

Cotton Domestic Fundamentals:

- Cotton prices in domestic market noticed firm tone on Monday.
- Prices moved higher amid strong demand from millers and traders.
- Arrivals are about to pick higher pace from this month onwards.
- According to CAB estimates, north India cotton output can 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.
- CCI (Cotton Corporation of India) offers 10500 bales of cotton to sell, through E-auction.
- **Weather** of cotton growing region is favorable for the harvesting purposes and it could lead to the heavy arrivals.
- **Area** under the cotton cultivation, according to ministry of agriculture stood 114.67 lakh hectares this season (2013-14), compared to 117.29 lakh hectares last season.
- **Production** estimated for this season is 353 lakh bales (of 170 kg each), according to DAC (Department of Agriculture and Cooperation) though earlier it was estimated 370 lakh bales.
- **Yield** of cotton though initially gained significantly, but it is likely to decline during the consequences in later stages.
- **Opening Stock** this season stood around 37 lakh bales compared to 40 lakh bales last season.
- **Consumption** would be around 294 lakh bales compared to 287 last season.
- **Export** according to USDA estimates, are likely to be around 96.05 lakh bales this season
- **Import** according to USDA estimates, is expected to be around 14.05 lakh bales this season.

Cotton International Fundamentals:

- ICE Future closed
- China imported 3.54 million of cotton tones during the initial 11 months of the year, 23.1% down on year basis.
- According to China Cotton Association (CCA), China output is likely to be around 6.77 million tones this season.
- **World production**, according to the ICAC estimates, is likely to be around 25.64 million tones during this season (2013-14), whereas it was 26.88 million tones previous season.
- **Global cotton consumption** is expected to be around 23.77 million tones this season, compared to 23.34 million tones last season.
- **Ending stock** of cotton on global front would be around 20.32 million tones this season versus 18.44 million tones last season.

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	Volume	Change	OI	Change
Feb-14	13.50	883.00	889.50	883.00	889.50	876	876	6	-5
Mar-14	-2.00	905.00	905.00	905.00	905.00	907	907	1	-5
Apr-14	-1.00	951.00	961.00	946.50	948.00	949	-4,936	7990	-1931

	Feb-14	Mar-14	Apr-14
Spot	100.5		
Feb-14		15.5	
Mar-14			43

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

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14									
Mar-14	-0.4	907.1	910	899.2	901.5	34	12	219	2
Apr-14	-3.3	955.3	965	952	952	135	56	280	-23

	Mar-14	Apr-14
Spot	88.5	
Mar-14		50.5
Apr-14		

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

MCX Cotton Futures Closed (29 mm Variety):

Contract	% Change	Open	High	Low	Close
31-Dec-13	-0.63	19110	19260	18950	18970
31-Jan-14	-0.62	19420	19590	19270	19270
27-Feb-14	-0.56	19600	19870	19560	19560
31-Mar-14	-0.4	19920	20150	19850	19850
30-May-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		16-Dec-13	14-Dec-13	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4450	4425	25
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	4900	5000	-100
Rajkot	B.T. Cotton	4950	5000	-50
Patan	B.T. Cotton	4950	4930	20
Muktsar	B.T. Cotton	5050	5050	Unch
Fazilika	B.T. Cotton	5080	5070	10
Bhiwani	B.T. Cotton	5200	5100	100
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	4950	4925	25
Gondal	Shankar-6	4845	4535	310
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	4160	4170	-10
Muktsar	J-34	4160	4180	-20
Fazilika	J-34	5080	5070	10
Bhatinda	J-34	4165	4165	Unch
Mansa	J-34	4150	4165	-15
Sirsa	J-34	4070	4070	Unch
Sri-Ganganagar	J-34	3760	3854	-94

Cotton Arrivals in Key

Centre	Variety	Arrivals (Qtl)		Change
		16-Dec-13	14-Dec-13	
Amravati	Mech-1	6000	13000	-7000
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
Mahesana(Kadi)	B.T. Cotton	40000	35000	5000
Rajkot	B.T. Cotton	5100	4600	500
Patan	B.T. Cotton	9559	9603	-44
Muktsar	B.T. Cotton	425	425	Unch
Fazilika	B.T. Cotton	1200	1000	200
Bhiwani	B.T. Cotton	600	600	Unch
Ahmedabad	Shankar-6	102000	93500	8500
Gondal	Shankar-6	1775	1180	595
Abohar	J-34	1870	1700	170
Bhatinda	J-34	34000	34000	Unch
Mansa	J-34	1700	850	850
Sirsa	J-34	2550	3400	-850
Sri-Ganganagar	J-34	8500	6800	1700

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strengt h/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Dec- 13	13-Dec- 13	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	39000	39000	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	40000	40000	Unch
J-34(202)	26mm	3.5 - 4.9	23	37400	37400	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	38100	38000	100
Shankar-6(105)	29mm	3.5 – 4.9	28	39000	38800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41600	41300	300
DCH-32(107)	34mm	3.0 - 3.8	33	64000	64000	Unch

China Cotton Index: As on 16/12/2013

Cotlook Index: As on 13/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	88.8	0.4

Index	RMB/Ton	Change
CCIndex(328)	19498	Unch
CCIndex(527)	NQ	-
CCIndex(229)	20267	-17

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

USDA Cotton Spot Rates: As on 13/12/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.47	85.47	748
North Delta	81.22	83.72	Nil
South Delta	81.22	83.72	338
East TX-OK	79.00	81.25	3283
West Texas	78.75	81.75	20993
Desert SW	77.97	84.97	Nil
SJ Valley	78.72	89.37	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 13/12/2013

Contract	Open	High	Low	Close	Change
Dec-13	83.04	83.42	82.47	83.22	+0.16
Mar-14	82.72	82.98	82.20	82.90	+0.10
May-14	82.05	82.34	81.57	82.27	+0.20
Jul-14	78.43	78.43	78.43	78.43	Unch
Oct-14	77.00	77.00	76.29	76.77	-0.20
Dec-14	77.49	77.49	77.49	77.49	-0.24

Pakistan Cotton Spot rates: As on 13/12/2013 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6500	155	6655
Equivalent	40 Kgs	6966	155	7121

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