

Domestic Fundamentals:

- Cotton prices in domestic market noticed firm tone on Saturday.
- 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	-9	915.5	915.5	900	900	2	2	12	12
Mar-14	23.5	928.5	928.5	928.5	928.5	1	1	6	6
Apr-14	2	972.5	982.5	970	975	6,248	-4,351	11448	625

	Feb-14	Mar-14	Apr-14
Spot	100		
Feb-14		28.5	
Mar-14			46.5

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	-0.2	928	930	928	929	3	-10	221	0
Apr-14	3	976.5	985	974	979.9	78	-44	262	-3

	Mar-14	Apr-14
Spot	71	
Mar-14		50.9
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	-0.42	19110	19170	18970	19040
31-Jan-14	-0.31	19380	19430	19270	19320
27-Feb-14	-0.51	19630	19700	19550	19550
31-Mar-14	-0.45	19900	19960	19840	19840
30-Apr-14	-0.54	20230	20250	20200	20200
30-May-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		21-Dec-13	20-Dec-13	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	Closed	4750	-
Khargaon	Mech-1	Closed	4750	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5000	5050	-50
Rajkot	B.T. Cotton	5000	4985	15
Patan	B.T. Cotton	4930	5000	-70
Muktsar	B.T. Cotton	5100	5000	100
Fazilika	B.T. Cotton	5135	5110	25
Bhiwani	B.T. Cotton	5080	5125	-45
Adampur	B.T. Cotton	4990	4980	10
Fatehabad	B.T. Cotton	4980	4980	Unch
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	4950	5000	-50
Gondal	Shankar-6	5000	5000	Unch
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	4220	4220	Unch
Muktsar	J-34	4225	4210	15
Fazilika	J-34	4230	4200	30
Bhatinda	J-34	4235	4225	10
Mansa	J-34	4220	4210	10
Sirsa	J-34	4120	4100	20
Sri-Ganganagar	J-34	3887	3882	5

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		21-Dec-13	20-Dec-13	
Amravati	Mech-1	13000	10500	2500
Khandwa	Mech-1	Closed	2000	-
Khargaon	Mech-1	Closed	10000	-
Mahesana(Kadi)	B.T. Cotton	100000	55000	45000
Rajkot	B.T. Cotton	3950	5100	-1150
Patan	B.T. Cotton	10048	7611	2437
Muktsar	B.T. Cotton	510	510	Unch
Fazilika	B.T. Cotton	1600	1500	100
Bhiwani	B.T. Cotton	1500	1500	Unch
Adampur	B.T. Cotton	700	600	100
Fatehabad	B.T. Cotton	1500	2200	-700
Ahmedabad	Shankar-6	107100	102000	5100
Gondal	Shankar-6	1068	1020	48
Abohar	J-34	2550	1700	850
Bhatinda	J-34	42500	42500	Unch
Mansa	J-34	1700	1700	Unch
Sirsa	J-34	2040	2040	Unch
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
				20-Dec-13	19-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	38200	38000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	38300	300
Shankar-6(105)	29mm	3.5 - 4.9	28	39700	39400	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40000	39900	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42000	42000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	65000	64500	500

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 20/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	88.35	0.2

USDA Cotton Spot Rates: As on 20/12/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.15	85.15	171
North Delta	81.15	83.65	NIL
South Delta	81.15	83.65	NIL
East TX-OK	79.25	81.5	3006
West Texas	79.00	81.75	15614
Desert SW	78.15	85.15	NIL
SJ Valley	79.09	89.55	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 20/12/2013

Contract	Open	High	Low	Close	Change
Mar-14	83.23	83.85	83.03	83.15	-0.18
May-14	82.99	83.45	82.75	82.91	-0.15
Jul-14	82.69	83.00	82.47	82.89	0.13
Oct-14	78.49	78.49	78.49	78.49	-0.06
Dec-14	77.25	77.33	76.65	76.96	-0.25
Mar-15	77.62	77.62	77.50	77.53	-0.28

Pakistan Cotton Spot rates: As on 20/12/2013 (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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