

Domestic Fundamentals:

- Cotton prices in domestic market noticed steady tone on Tuesday.
- Prices moved steady amid lackluster demand from millers and traders.
- Arrival has declined slightly today but likely to pick higher pace from current 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.
- Production of cotton in Vidarbha is likely to decline by 20% due to lower acreage and declined yield.
- **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.

International Fundamentals:

- ICE (March) Future closed lower by 0.4% at 83.04 cents/lb
- 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 market to notice sideways to firm tone in domestic market.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	-3.50	885.00	885.00	885.00	885.00	1	--	15	--
Mar-14	0.00	0.00	0.00	0.00	0.00	0	--	6	--
Apr-14	5.00	952.00	959.00	947.50	953.00	5,946	--	9890	--

	Feb-14	Mar-14	Apr-14
Spot	105		
Feb-14		--	
Mar-14			--

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	2.9	914.5	915.6	905.9	907.00A	23	-11	218	-1
Apr-14	3.5	955.9	963.6	953.2	956.4	133	-2	286	6

	Mar-14	Apr-14
Spot	83	
Mar-14		49.4
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	-0.16	18990	19180	18920	18980
31-Jan-14	-0.21	19300	19490	19210	19270
27-Feb-14	-0.31	19630	19760	19470	19540
31-Mar-14	-0.3	19970	20050	19740	19810
30-Apr-14	-0.99	20090	20090	20090	20090
30-May-14	0	20500	20500	20500	20500

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		17-Dec-13	16-Dec-13	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4450	4450	Unch
Khandwa	Mech-1	4650	-	-
Khargaon	Mech-1	4650	-	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	4900	4900	Unch
Rajkot	B.T. Cotton	4970	4950	20
Patan	B.T. Cotton	4865	4950	-85
Muktsar	B.T. Cotton	5150	5050	100
Fazilika	B.T. Cotton	5090	5080	10
Bhiwani	B.T. Cotton	5100	5200	-100
Adampur	B.T. Cotton	5000	5000	Unch
Fatehabad	B.T. Cotton	4980	4970	10
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	4900	4950	-50
Gondal	Shankar-6	4840	4845	-5
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	4170	4160	10
Muktsar	J-34	4165	4160	5
Fazilika	J-34	5090	5080	10
Bhatinda	J-34	4200	4165	35
Mansa	J-34	4160	4150	10
Sirsa	J-34	4070	4070	Unch
Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Dec-13	16-Dec-13	
Amravati	Mech-1	12000	6000	6000
Khandwa	Mech-1	2000	-	-
Khargaon	Mech-1	10000	-	-
Mahesana(Kadi)	B.T. Cotton	4000	40000	-36000
Rajkot	B.T. Cotton	4800	5100	-300
Patan	B.T. Cotton	7925	9559	-1634
Muktsar	B.T. Cotton	510	425	85
Fazilika	B.T. Cotton	1800	1200	600
Bhiwani	B.T. Cotton	1000	600	400
Adampur	B.T. Cotton	700	700	Unch
Fatehabad	B.T. Cotton	1000	1200	-200
Ahmedabad	Shankar-6	102000	102000	Unch
Gondal	Shankar-6	1753	1775	-22
Abohar	J-34	1870	1870	Unch
Bhatinda	J-34	37400	34000	3400
Mansa	J-34	1700	1700	Unch
Sirsa	J-34	3400	2550	850
Sri-Ganganagar	J-34	8500	8500	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Dec-13	14-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	39000	-500
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39000	40000	-1000
J-34(202)	26mm	3.5 - 4.9	23	37500	37400	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37900	38100	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41600	41600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	65000	64000	1000

International Prices & Indices
China Cotton Index: As on 17/12/2013

Index	RMB/Ton	Change
CCIndex(328)	19501	3
CCIndex(527)	NQ	-
CCIndex(229)	20277	10

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

Cotlook Index: As on 16/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	88.8	Unch

USDA Cotton Spot Rates: As on 16/12/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.63	85.63	Nil
North Delta	81.38	83.88	Nil
South Delta	81.38	83.88	Nil
East TX-OK	79.25	81.50	3508
West Texas	79.00	82.00	10652
Desert SW	78.13	85.13	Nil
SJ Valley	78.88	89.53	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 16/12/2013

Contract	Open	High	Low	Close	Change
Dec-13	83.21	83.42	82.34	83.38	+0.16
Mar-14	82.80	83.15	82.17	83.12	+0.22
May-14	82.17	82.68	81.79	82.65	+0.38
Jul-14	78.43	78.43	78.43	78.43	Unch
Oct-14	76.50	77.11	76.50	77.08	+0.31
Dec-14	77.80	77.80	77.80	77.80	+0.31

Pakistan Cotton Spot rates: As on 16/12/2013 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6600	155	6755
Equivalent	40 Kgs	7073	155	7228

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