

Domestic Fundamentals:

- Cotton prices in domestic market noticed weak tone on Friday.
- Prices ruled higher amid demands from millers sentiments of slack in expected production.
- Arrival gained momentum and likely to pick pace higher in near term.

- Cotton Corporation of India (CCI) is likely purchases nearly 150,000 bales until December 20.
- 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 buyers purchase some of Indian Shankar 6 kapas and Australian cotton –Trade Source.
- 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						0	-5	0	-15
Mar-14						0	-2	0	-6
Apr-14	-6.00	979.00	989.00	972.00	974.00	10,599	-7,895	10823	458

	Feb-14	Mar-14	Apr-14
Spot			
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	-5.2	930.2	935	921	925	13	-21	221	0
Apr-14	-6.9	981	990.1	975.8	976.4	122	-65	265	14

	Mar-14	Apr-14
Spot	70.8	
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	-1.09	19260	19360	19070	19070
31-Jan-14	-1.02	19520	19640	19330	19330
27-Feb-14	-0.96	19760	19910	19600	19600
31-Mar-14	-0.95	19980	20180	19880	19880
30-Apr-14	-0.59	20390	20390	20230	20230
30-May-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		20-Dec-13	19-Dec-13	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	4750	4700	+50
Khargaon	Mech-1	4750	4700	+50
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5050	5000	+50
Rajkot	B.T. Cotton	4985	5025	-40
Patan	B.T. Cotton	5000	4995	+5
Muktsar	B.T. Cotton	5000	5150	-150
Fazilika	B.T. Cotton	5110	5060	+50
Bhiwani	B.T. Cotton	5125	5150	-25
Adampur	B.T. Cotton	4980	5000	-20
Fatehabad	B.T. Cotton	4980	4980	Unch
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	5000	4950	+50
Gondal	Shankar-6	5000	4935	+65
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	4220	4180	+40
Muktsar	J-34	4210	4185	+25
Fazilika	J-34	4200	4170	+30
Bhatinda	J-34	4225	4185	+40
Mansa	J-34	4210	4185	+25
Sirsa	J-34	4100	4090	+10
Sri-Ganganagar	J-34	3882	3854	+28

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Dec-13	19-Dec-13	
Amravati	Mech-1	10500	10000	+500
Khandwa	Mech-1	2000	1500	+500
Khargaon	Mech-1	10000	10000	Unch
Mahesana(Kadi)	B.T. Cotton	55000	45000	+10000
Rajkot	B.T. Cotton	5100	4200	+900
Patan	B.T. Cotton	7611	9569	-1958
Muktsar	B.T. Cotton	510	510	Unch
Fazilika	B.T. Cotton	1500	1800	-300
Bhiwani	B.T. Cotton	1500	1800	-300
Adampur	B.T. Cotton	600	700	-100
Fatehabad	B.T. Cotton	2200	2000	+200
Ahmedabad	Shankar-6	102000	102000	Unch
Gondal	Shankar-6	1020	981	+39
Abohar	J-34	1700	2210	-510
Bhatinda	J-34	42500	39100	+3400
Mansa	J-34	1700	1700	Unch
Sirsa	J-34	2040	2550	-510
Sri-Ganganagar	J-34	8500	6800	+1700

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs./ Candy	Rs. Per Candy	Change
				19-Dec-13	18-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	38000	37700	+300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	38300	38000	+300
Shankar-6(105)	29mm	3.5 – 4.9	28	39400	39100	+300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39900	39600	+300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42000	41700	+300
DCH-32(107)	34mm	3.0 - 3.8	33	64500	64500	Unch



INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 20/12/2013

Index	RMB/Ton	Change
CCIndex(328)	19520	-1
CCIndex(527)	NQ	-
CCIndex(229)	20298	3

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

Cotlook Index: As on 19/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	88.15	Unch

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.33	85.33	1022
North Delta	81.33	83.83	175
South Delta	81.33	83.83	NIL
East TX-OK	79	81.25	5575
West Texas	78.75	81.50	24111
Desert SW	78.33	85.33	377
SJ Valley	79.08	89.73	NIL

USDA Cotton Spot Rates: As on 19/12/2013

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 19/12/2013

Contract	Open	High	Low	Close	Change
Mar-14	83	83.62	82.9	83.33	0.33
May-14	82.74	83.26	82.65	83.06	0.3
Jul-14	82.48	82.89	82.18	82.76	0.31
Oct-14	78.43	78.55	78.43	78.55	0.16
Dec-14	77.06	77.38	77	77.21	Unch
Mar-15	77.81	77.81	77.81	77.81	0.03

Pakistan Cotton Spot rates: As on 19/12/2013 (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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