

## Domestic Fundamentals:

- Cotton prices in domestic market noticed firm tone on Thursday.
- Prices ruled higher amid demands from millers sentiments of slack in expected production.
- Arrival gained momentum and likely to pick pace higher pace in near term.
  
- CCI offers to sell around 8324.66 quintals of damaged cotton seed and around 694.21 quintals of damaged Kapas of previous season (2012-13).
- Cotton output in Andhra Pradesh is expected to be down at 6.5 million bales, which were earlier estimated 7.5-8 million bales, reason for the same are the heavy rains in late October-November.
- In Andhra Pradesh, cotton crop is ready for the second picking and boll formation in southern region.
  
- **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** as per the Cotton Association of India (CAI) would be around 37.88 million bales (of 170 kg each)
- **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 firm tone in domestic market.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	22.00	900.00	912.00	900.00	912.00	5	2	15	-1
Mar-14	27.00	932.00	932.00	932.00	932.00	2	2	6	0
Apr-14	4.50	974.50	994.00	970.00	976.00	18,494	11,793	10365	-124

	Feb-14	Mar-14	Apr-14
Spot	93		
Feb-14		20	
Mar-14			44

**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	3.9	925	940	923.7	926.2	34	23	221	2
Apr-14	4.1	979	996.4	975	979.2	187	85	251	-9

	Mar-14	Apr-14
Spot	78.8	
Mar-14		53
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	19260	19400	19110	19260
31-Jan-14	-0.21	19540	19670	19380	19510
27-Feb-14	-0.31	19790	19920	19620	19760
31-Mar-14	-0.3	20040	20190	19930	20030
30-Apr-14	-0.99	20320	20450	20220	20410
30-May-14	--	--	--	--	--

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

Centre	Variety	Prices		Change
		19-Dec-13	18-Dec-13	
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	4700	4700	Unch
Khargaon	Mech-1	4700	4700	Unch
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5000	4900	+100
Rajkot	B.T. Cotton	5025	4975	+50
Patan	B.T. Cotton	4995	4895	+100
Muktsar	B.T. Cotton	5150	5100	+50
Fazilika	B.T. Cotton	5060	5090	-30
Bhiwani	B.T. Cotton	5150	5050	+100
Adampur	B.T. Cotton	5000	5000	Unch
Fatehabad	B.T. Cotton	4980	5000	-20
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	4950	4950	Unch
Gondal	Shankar-6	4935	4875	+60
<b>Lint</b>		<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4180	4170	+10
Muktsar	J-34	4185	4165	+20
Fazilika	J-34	4170	4200	-30
Bhatinda	J-34	4185	4165	+20
Mansa	J-34	4185	4150	+35
Sirsa	J-34	4090	4070	+20
Sri-Ganganagar	J-34	3854	3760	+94

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		19-Dec-13	18-Dec-13	
Amravati	Mech-1	10000	13000	-3000
Khandwa	Mech-1	1500	2200	-700
Khargaon	Mech-1	10000	10000	Unch
<b>Mahesana(Kadi)</b>				
Mahesana(Kadi)	B.T. Cotton	45000	50000	-5000
Rajkot	B.T. Cotton	4200	5100	-900
Patan	B.T. Cotton	9569	9080	+489
Muktsar	B.T. Cotton	510	510	Unch
Fazilika	B.T. Cotton	1800	1800	Unch
Bhiwani	B.T. Cotton	1800	700	+1100
Adampur	B.T. Cotton	700	700	Unch
Fatehabad	B.T. Cotton	2000	1800	+200
<b>Ahmedabad</b>				
Ahmedabad	Shankar-6	102000	110500	-8500
Gondal	Shankar-6	981	1320	-339
<b>Abohar</b>				
Abohar	J-34	2210	1700	+510
Bhatinda	J-34	39100	37400	+1700
Mansa	J-34	1700	1700	Unch
Sirsa	J-34	2550	2550	Unch
Sri-Ganganagar	J-34	6800	8500	+1700

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs./ Candy	Rs. Per Candy	Change
				18-Dec-13	17-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	37700	37600	+100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38000	37900	+100
Shankar-6(105)	29mm	3.5 - 4.9	28	39100	39000	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39500	+100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41700	41600	+100
DCH-32(107)	34mm	3.0 - 3.8	33	64500	65000	-500

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 19/12/2013**

Index	RMB/Ton	Change
CCIndex(328)	19521	<b>3</b>
CCIndex(527)	NQ	-
CCIndex(229)	20295	<b>7</b>

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

**Cotlook Index: As on 18/12/2013**

Cotlook Indices	Cents/Pound	Change
A-Index	88.15	<b>-0.70</b>

**USDA Cotton Spot Rates: As on 18/12/2013**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.00	85.00	<b>1500</b>
North Delta	81.00	83.50	<b>NIL</b>
South Delta	81.00	83.50	<b>NIL</b>
East TX-OK	78.75	81.00	<b>1023</b>
West Texas	78.50	81.25	<b>7179</b>
Desert SW	78.00	85.00	<b>261</b>
SJ Valley	78.75	89.40	<b>NIL</b>

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 18/12/2013**

Contract	Open	High	Low	Close	Change
<b>Mar-14</b>	82.95	83.2	82.5	83	<b>0.05</b>
<b>May-14</b>	82.45	82.93	82.22	82.76	<b>0.11</b>
<b>Jul-14</b>	81.97	82.58	81.8	82.45	<b>0.27</b>
<b>Oct-14</b>	78.39	78.39	78.39	78.39	<b>0.39</b>
<b>Dec-14</b>	76.4	77.33	76.4	77.21	<b>0.52</b>
<b>Mar-15</b>	77.15	77.78	77.15	77.78	<b>0.37</b>

**Pakistan Cotton Spot rates: As on 18/12/2013 (in Pakistan Rupees)**

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

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2013 Indian Agribusiness Systems Pvt Ltd.