

Domestic Fundamentals:

- Cotton prices in domestic market noticed firm tone on Wednesday.
- Prices ruled higher amid demand from millers, though exporters are buying less.
- Arrival gained momentum and likely to pick pace higher pace in near term .

- Cotton output in Andhra Pradesh is expected to be down at 6.5 million bales, which was earlier estimated 7.5-8 million bales, reason for the same are the heavy rains in late October-November.
- 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** in North India remained foggy which forced farmers to harvest their remaining crop.
- **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 0.3% at 82.70 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	5.00	888.00	890.00	888.00	890.00	3	2	16	1
Mar-14	0.00	0.00	0.00	0.00	0.00	0	0	6	0
Apr-14	13.50	951.00	967.00	948.50	964.50	6,701	755	10489	599

	Feb-14	Mar-14	Apr-14
Spot	100		
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	8.2	909	917	909	917	11	-12	219	1
Apr-14	13.8	956.6	970	954.7	969.3	102	-31	260	-26

	Mar-14	Apr-14
Spot	73	
Mar-14		52.3
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	18970	19200	18880	19190
31-Jan-14	-0.21	19240	19490	19150	19480
27-Feb-14	-0.31	19550	19750	19420	19740
31-Mar-14	-0.3	19810	20010	19700	20000
30-Apr-14	-0.99	20050	20050	20000	20000
30-May-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		18-Dec-13	17-Dec-13	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4400	4450	-50
Khandwa	Mech-1	4700	4650	50
Khargaon	Mech-1	4700	4650	50
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	4900	4900	Unch
Rajkot	B.T. Cotton	4975	4970	5
Patan	B.T. Cotton	4895	4865	30
Muktsar	B.T. Cotton	5100	5150	-50
Fazilika	B.T. Cotton	5090	5090	Unch
Bhiwani	B.T. Cotton	5050	5100	-50
Adampur	B.T. Cotton	5000	5000	Unch
Fatehabad	B.T. Cotton	5000	4980	20
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	4950	4900	50
Gondal	Shankar-6	4875	4840	35
Lint		Rs./Maunder (of 37.32kg each)		
Abohar	J-34	4170	4170	Unch
Muktsar	J-34	4165	4165	Unch
Fazilika	J-34	5090	5090	Unch
Bhatinda	J-34	4165	4170	-5
Mansa	J-34	4160	4160	Unch
Sirsa	J-34	4070	4070	Unch
Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		18-Dec-13	17-Dec-13	
Amravati	Mech-1	13000	12000	1000
Khandwa	Mech-1	2200	2000	200
Khargaon	Mech-1	10000	10000	Unch
Mahesana(Kadi)	B.T. Cotton	50000	40000	10000
Rajkot	B.T. Cotton	5100	4800	300
Patan	B.T. Cotton	9080	7925	1155
Muktsar	B.T. Cotton	510	510	Unch
Fazilika	B.T. Cotton	1800	1800	Unch
Bhiwani	B.T. Cotton	700	1000	-300
Adampur	B.T. Cotton	700	700	Unch
Fatehabad	B.T. Cotton	1800	1000	800
Ahmedabad	Shankar-6	110500	102000	8500
Gondal	Shankar-6	1320	1753	-433
Abohar	J-34	1700	1870	-170
Bhatinda	J-34	37400	37400	Unch
Mansa	J-34	1700	1700	Unch
Sirsa	J-34	2550	3400	-850
Sri-Ganganagar	J-34	8500	8500	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs./ Candy	Rs. Per Candy	Change
				17-Dec-13	15-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38500	-500
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38500	39000	-500
J-34(202)	26mm	3.5 - 4.9	23	37600	37500	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37900	37900	Unch
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	65000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 18/12/2013

Index	RMB/Ton	Change
CCIndex(328)	19518	17
CCIndex(527)	NQ	-
CCIndex(229)	20288	11

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

Cotlook Index: As on 17/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	88.85	0.05

USDA Cotton Spot Rates: As on 17/12/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.95	84.95	334
North Delta	80.95	83.45	Nil
South Delta	80.95	83.45	Nil
East TX-OK	78.75	81.00	3120
West Texas	78.50	81.50	17386
Desert SW	77.70	84.70	270
SJ Valley	78.45	89.10	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 17/12/2013

Contract	Open	High	Low	Close	Change
Mar-14	83.27	83.72	82.64	82.95	-0.43
May-14	83.06	83.32	82.36	82.36	-0.47
Jul-14	82.52	82.85	81.90	82.18	-0.47
Oct-14	78.43	78.43	78.00	78.00	-0.43
Dec-14	77.02	77.14	76.40	76.69	-0.39
Mar-15	77.41	77.41	77.41	77.41	-0.39

Pakistan Cotton Spot rates: As on 17/12/2013 (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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