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# COTTON STATISTICS & NEWS

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## TECHNICAL ANALYSIS

### Price outlook for Gujarat-ICS-105, 29mm and ICE cotton futures

*(The author is Director of Commtrendz Research and the views expressed in this column are his own and the author is not liable for any loss or damage, including without limitations, any profit or loss which may arise directly or indirectly from the use of above information.)*

We will again look into the Gujarat-ICS-105,29mm prices along with other benchmarks and try to forecast price moves going forward.

As mentioned in the previous update, fundamental analysis involves studying and analysing various reports, data and based on that arriving at some possible direction for prices in the coming months or quarters.

Some of the recent fundamental drivers for the domestic cotton prices are:

- Government will not impose any restrictions on cotton exports
- Crop damage fears in Andhra Pradesh also supported the prices.
- The Cotton Association of India (CAI) has forecasted a higher output of cotton for 2013-14 at around 38.1 million bales. The output is expected to be good at 20.75 million bales

especially in the central region comprising Gujarat, Maharashtra and Madhya Pradesh, compared to 17.37 million bales last year.

Some of the fundamental drivers for International cotton prices are:

- Cotton futures eased to a nine-month low on Monday as building harvest pressure and concerns over excess inventories weighed.
- U.S. government export data released last week stoked concerns that high prices have dented demand.

## EXPERT'S Column

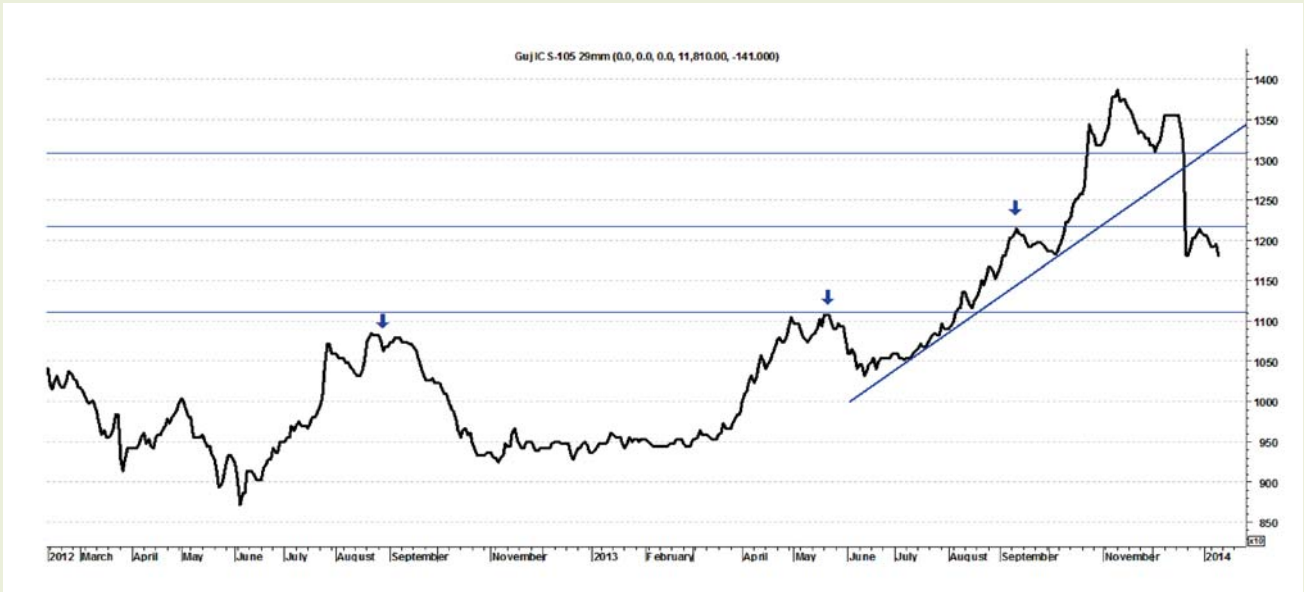


Shri Gnanasekar Thiagarajan

Domestic prices are finding some traction again after some positive developments. The Cotton Advisory Board is expected to come up with inventory and supply-demand report on Oct 30. This is a key data which will decide the further movement in the trade of the fibre. In its last meet, held on April 17, CAB had projected

cotton crop at 34 million bales for 2012-13 season compared to the previous estimates of 33 million bales. International prices have slid lower on harvest pressure, but at the same time the harvest progress still continues to be murky and the present fall could see some bargain-hunting opportunities.

We will now dwell into the various tools in technical analysis and forecast possible direction.

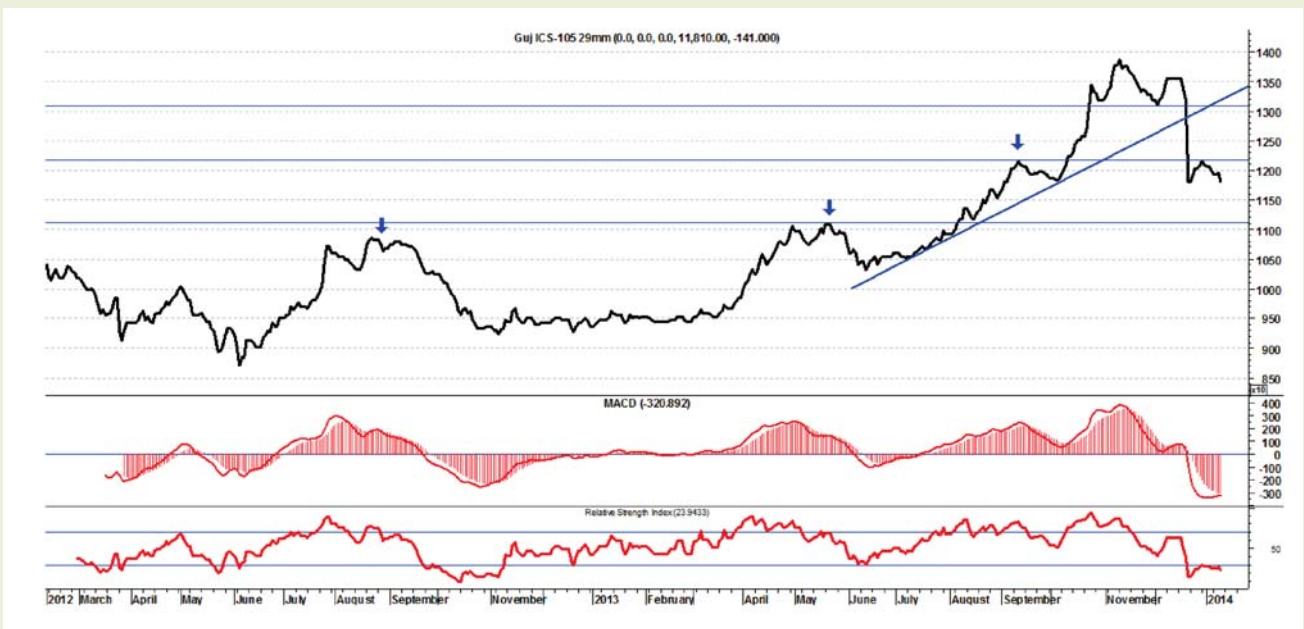


As mentioned in the previous update, unexpected fall due to higher arrivals or any other fundamental trigger, could drag the prices sharply lower towards next important support at 12000-12500 per qtl. levels in the coming weeks and we favoured a decline to 12,000-12,500 in the coming weeks. Prices are inching towards next important support at 11,100. However, we fell prices could retrace towards 12,250-500 levels in the coming sessions. This is our favoured view.

showing oversold conditions hinting at a recovery in prices the coming weeks.

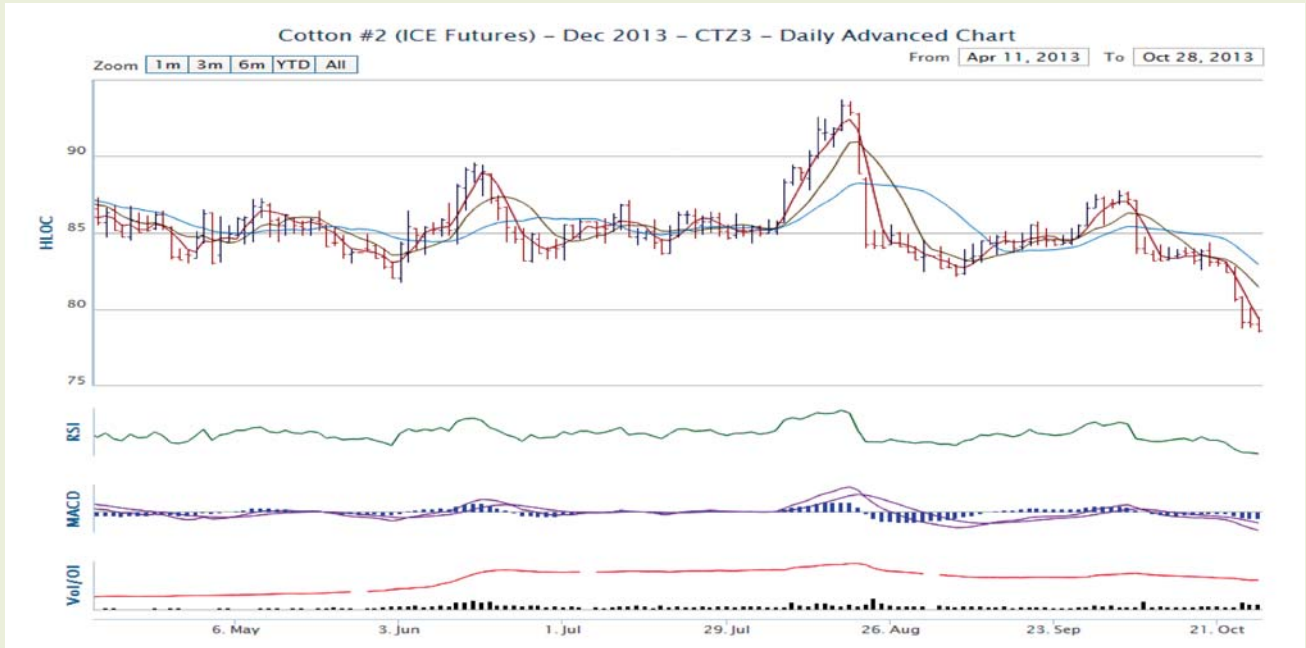
We will also look at the ICE Cotton Futures charts for possible direction in international prices.

As explained in the previous update, though prices have gone above 87c it is still showing bearish tendencies and any further upside could come only from weather worries. If weather worries recede,



As seen in the chart above various support levels have emerged for Gujarat-ICS-105,29mm in the coming weeks. After a long consolidation in the 8,000-10,000 range from 2011 to 2013, prices have broken above this range. Therefore, the 10,500 to 10,900 range should ideally hold any attempts to decline in the medium-term and strong recoveries could only be seen from this zone. Indicators are

NY cotton futures could start heading lower again towards 82-83c in the coming week or even lower and it has moved perfectly in line with our expectations. Heavily oversold conditions warn us of a pullback to 82-83c in the coming weeks. However, it could only be a recovery and prices might not follow-through and end up near 75-76c range again where strong supports are noticed.



**CONCLUSION:**

Both the domestic and international prices are showing tendencies to bounce back. But, it not showing any clear signs of a reversal yet. However, we believe medium-term supports are quite

strong both for ICE cotton futures 75-75c and for Gujarat-ICS-105 29mm at 10,700-11,000 levels and therefore, though prices display some bullishness in the short-term due to low prices, prices could eventually come off and decline further in the coming weeks.

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## Data of registration of contract for export of cotton yarn

Month	Quantity in Million Kgs.
Apr'2011	71.36
May 2011	63.19
Jun'2011	54.079
Jul'2011	57.212
Aug'2011	97.734
Sep'2011	77.157
Oct'2011	43.69
Nov'2011	76.362
Dec'2011	83.005
Jan'2012	79.148
Feb'2012	60.518
Mar'2012 (Provisional)	64.227
Apr'2012(Provisional)	62.811
May 2012(Provisional)	74.455
Jun'2012 (Provisional)	82.419

Month	Quantity in Million Kgs.
Jul'2012 (Provisional)	94.507
Aug'2012 (Provisional)	83.055
Sep'2012(Provisional)	64.269
Oct'2012 (Provisional)	94.462
Nov'2012 (Provisional)	100.769
Dec'2012 (Provisional)	100.778
Jan'2013 (Provisional)	117.143
Feb'2013 (Provisional)	103.955
Mar'2013 (Provisional)	88.685
Apr'2013 (Provisional)	115.960
May 2013 (Provisional)	90.152
Jun'2013 (Provisional)	142.297
Jul'2013 (Provisional)	139.745
Aug'2013 (provisional)	104.913
Sep'2013 (provisional)	109.640

(Source: Directorate General of Foreign Trade)



**Since 1921,**  
we are dedicated to the cause of Indian cotton.  
Just one of the reasons, you should use our Laboratory Testing Services.

The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.


The CAI's network of independent cotton testing & research is strategically spread across major cotton centres in India and is equipped with:

- State-of-the-art technology & world-class Premier testing machines
- 100 test mode with trash % tested gravimetrically
- Certificate of accreditation from NABL (National Accreditation Board for Testing and Calibration Laboratories) and accreditation in accordance with the standard ISO/IEC17025:2005 at the Mumbai facility

**LABORATORY LOCATIONS**

Current locations • Mumbai (Maharashtra) • Akola (Maharashtra) • Aurangabad (Maharashtra) • Rajkot (Gujarat) • Warangal (Andhra Pradesh) • Indore (Madhya Pradesh) • Hubli (Karnataka)  
Upcoming locations • Bathinda (Punjab) • Hisar (Haryana)

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**COTTON MERCHANTS & AGENTS, TEXTILES, WIND & SOLAR ENERGY**

## World Yarn Production Jumps in Q1/2013 - ITMF Report

### Estimates (Q2/2013) and Outlook (Q3/2013) for Global Yarn and Fabric Output are Positive.

Global yarn production jumped in Q1/2013 in comparison to the previous quarter as a result of higher output in Asia, North and South America and despite a decrease in Europe. Also on an annual basis global yarn output rose resulting from higher output in Asia, South America and Europe while production fell significantly in North America. Global yarn stocks were practically unchanged in Q1/2013 with Europe and Asia recording lower ones and South America slightly higher ones. Also on an annual basis yarn stocks practically did not change. Yarn orders in Europe and Brazil were up in the Q1/2013 in comparison to the previous quarter. On an annual basis yarn order increased in Europe but dropped in Brazil.

Global output of fabric decreased in the Q1/2013 due to lower production in South America and Asia which could not be set off with increases in Europe. On a year-to-year basis world fabric production was up as a result of higher production in Europe and Asia and despite a reduction in South America. Fabric stocks fell worldwide in comparison the previous quarter due to reductions in South and North America and despite higher stocks in Asia. In comparison to last year's quarter global fabric stocks fell also with lower stocks recorded in South America, North America and Europe which were not compensated by higher fabric stocks in Asia. Fabrics orders in Q1/2013 rose in Brazil but fell in Europe. Year-on-year fabric orders were down both in South America and Europe.

Estimates for yarn production for the 2nd quarter 2013 compared to the 1st quarter of 2013 are positive in Asia and North America, neutral in South America and negative in Europe. Estimates for fabric production for the 2nd quarter 2013 are positive in Asia and Europe and neutral in South America.

The outlook for yarn production for the 3rd quarter 2013 compared to the 1st quarter 2013 is positive in Asia and North America, neutral in South America and negative in Europe. The outlook for fabric production for the 3rd quarter 2013 is positive in Asia and Europe and neutral in South America.

In comparison to the previous quarter world yarn output jumped on Q1/2013 by +21.7% compared to the previous one due to higher output in Asia (+23.6%) - particularly in China (+29.7%) - as well as North and South America (+5.0% and +3.0%, respectively). Production of yarn fell in Europe by -0.9%. Global yarn production increased year-on-year by +11.7%. While Asia (+13.0%), South America (+2.9%) and Europe (+1.4%) recorded higher output levels, yarn production dropped in North America (-18.9%).

Compared with the previous quarter global fabric output plummeted by 8.0% due to reductions in South America (-11.9%) and Asia (-8.6%), while Europe recorded an increase of +3.2%. In comparison to Q1/2012 global fabric production was higher (+5.3%) as a result of higher output in Europe and Asia with +7.5% and +7.3%, respectively.

Global yarn inventories decreased slightly by 1.7% in Q1/2013 with Europe and Asia recording decreases of -2.7% and -0.2%, respectively, while inventories in South America were slightly up (+0.3%). On an annual basis global yarn inventories were slightly down by 1.3%. Yarn stocks in Asia, Europe and South America fell by -1.5%, 0.3% and -0.2% respectively.

Global fabric stocks were reduced by -1.1% in the Q1/2013 in comparison to the previous one. In South America they dropped by -9.6% and in North America by -1.4%, while fabric inventories in Asia were slightly up (+0.5%) and remained unchanged in Europe. Year-on-year global fabric stocks were down by -2.9% with reductions recorded in South America (-14.4%), North America (-7.5%) and Europe (-5.7%), while fabric stocks in Asia were up by +1.2%.

Yarn orders in Europe and Brazil were higher in the Q1/2013 in comparison to the previous quarter. On an annual basis yarn order jumped in Europe (+16.2%) but plummeted in Brazil (-17.6%).

Fabric orders jumped in Brazil in Q1/2013 by +17.9% compared to the previous one and fell slightly in Europe by -0.2%. In comparison to Q1/2012 fabric orders plummeted in Brazil by -14.0% and in Europe by -3.6%.

(Source: ITMF Press Release - July 2013)

## Update on Cotton Acreage (As on 23rd October 2013)

Sl. No	States	Normal of Year*	Normal on Week**	Area Sown (During the corresponding week in)	
				2013	2012
1	2	3	4	5	6
1	Andhra Pradesh	20.09	19.40	21.42	22.69
2	Gujarat	26.97	26.89	26.91	24.72
3	Haryana	5.82	5.51	5.57	6.03
4	Karnataka	5.28	4.61	5.38	4.34
5	Madhya Pradesh	6.55	6.51	6.21	6.08
6	Maharashtra	40.71	40.81	38.72	41.45
7	Orissa	0.98	0.98	1.34	1.19
8	Punjab	5.24	5.35	5.05	5.16
9	Rajasthan	4.18	4.23	3.03	4.50
10	Tamil Nadu	1.28	0.86	1.16	0.83
11	Uttar Pradesh	0.00	0.28	0.23	0.30
12	West Bengal	0.00	0.00	0.00	0.00
13	Others	0.43	0.06	0.10	0.00
	<b>Total</b>	<b>117.53</b>	<b>115.51</b>	<b>115.12</b>	<b>117.29</b>

\* Normal area mentioned above is average of last three years

\*\* It is average of last three years

(Source: Directorate of Cotton Development, Mumbai)



Shri S.S. Barodia

## SAD DEMISE

The Cotton Association of India deeply mourns the sad demise of Shri Sharad Shantilal Barodia, its ex-Secretary (Admn.), who passed away on October 27, 2013.

Shri Sharad Barodia served the Association from February 24, 1953 to May 1, 1999.

The Association conveys its sympathies and condolence to all the members of the bereaved family. May his soul rest in eternal peace!

UPCOUNTRY SPOT RATES							(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]							Spot Rate (Upcountry) 2012-13 Crop OCTOBER 2013					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	21st	22nd	23rd	24th	25th	26th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	15	10151 (36100)	10292 (36600)	10292 (36600)	10432 (37100)	10545 (37500)	10686 (38000)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 - 7.0	15	10432 (37100)	10545 (37500)	10545 (37500)	10686 (38000)	10826 (38500)	10967 (39000)
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	20	8295 (29500)	8295 (29500)	8295 (29500)	8155 (29000)	8155 (29000)	8155 (29000)
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	21	9308 (33100)	9308 (33100)	9308 (33100)	9308 (33100)	9308 (33100)	9308 (33100)
5	M/M	ICS-104	Fine	24mm	4.0 - 5.5	23	10826 (38500)	10826 (38500)	10686 (38000)	10686 (38000)	10686 (38000)	10686 (38000)
6	P/H/R	ICS-202	Fine	26mm	3.5 - 4.9	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
7	M/M/A	ICS-105	Fine	26mm	3.0 - 3.4	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
8	M/M/A	ICS-105	Fine	26mm	3.5 - 4.9	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
9	P/H/R	ICS-105	Fine	27mm	3.5 - 4.9	26	12063 (42900)	12148 (43200)	12092 (43000)	11951 (42500)	11782 (41900)	11951 (42500)
10	M/M/A	ICS-105	Fine	27mm	3.0 - 3.4	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
11	M/M/A	ICS-105	Fine	27mm	3.5 - 4.9	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
12	P/H/R	ICS-105	Fine	28mm	3.5 - 4.9	27	12345 (43900)	12373 (44000)	12317 (43800)	12148 (43200)	11979 (42600)	12176 (43300)
13	M/M/A	ICS-105	Fine	28mm	3.5 - 4.9	27	12232 (43500)	12232 (43500)	12120 (43100)	11895 (42300)	11782 (41900)	11838 (42100)
14	GUJ	ICS-105	Fine	28mm	3.5 - 4.9	27	12176 (43300)	12092 (43000)	11979 (42600)	11754 (41800)	11614 (41300)	11614 (41300)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 - 4.9	28	12373 (44000)	12288 (43700)	12176 (43300)	11951 (42500)	11810 (42000)	11923 (42400)
16	GUJ	ICS-105	Fine	29mm	3.5 - 4.9	28	12373 (44000)	12288 (43700)	12176 (43300)	11951 (42500)	11810 (42000)	11810 (42000)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 - 4.9	29	12654 (45000)	12513 (44500)	12401 (44100)	12204 (43400)	12035 (42800)	12120 (43100)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 - 4.9	30	12738 (45300)	12513 (44500)	12457 (44300)	12317 (43800)	12176 (43300)	12260 (43600)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 - 4.9	31	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	15888 (56500)	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)

(Note: Figures in bracket indicate prices in Rs./Candy) N.Q. = Not Quoted