

Cotton Domestic Fundamentals:

- Cotton prices noticed mostly weak tone on Wednesday except slight firmness in Gondal and Patan markets.
- Ginners are not buying much amid lack of demand from yarn and fabric industry.
- Around 60,000 bales of cotton arrived in the country.
- Lack of export demand added to the weak tone of the market.
- According to agriculture officials in Maharashtra, farmers are likely to intercrop tur with cotton during this kharif season for better returns.
- CCI has decided to offload 8 lakh bales of cotton in domestic market, with asking rate Rs.1000 lower than at previous unsuccessful bid where 2.5 lakh bales were at auction for Rs 39,000 a candy when prices were at Rs.38,000- Rs.38500 a candy, on this imports are cheaper.
- Apparel export went down by 6 percent for 2012-13 as reported by APEC, due to slim demand from major buyers, USA and Europe. This is likely to affect demand for cotton yarn in next fiscal as for current year yarn manufacturers have already stocked up.

Cotton International Fundamentals

- Cotton futures at NYMEX closed higher amid expectation of lower output in the U.S and strong Chinese demand.
- ICAC has projected increase in the prices of the cotton in 2013-14 due to fall in acreage, as demand is likely to increase.
- ICAC has projected 5 percent decline in world production of cotton, as farmers are shifting to more profitable crops.

Outlook: We expect domestic cotton prices to notice sideways to weak tone amid lack of demand of yarn and fabric.

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

Contract	+/-	Open	High	Low	Close
Feb-14	-3.0	985.0	1,005.5	985.0	1,001.0
Mar-14	0	0.0	0.0	0.0	0.0
Apr-14	-0.5	1,041.5	1,048.0	1,035.5	1,038.5

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-14	5	1	8	1
Mar-14	0	0	1	0
Apr-14	961	128	1112	128

Spread	Feb-14	Mar-14	Apr-14
Feb-14	-11.0		
Mar-14		0	
Apr-14			-48.50

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
Apr-14	0.70	1020	1028	1016.2	1019.00
May-14	-1.30	1036	1044	1030.2	1036

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Apr-14	19	7	87	-10
May-14	57	27	365	1

Spread	Apr-14	May-14
April-14	-29.00	
May-14		-46.00

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
31-May-13	-0.11	18030	18130	17900	17940
28-Jun-13	-0.11	18250	18350	18130	18170
31-Jul-13	-0.16	18490	18600	18390	18430
31-Oct-13	3.97	18430	18610	18430	18610

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	08-May-13	07-May-13	
Amravati–Vunni Mech-1#	4525	4600	-75
Mahesana-Kadi–Bt Cotton#	4700	4800	-100
Abohar–J-34*	4040	4070	-30
Muktsar–J-34 *(Cotton)	4030	4070	-40
*(Kapas BT Cotton)	4600	4600	Unch
Ahmedabad–Shankar-6#	4950	4975	-25
Fajlika *(Cotton New)	4005	4050	-45
*(Kapas BT Cotton)	-	4600	-
Khandwa-(M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Gondal	4940	4935	5
Rajkot-(B.T)	4900	4975	-75
Sri-Ganganagar	3900	3950	-50
Patan(B.T. Cotton)	5030	4980	50
Bhiwani– *(Cotton)	3920	4050	-130
*(Kapas BT Cotton)	4600	4650	-50

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

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	08-May-13	07-May-13	
Amravati –Vunni Mech-1#	2000	2500	-500
Mahesana-Kadi –Bt Cotton	100	50	50
Abohar–J-34*	50	50	Unch
Muktsar–J-34 *(Kapas BT Cotton)	-	-	-
Ahmedabad – Shankar-6#	10000	12000	-2000

Fajlika#(Kapas BT Cotton)	-	100	-
Khandwa (M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Gondal	477	381	96
Rajkot-(B.T)	1430	820	610
Sri-Ganganagar	428	428	Unch
Patan(B.T. Cotton)	1368	1100	168
Bhiwani #(Kapas BT Cotton)	200	200	Unch

Cotton Association of India Spot Rates: 07/5/2013

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (07/5/2013)	Rs. Per Candy (06/5/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	33700	33700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34600	34600	Unch
J-34(202)	26mm	3.5 - 4.9	23	36400	36800	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36700	36700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37500	37500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39100	39100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40000	40000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	48500	48500	Unch

Cotlook Index: As on 07/5/2013

Cotlook Indices	Cents/Pound	Change
A-Index	94.80	+1.30

China Cotton Index: As on 08/5/2013

Index	RMB/Ton	Change
CCIndex(328)	19352	-3
CCIndex(527)	16990	-2
CCIndex(229)	20066	-2

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

USDA Cotton Spot Rates: As on 07/5/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.39	88.64	118
North Delta	80.75	83.5	318

South Delta	80.89	91.54	NIL
East TX-OK	84.39	86.89	NIL
West Texas	84.39	86.89	NIL
Desert SW	80.75	83.75	NIL
SJ Valley	79.89	86.39	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 07/5/2013

Contract	Open	High	Low	Close	Change
13-May	85.68	86.01	85.65	86.01	0.7
13-Jul	87.35	87.45	85.52	87.15	-0.24
13-Oct	85.56	86.39	85.37	86.39	0.12
13-Dec	85.85	86.07	84.24	85.97	0.02
14-Mar	85.41	85.77	84.16	85.77	0.18
14-May	84.08	85.51	84.08	85.51	0.2

Pakistan Cotton Spot rates: As on 07/5/2013 (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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