



### Cotton Domestic Fundamentals:

- Cotton prices in domestic market noticed firm tone on Thursday.
- Prices ruled higher on actual buying by millers and exporters.
- According to CAB estimates, north India cotton output could fall by 15% as acreage and yield has declined this year.
- Millers are buying for the future consumption too, as they are seeking recovery in prices from next month onwards.
- CCI (Cotton Corporation of India) offers 10500 bales of cotton to sell, through E-auction.
- Recent cyclone Helen, in Andhra Pradesh has damaged around 10 lakh acre of crop, including cotton.
- Gujarat is likely to produce 11.5 million bales of cotton this season (2013-14) whereas it was 8.7 million bales last season.

### Cotton International Fundamentals:

- According to the ICAC report, world cotton output would be 25.64 million tons this season compared to 26.88 million tons last season.
- World cotton imports are likely to be at level of 8.44 million tones this season, whereas it was 9.71 million tones last season.
- Imports of China are likely to decline by 40% to 3.1 million tons this year.
- Turkey raw cotton imports stood 86210 tonnes during October this season versus 46876 tones last year during the same period.
- China stockpiles will reach around 11 million tons by the end of crop year 2013-14.
- The bullish U.S. weekly export sales in recent weeks have shown that lower prices reignited demand.
- As per the NCMMS (National Cotton Market Monitoring System) report 94.2% of cotton crop in China has been harvested as on 22 Nov. 0.4% down on year on year basis.

**Outlook:** We expect domestic cotton prices to remain range bound to firm in coming days.

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

| Contract | +/-   | Open   | High   | Low    | Close  |
|----------|-------|--------|--------|--------|--------|
| Feb-14   | 1.00  | 888.50 | 888.50 | 865.00 | 865.00 |
| Mar-14   | 0.00  | 0.00   |        | 0.00   | 0.00   |
| Apr-14   | -1.50 | 937.00 | 941.00 | 930.50 | 933.50 |

#### Volumes and OI in Lots

| Contract | Volume | Change | OI   | Change |
|----------|--------|--------|------|--------|
| Feb-14   | 5      | -1     | 13   | 0      |
| Mar-14   | 0      | -3     | 6    | 0      |
| Apr-14   | 7,220  | -5,886 | 9938 | 49     |

#### Spread

|        | Feb-14 | Mar-14 | Apr-14 |
|--------|--------|--------|--------|
| Spot   | 110    |        |        |
| Feb-14 |        | --     |        |
| Mar-14 |        |        | --     |

**NB:** Spread was done by taking avg spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

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

| Contract | +/-   | Open   | High   | Low    | Close  |
|----------|-------|--------|--------|--------|--------|
| Mar-14   | -0.80 | 890.00 | 897.50 | 887.20 | 890.10 |
| Apr-14   | -0.20 | 938.00 | 944.60 | 935.00 | 938.90 |

#### Volumes and OI in Lots

| Contract | Volume | Change | OI  | Change |
|----------|--------|--------|-----|--------|
| Mar-14   | 17     | -34    | 210 | 1      |
| Apr-14   | 75     | -43    | 278 | -1     |

#### Spread

|        | Mar-14 | Apr-14 |
|--------|--------|--------|
| Spot   | 84.9   |        |
| Mar-14 |        | 48.8   |

**NB:** Spread was done by taking avg spot prices at Rajkot – B.T.Cotton market. Basis = Spot-Near Month Future

**MCX Cotton Futures Closed (29 mm Variety):**

| Contract  | % Change | Open  | High  | Low   | Close |
|-----------|----------|-------|-------|-------|-------|
| 31-Dec-13 | -0.27    | 18750 | 18840 | 18660 | 18730 |
| 31-Jan-14 | -0.26    | 19020 | 19100 | 18920 | 18990 |
| 27-Feb-14 | -0.1     | 19250 | 19360 | 19170 | 19260 |
| 31-Mar-14 | 0        | 19500 | 19610 | 19480 | 19580 |
| 30-May-14 | 2.34     | 20090 | 20090 | 20090 | 20090 |
|           |          |       |       |       |       |

**Cotton Prices at Key Spot Market:**

| Centre         | Variety     | Prices                            |          | Change |
|----------------|-------------|-----------------------------------|----------|--------|
|                |             | 5-Dec-13                          | 4-Dec-13 |        |
| <b>Kapas</b>   |             | <b>Rs./Qtl</b>                    |          |        |
| Amravati       | Mech-1      | 4400                              | 4200     | 200    |
| Khandwa        | Mech-1      | -                                 | 4700     | -      |
| Khargaon       | Mech-1      | -                                 | 4700     | -      |
| <b>Kapas</b>   |             | <b>Rs./Qtl</b>                    |          |        |
| Mahesana(Kadi) | B.T. Cotton | 5000                              | 4900     | 100    |
| Rajkot         | B.T. Cotton | 4875                              | 4825     | 50     |
| Patan          | B.T. Cotton | 4820                              | 4820     | Unch   |
| Muktsar        | B.T. Cotton | 5100                              | 5100     | Unch   |
| Fazilika       | B.T. Cotton | 5020                              | 4975     | 45     |
| Bhiwani        | B.T. Cotton | 5100                              | 5050     | 50     |
| <b>Kapas</b>   |             | <b>Rs./Qtl</b>                    |          |        |
| Ahmedabad      | Shankar-6   | 4825                              | 4800     | 25     |
| Gondal         | Shankar-6   | 4770                              | 4740     | 30     |
| <b>Lint</b>    |             | <b>Rs./Maund(of 37.32kg each)</b> |          |        |
| Abohar         | J-34        | 4160                              | 4160     | Unch   |
| Muktsar        | J-34        | 4135                              | 4135     | Unch   |
| Fazilika       | J-34        | 4140                              | 4015     | 125    |
| Bhatinda       | J-34        | 4560                              | 4550     | 10     |
| Mansa          | J-34        | 4160                              | 4140     | 20     |
| Sirsa          | J-34        | 4060                              | 4050     | 10     |
| Sri-Ganganagar | J-34        | 3854                              | 3807     | 47     |

### Cotton Arrivals in Key Centers:

| Centre         | Variety     | Arrivals (Qtl) |          | Change |
|----------------|-------------|----------------|----------|--------|
|                |             | 5-Dec-13       | 4-Dec-13 |        |
| Amravati       | Mech-1      | 8500           | 8000     | 500    |
| Khandwa        | Mech-1      | -              | 2000     | -      |
| Khargaon       | Mech-1      | -              | 10000    | -      |
|                |             |                |          |        |
| Mahesana(Kadi) | B.T. Cotton | 50000          | 45000    | 5000   |
| Rajkot         | B.T. Cotton | 7200           | 8000     | -800   |
| Patan          | B.T. Cotton | 12602          | 13265    | -663   |
| Muktsar        | B.T. Cotton | 510            | 425      | 85     |
| Fazilika       | B.T. Cotton | 1000           | 800      | 200    |
| Bhiwani        | B.T. Cotton | 500            | 800      | -300   |
|                |             |                |          |        |
| Ahmedabad      | Shankar-6   | 68000          | 76500    | -8500  |
| Gondal         | Shankar-6   | 1663           | 1679     | -16    |
|                |             |                |          |        |
| Abohar         | J-34        | 1020           | 850      | 170    |
| Bhatinda       | J-34        | 23800          | 25500    | -1700  |
| Mansa          | J-34        | 850            | 850      | Unch   |
| Sirsa          | J-34        | 2040           | 2550     | -510   |
| Sri-Ganganagar | J-34        | 3400           | 2550     | 850    |

### Cotton Association of India Spot Rates:

| Trade Name                               | Staple        | Micronaire | Strength/<br>GPT | Rs. Per<br>Candy | Rs. Per<br>Candy | Change |
|--|---------------|------------|------------------|------------------|------------------|--------|
|  |               |            |                  | 4-Dec-13         | 3-Dec-13         |        |
| Bengal Deshi (RG)/Assam<br>Comilla (101) | Below<br>22mm | 5.0 - 7.0  | 15               | 39400            | 39400            | Unch   |
| Bengal Deshi (SG)(201)                   | Below<br>22mm | 5.0 - 7.0  | 15               | 40400            | 40400            | Unch   |
| J-34(202)                                | 26mm          | 3.5 - 4.9  | 23               | NQ               | NQ               | -      |
| H-4/ MECH-1(105)                         | 28mm          | 3.5 - 4.9  | 27               | 38300            | 38100            | 200    |
| Shankar-6(105)                           | 29mm          | 3.5 - 4.9  | 28               | 39000            | 38800            | 200    |
| Bunny/ Brahma(105)                       | 31mm          | 3.5 - 4.9  | 30               | 39600            | 39400            | 200    |
| MCU-5/ Surabhi(106)                      | 32mm          | 3.3 - 4.9  | 31               | 40200            | 39900            | 300    |
| DCH-32(107)                              | 34mm          | 3.0 - 3.8  | 33               | 58500            | 58500            | Unch   |



### China Cotton Index: As on 05/12/2013

#### Cotlook Index: As on 4/12/2013

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index         | 85.15       | Unch   |

| Index        | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 19536   | -9     |
| CCIndex(527) | NQ      | -      |
| CCIndex(229) | 20335   | -3     |

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

#### USDA Cotton Spot Rates: As on 4/12/2013

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
|             | cents/lb.           |                     | bales    |
| Southeast   | 75.55               | 81.30               | 2745     |
| North Delta | 76.55               | 79.05               | Nil      |
| South Delta | 75.00               | 79.05               | Nil      |
| East TX-OK  | 75.00               | 77.25               | 3066     |
| West Texas  | 73.55               | 77.75               | 24201    |
| Desert SW   | 74.30               | 80.03               | 500      |
| SJ Valley   | 81.30               | 84.95               | 85       |

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 4/12/2013

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Dec-13   | 77.53 | 78.25 | 77.27 | 78.02 | +0.61  |
| Mar-14   | 78.54 | 79.50 | 78.20 | 79.05 | +0.44  |
| May-14   | 79.12 | 79.92 | 78.73 | 79.52 | +0.38  |
| Jul-14   | 79.65 | 80.25 | 79.25 | 79.95 | +0.32  |
| Oct-14   | 77.45 | 78.07 | 77.45 | 77.54 | +0.14  |
| Dec-14   | 76.10 | 76.75 | 76.10 | 76.62 | -0.04  |

#### Pakistan Cotton Spot rates: As on 4/12/2013 (in Pakistan Rupees)

| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton     | 37.32 Kgs | 6400         | 155              | 6555              |
| Equivalent | 40 Kgs    | 6859         | 155              | 7014              |

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