound

### Cotton Futures

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



#### Weekly Technical Outlook:

- Candlesticks denote buying sentiments for the coming days.
- RSI is moving high in neutral region supporting bullish tone.
- MACD is depicting recovery in signal line and centerline.
- Prices closed above the 9 and 18 days EMA.
- We expect cotton prices to remain range bound to firm.

#### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range bound to Bullish	780-810

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
775	760	825	840

Figures in Rs. per 20Kgs.

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

**Weekly Technical Outlook:**

- Candlesticks depict range bound to firm momentum.
- Strong prices and increasing OI depicts firmness in the market.
- We expect prices to remain range bound to firm in coming days.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Range bound to Bearish	61.60-66.00

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
61.20	60.40	66.60	67.00

Figures in US cents per pound

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