

Domestic Fundamentals:

- Cotton prices in domestic market noticed firm tone on Thursday.
- Prices ruled higher on lower arrival and strong demand from millers and exporter.
- Arrivals stood weak at 185000 bales on Thursday compared to 219000 bales on Tuesday.

- FMC (Forward Markets Commission) approves NCDEX to launch cotton seed contract.
- 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	14	902	902	902	902	1	0	11	0
Mar-14						0	0	7	0
Apr-14	10	976	992	976	982.5	9,488	-118	10370	-233

	Feb-14	Mar-14	Apr-14
Spot	130		
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	13.9	934.8	938.8	930.1	934.5	51	40	223	3
Apr-14	11.1	986.3	992.8	983.3	985.8	275	154	303	4

	Mar-14	Apr-14
Spot	95.8	
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	0.37	18980	19170	18980	18990
31-Jan-14	0.63	19280	19460	19270	19310
27-Feb-14	0.77	19560	19730	19560	19590
31-Mar-14	0.66	19870	20010	19870	19880
30-Apr-14	0.95	20260	20320	20250	20280
30-May-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		26-Dec-13	24-Dec-13	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	4750	4670	80
Khargaon	Mech-1	4750	4670	80
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5050	4900	150
Rajkot	B.T. Cotton	5090	5000	90
Patan	B.T. Cotton	4960	4875	85
Muktsar	B.T. Cotton	5050	5000	50
Fazilika	B.T. Cotton	5095	5095	Unch
Bhiwani	B.T. Cotton	5200	5080	120
Adampur	B.T. Cotton	5030	4960	70
Fatehabad	B.T. Cotton	5000	4980	20
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5000	4925	75
Gondal	Shankar-6	5000	4935	65
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4255	4210	45
Muktsar	J-34	4250	4210	40
Fazilika	J-34	4225	4200	25
Bhatinda	J-34	4290	4210	80
Mansa	J-34	4280	4210	70
Sirsa	J-34	4160	4100	60
Sri-Ganganagar	J-34	3929	3854	75

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		26-Dec-13	24-Dec-13	
Amravati	Mech-1	14000	13000	1000
Khandwa	Mech-1	3000	2500	500
Khargaon	Mech-1	10000	10000	Unch
Mahesana(Kadi)	B.T. Cotton	50000	45000	5000
Rajkot	B.T. Cotton	4500	4000	500
Patan	B.T. Cotton	10576	7011	3565
Muktsar	B.T. Cotton	510	425	85
Fazilika	B.T. Cotton	1600	2000	-400
Bhiwani	B.T. Cotton	1000	500	500
Adampur	B.T. Cotton	800	700	100
Fatehabad	B.T. Cotton	1600	1500	100
Ahmedabad	Shankar-6	102000	110500	-8500
Gondal	Shankar-6	1016	1068	-52
Abohar	J-34	1700	2550	-850
Bhatinda	J-34	47600	47600	Unch
Mansa	J-34	2040	1700	340
Sirsa	J-34	1700	2550	-850
Sri-Ganganagar	J-34	8500	6800	1700

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Dec-13	23-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39200	39200	Unch
J-34(202)	26mm	3.5 - 4.9	23	38500	38300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38200	38100	100
Shankar-6(105)	29mm	3.5 - 4.9	28	39300	39200	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39700	39600	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41600	41600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	65600	65000	600

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 24/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	87.50	-0.75

USDA Cotton Spot Rates: As on 24/12/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.18	85.18	Nil
North Delta	81.18	83.68	Nil
South Delta	81.18	83.68	Nil
East TX-OK	79.25	81.50	1405
West Texas	79.00	81.75	3728
Desert SW	78.18	85.18	Nil
SJ Valley	78.93	89.58	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 24/12/2013

Contract	Open	High	Low	Close	Change
Mar-14	82.24	83.40	81.90	83.18	0.94
May-14	81.95	83.00	81.76	82.81	0.67
Jul-14	82.29	82.89	81.80	82.71	0.53
Oct-14	78.90	78.90	77.40	78.58	0.57
Dec-14	76.84	77.35	76.70	77.32	0.61
Mar-15	77.82	77.82	77.82	77.82	0.56

Pakistan Cotton Spot rates: As on 24/12/2013 (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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