

Domestic Fundamentals:

- Cotton prices in domestic market noticed weak tone on Tuesday.
- Prices ruled higher amid buying from millers and exporters.
- Arrivals are estimated to be around 219000 bales today compared to 213000 bales on Monday.

- 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 harvesting in most of the region, though fall in temperature could affect harvesting in north India.
- **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.
- According to Ministry of Agriculture Tajikistan has harvested 372132 tons of cotton as on 1st December, which reflects 93.1% of the target crop for the present season.
- Beijing has adjusted its formula for calculating tariff for cotton import, which could make the cost of import of cotton in China slightly higher.

- **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 as demand is expected to be strong.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	2.5	888	888	888	888	1	-1	11	-1
Mar-14						0	0	7	0
Apr-14	6	967	976	962	970.5	9,606	1,662	10603	-736

	Feb-14	Mar-14	Apr-14
Spot	112		
Feb-14		40.5	
Mar-14			42

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	5.9	919.3	924.1	915	922.2	11	-8	220	2
Apr-14	5.6	970	978.1	966.9	973.2	121	-17	299	28

	Mar-14	Apr-14
Spot	77.8	
Mar-14		51
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	0.53	18900	19030	18860	18950
31-Jan-14	0.68	19190	19310	19130	19240
27-Feb-14	0.67	19480	19600	19430	19530
31-Mar-14	0.46	19770	19880	19730	19790
30-Apr-14	0.45	20100	20130	20080	20130
30-May-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		24-Dec-13	23-Dec-13	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4400	4425	-25
Khandwa	Mech-1	4670	NR	-
Khargaon	Mech-1	4670	NR	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4900	4900	Unch
Rajkot	B.T. Cotton	5000	5015	-15
Patan	B.T. Cotton	4875	4890	-15
Muktsar	B.T. Cotton	5000	4900	100
Fazilika	B.T. Cotton	5095	5165	-70
Bhiwani	B.T. Cotton	5080	5100	-20
Adampur	B.T. Cotton	4960	5000	-40
Fatehabad	B.T. Cotton	4980	5000	-20
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4925	4950	-25
Gondal	Shankar-6	4935	5000	-65
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4210	4210	Unch
Muktsar	J-34	4210	4225	-15
Fazilika	J-34	4200	4235	-35
Bhatinda	J-34	4210	4220	-10
Mansa	J-34	4210	4220	-10
Sirsa	J-34	4100	4120	-20
Sri-Ganganagar	J-34	3854	3882	-28

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		24-Dec-13	23-Dec-13	
Amravati	Mech-1	13000	13000	Unch
Khandwa	Mech-1	2500	NR	-
Khargaon	Mech-1	10000	NR	-
Mahesana(Kadi)	B.T. Cotton	45000	55000	-10000
Rajkot	B.T. Cotton	4000	3550	450
Patan	B.T. Cotton	7011	10044	-3033
Muktsar	B.T. Cotton	425	510	-85
Fazilika	B.T. Cotton	2000	2200	-200
Bhiwani	B.T. Cotton	500	1200	-700
Adampur	B.T. Cotton	700	800	-100
Fatehabad	B.T. Cotton	1500	2000	-500
Ahmedabad	Shankar-6	110500	110500	Unch
Gondal	Shankar-6	1068	1292	-224
Abohar	J-34	2550	2040	510
Bhatinda	J-34	47600	45900	1700
Mansa	J-34	1700	1870	-170
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. Per Candy	Rs. Per Candy	Change
				23-Dec-13	21-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	38500	38000	500
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39200	38500	700
J-34(202)	26mm	3.5 - 4.9	23	38300	38100	200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	38100	38400	-300
Shankar-6(105)	29mm	3.5 – 4.9	28	39200	39000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39800	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41600	41800	-200
DCH-32(107)	34mm	3.0 - 3.8	33	65000	65000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 23/12/2013

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 23/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	88.25	+0.10

USDA Cotton Spot Rates: As on 23/12/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.24	84.24	Nil
North Delta	80.24	82.74	Nil
South Delta	80.24	82.74	Nil
East TX-OK	78.25	80.50	472
West Texas	78.00	80.75	4225
Desert SW	77.24	84.24	Nil
SJ Valley	77.99	88.64	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 23/12/2013

Contract	Open	High	Low	Close	Change
Mar-14	83.00	83.06	81.42	82.24	-0.91
May-14	82.75	82.75	81.47	82.14	-0.77
Jul-14	82.59	82.59	81.52	82.18	-0.71
Oct-14	78.01	78.01	78.01	78.01	-0.48
Dec-14	76.85	76.85	76.23	76.71	-0.25
Mar-15	77.16	77.26	77.15	77.26	-0.27

Pakistan Cotton Spot rates: As on 23/12/2013 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6650	155	6805
Equivalent	40 Kgs	7127	155	7282

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