

## Cotton Domestic Fundamentals:

- Cotton prices showed week tone on Monday. Market is making corrections, but sustain around current levels.
- China decision to import additional 40 lakh bales from major importing countries has spurred up the prices in local markets.
- Textile Industry has welcomed union budget decision of removing the excise duty on garments. Giving investment allowance of 15% in on investments more than Rs 100 crores in plant & machinery will boost the growth of the industry.

## Cotton International Fundamentals

- Global cotton production for 2013-14 is projected at 115.5 million bales of 218kg each, down by three percent as compared to the last fiscal year as relatively lower cotton market prices are expected to cause a shift in cultivated area from cotton to more profitable alternatives, according to the USDA's Agricultural Outlook 2013.
- Egypt has exported 1,271 metric tons of cotton through weeks ending on Feb 28. India is main buyer of Egyptian cotton because of its high quality fiber.
- China began to sell around 4.5 million tons of cotton from state reserves. Govt. has been offering about 80,000 tons a day for auction. China has already sold 591,829 tons of cotton about 31% of total offered. Auctions may slow down in March for cotton prices will be under pressure thus could offset planting in large area.
- In January, 2013, cotton import volume declined over the month, and average price also decreased. According to Customs, by January, China imported cotton of 457,500 ton, 75,000 ton less by 14% over last month; and that increased by 130,000 ton, up by 40.1% compared with last January; the average price was 1,866 USD/ton, 81 USD less over the month, and down by 4.2%, that decreased by 22.3% Y/Y. The total import for the first five months of 2012/13 was 1.828 million ton, down by 8.6% Y/Y.

**Outlook:** We expect domestic cotton prices to continue steady to firm tone on good buying by millers.

### NCDEX Kapas Futures: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close
Mar-13	0	0.00	0.00	0.00	0.00
Apr-13	-16	975.5	977	956	959.50

### Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Mar-13	0	-2	1	0
Apr-13	11795	-360	10953	-360

### Spread Feb-13 Apr-13

Basis	-32	
Mar-13		77
April-13		

**NB:** Spread was done by taking avg spot prices at Ahmedabad, Shankar 6 market, Basis = Spot, April

### MCX Kapas Futures: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close
Mar -13	-21.2	924	925.9	902.2	903.2
Apr-13	-17	977	979	959.6	961.00

### Volumes and OI lots

Contract	Volume	Change	OI	Change
Mar -13	562	173	1248	-68
Apr-13	1407	522	1671	97

### Spread Feb-13 Apr-13

Basis	16.8	
Mar -13		57.8
April-13		

**NB:** Spread was done by taking avg spot prices at Ahmedabad, Shankar 6 market, Basis = Spot, April

**MCX Cotton Futures (29 mm Variety): Prices in Bales**

Contract	% Change	Open	High	Low	Close
29-Mar-13	-0.71	18340	18390	18150	18220
30-Apr-13	-0.75	18650	18700	18460	18520
31-May-13	-0.63	18950	19000	18720	18810
28-Jun-13	-0.31	19290	19290	18960	19040
31-Jul-13	-0.21	19300	19330	19200	19260

**Cotton Prices at Key Spot Markets**

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	04-3-2013	02-3-2013	
Amravati-Vunni Mech-1#	4600	4650	-50
Kadi-Bt Cotton#	4750	4700	+50
Abohar-J-34*	4100	4110	-10
Muktsar-J-34 *(Cotton )	4110	4110	Unch
*(Kapas BT Cotton)	4890	4900	-10
Ahmedabad-Shankar-6#	4900	4900	Unch
Fajlika *(Cotton New)	4070	4080	-10
*(Kapas BT Cotton)	5110	5160	-50
Khandwa-(M.P)	4850	-	
Khargaon-(M.P)	4850	-	
Gondal	4880	4940	-60
Rajkot-(B.T)	4925	4950	-25
Sri-Ganganagar	4030	4020	+10
Patan(B.T. Cotton)	4885	4885	Unch

\*-Rs/maund, #-Rs.qtl,

**Cotton Arrivals in Key Centers**

Centre (1 bale = 170 Kg)	Arrivals		Change
	04-3-2013	02-3-2013	
Amravati -Vunni Mech-1#	2000	6000	-4000
Kadi -Bt Cotton	15000	15000	Unch
Abohar-J-34*	300	400	-100
Muktsar-J-34 *(Cotton )	50	-	-
Muktsar-J-34 *(Kapas BT Cotton)	300	400	-100
Ahmedabad - Shankar-6#	25000	25000	Unch
Fajlika *(Kapas BT Cotton)	700	700	Unch
Khandwa (M.P)	800	-	-

Khargaon-(M.P)	4000	-	-
Gondal	774	1397	<b>-623</b>
Rajkot-(B.T)	3500	4500	<b>-1000</b>
Sri-Ganganagar	1500	1000	<b>+500</b>
Patan(B.T. Cotton)	8892	7977	<b>+915</b>

Khandwa, Kadi, Fajlika-1 Truck-100 Qtls, Amravati-1 Truck-100 kgs, Ahmadabad, Abohar and Muktsar-Bales

**Cotton Association of India Spot Rates: 02/03/2013**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (01/03/2013)	Rs. Per Candy (01/03/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35600	35600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
J-34(202)	26mm	3.5 - 4.9	23	37300	37600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36500	36500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37400	37600	<b>-200</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37700	37900	<b>-200</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	-	-	-
DCH-32(107)	34mm	3.0 - 3.8	33	46800	47300	<b>-500</b>

**Cotlook Index: As on 01/03/2013**

Cotlook Indices	Cents/Pound	Change
A-Index	91.40	<b>+0.90</b>

**China Cotton Index: As on 04/03/2013**

Index	RMB/Ton	Change
CCIndex(328)	19336	<b>+10</b>
CCIndex(527)	16956	<b>+8</b>
CCIndex(229)	20059	<b>+1</b>

RMB - Renminbi, 1RMB = 0.16 \$U.S.

**USDA Cotton Spot Rates: As on 01/03/2013**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.4	85.65	<b>NIL</b>
North Delta	80.9	83.4	<b>NIL</b>
South Delta	80.9	83.4	<b>NIL</b>
East TX-OK	77.25	80.25	<b>1762</b>

West Texas	77.25	80.5	1441
Desert SW	78.9	85.4	NIL
SJ Valley	79.65	90.3	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

**ICE Cotton Futures (Prices in cents/lb.): As on 01/03/2013**

Contract	Open	High	Low	Close	Change
13-Mar	83.98	84.05	83.4	83.68	0.12
13-May	85.1	85.8	84.13	85.4	0.11
13-Jul	85.84	86.35	84.94	86.05	0.11
13-Oct	85.55	85.55	85.55	85.55	-0.03
13-Dec	84.75	85.4	84.22	85.14	-0.07
14-Mar	84.45	84.58	83.88	84.53	-0.01

**Pakistan Cotton Spot rates: As on 02/03/2013 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6450	155	6605
Equivalent	40 Kgs	6912	155	7067

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