

Domestic Fundamentals:

- Cotton prices in domestic market noticed firm tone on Friday.
- Prices ruled higher on lower arrival and strong demand from millers and exporter.
- Arrivals stood weak at 192000 bales on Friday compared to 185000 bales on Thursday.

- 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 (as of Latest) in electronic trade.
- China is likely to end its stockpiling program of cotton, and thus putting pressure on international prices.
- 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	26.5	901.5	914.5	901.5	914.5	5	4	10	-1
Mar-14						0	0	7	0
Apr-14	13	986	999	986	995.5	11,483	1,995	11135	765

	Feb-14	Mar-14	Apr-14
Spot	122		
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	7.9	934.9	945	934.9	943.3	39	-12	225	2
Apr-14	12.1	995	1001	989.6	998	208	-67	318	15

	Mar-14	Apr-14
Spot	87.8	
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	1	19160	19280	19090	19200
31-Jan-14	1.09	19430	19600	19410	19540
27-Feb-14	1.12	19740	19900	19720	19830
31-Mar-14	1.16	20050	20180	20000	20130
30-Apr-14	0.25	20380	20480	20350	20350
30-May-14	2.13	20580	20580	20580	20580

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		27-Dec-13	26-Dec-13	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	NR	4750	-
Khargaon	Mech-1	NR	4750	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5000	5050	-50
Rajkot	B.T. Cotton	5050	5090	-40
Patan	B.T. Cotton	5055	4960	95
Muktsar	B.T. Cotton	5100	5050	50
Fazilika	B.T. Cotton	5300	5095	205
Bhiwani	B.T. Cotton	5225	5200	25
Adampur	B.T. Cotton	5070	5030	40
Fatehabad	B.T. Cotton	5115	5000	115
	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	4300	4255	45
Muktsar	J-34	4300	4250	50
Fazilika	J-34	4315	4225	90
Bhatinda	J-34	4300	4290	10
Mansa	J-34	4280	4280	Unch
Sirsa	J-34	4190	4160	30
Sri-Ganganagar	J-34	3976	3929	47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		27-Dec-13	26-Dec-13	
Amravati	Mech-1	15000	14000	1000
Khandwa	Mech-1	NR	3000	-
Khargaon	Mech-1	NR	10000	-
Mahesana(Kadi)	B.T. Cotton	50000	50000	Unch
Rajkot	B.T. Cotton	3250	4500	-1250
Patan	B.T. Cotton	6810	10576	-3766
Muktsar	B.T. Cotton	510	510	Unch
Fazilika	B.T. Cotton	2000	1600	400
Bhiwani	B.T. Cotton	1500	1000	500
Adampur	B.T. Cotton	700	800	-100
Fatehabad	B.T. Cotton	1500	1600	-100
Ahmedabad	Shankar-6	102000	102000	Unch
Gondal	Shankar-6	1047	1016	31
Abohar	J-34	1700	1700	Unch
Bhatinda	J-34	45900	47600	-1700
Mansa	J-34	1700	2040	-340
Sirsa	J-34	1700	1700	Unch
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
				26-Dec-13	24-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39200	39200	Unch
J-34(202)	26mm	3.5 - 4.9	23	39100	38500	600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	38200	400
Shankar-6(105)	29mm	3.5 - 4.9	28	39700	39300	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40200	39700	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42000	41600	400
DCH-32(107)	34mm	3.0 - 3.8	33	65600	65600	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 27/12/2013

Index	RMB/Ton	Change
CCIndex(328)	19535	+9
CCIndex(527)	NQ	-
CCIndex(229)	20315	+9

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 26/12/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.89	84.89	Nil
North Delta	80.89	83.39	Nil
South Delta	80.89	83.39	Nil
East TX-OK	79.25	81.50	1071
West Texas	79.00	81.75	7121
Desert SW	77.89	84.89	Nil
SJ Valley	78.64	89.29	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 26/12/2013

Contract	Open	High	Low	Close	Change
Mar-14	82.49	83.39	82.36	82.89	-0.29
May-14	82.12	83.10	82.12	82.62	-0.19
Jul-14	82.60	83.04	82.51	82.62	-0.09
Oct-14	78.62	78.62	78.62	78.62	0.04
Dec-14	77.20	77.50	77.00	77.50	0.18
Mar-15	78.02	78.02	78.02	78.02	0.20

Pakistan Cotton Spot rates: As on 26/12/2013 (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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