

Domestic Fundamentals:

- Cotton prices in domestic market noticed weak tone on Monday.
- Prices ruled lower amid heavy arrivals, though demand from millers is firm, market is noticing selling pressure.
- Arrivals are estimated to be around 213000 bales today compared to 203000 bales on Saturday.

- Around 50 Tamil Nadu based spinning mills forms COSCO (Cotton Sourcing Company Limited), that would buy cotton directly from growers of cotton in Gujarat.
- 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.

- **Weather** is favorable for the cotton harvesting in most of the region.
- **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 1.4% at 81.97 cents/lb in electronic trade.
- Beijing has adjusted its formula for calculating tariff for cotton import, which could make the cost of import of cotton in China slightly higher.
- Acreage of cotton could increase in Texas, one of the major growers of cotton in USA, as the prices of Wheat, Corn and Sorghum have faced stiff downfall.

- **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	-23	886	886	885	885	2	0	12	0
Mar-14						0	-1	7	1
Apr-14	-14	974	976	961	963	7,944	1,696	11339	-109

	Feb-14	Mar-14	Apr-14
Spot	118		
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	-14	921.1	927.7	914.5	915	19	16	218	-3
Apr-14	-13	976	978.5	965	966.9	138	60	271	9

	Mar-14	Apr-14
Spot	88	
Mar-14		51.9
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	-0.84	18960	18970	18800	18850
31-Jan-14	-1.04	19240	19250	19070	19110
27-Feb-14	-0.97	19500	19530	19350	19390
31-Mar-14	-0.81	19750	19820	19660	19700
30-Apr-14	-0.94	20060	20100	20000	20030
30-May-14	-1.71	20150	20150	20150	20150

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		23-Dec-13	21-Dec-13	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4425	4400	25
Khandwa	Mech-1	NR	Closed	-
Khargaon	Mech-1	NR	Closed	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4900	5000	-100
Rajkot	B.T. Cotton	5015	5000	15
Patan	B.T. Cotton	4890	4930	-40
Muktsar	B.T. Cotton	4900	5100	-200
Fazilika	B.T. Cotton	5165	5135	30
Bhiwani	B.T. Cotton	5100	5080	20
Adampur	B.T. Cotton	5000	4990	10
Fatehabad	B.T. Cotton	5000	4980	20
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4950	4950	Unch
Gondal	Shankar-6	5000	5000	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4210	4220	-10
Muktsar	J-34	4225	4225	Unch
Fazilika	J-34	4235	4230	5
Bhatinda	J-34	4220	4235	-15
Mansa	J-34	4220	4220	Unch
Sirsa	J-34	4120	4120	Unch
Sri-Ganganagar	J-34	3882	3887	-5

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		23-Dec-13	21-Dec-13	
Amravati	Mech-1	13000	13000	Unch
Khandwa	Mech-1	NR	Closed	-
Khargaon	Mech-1	NR	Closed	-
Mahesana(Kadi)	B.T. Cotton	55000	100000	-45000
Rajkot	B.T. Cotton	3550	3950	-400
Patan	B.T. Cotton	10044	10048	-4
Muktsar	B.T. Cotton	510	510	Unch
Fazilika	B.T. Cotton	2200	1600	600
Bhiwani	B.T. Cotton	1200	1500	-300
Adampur	B.T. Cotton	800	700	100
Fatehabad	B.T. Cotton	2000	1500	500
Ahmedabad	Shankar-6	110500	107100	3400
Gondal	Shankar-6	1292	1068	224
Abohar	J-34	2040	2550	-510
Bhatinda	J-34	45900	42500	3400
Mansa	J-34	1870	1700	170
Sirsa	J-34	2550	2040	510
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
				21-Dec-13	20-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	38100	38200	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38400	38600	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39700	-700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39800	40000	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41800	42000	-200
DCH-32(107)	34mm	3.0 - 3.8	33	65000	65000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 21/12/2013

Index	RMB/Ton	Change
CCIndex(328)	19259	+9
CCIndex(527)	NQ	-
CCIndex(229)	30302	+4

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 21/12/2013 (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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