

Domestic Fundamentals:

- Cotton prices in domestic market noticed firm tone taking cues from international markets and buying interest at lower levels.
- 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 rose to 85.20 cents/lb (as of Latest) in electronic trade on Friday.
- Turkey overtakes China to purchase US cotton, has bought 1.72 million bales (480 pound each) of US cotton compared with 1.42 million bales bought by Chinese buyers. The turkish buying surge by 40% in this year while, Chinese buying demand dwindle by 60% from last year.
- 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	0	912	912	912	912	0	-5	11	1
Mar-14	3.5	942	942	921.5	932	2	2	6	-1
Apr-14	0	995	1002	992.5	994	5,212	-6,271	11371	236

	Feb-14	Mar-14	Apr-14
Spot	104		
Feb-14		20	
Mar-14			62

NB: Spread was done by taking avg spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14									
Mar-14	0.8	929	953.6	929	929	21	-18	227	2
Apr-14	1.2	998	1002.7	995	995	96	-112	348	30

	Mar-14	Apr-14
Spot	87	
Mar-14		66
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	0.24	20570	20630	20570	20630
31-Jan-14	0.69	20480	20560	20480	20530
27-Feb-14	0.55	20200	20300	20180	20230
31-Mar-14	0.55	19920	19990	19880	19940
30-Apr-14	0.56	19590	19670	19560	19620
30-May-14	0.57	19260	19340	19250	19290

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		28-Dec-13	27-Dec-13	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4600	4400	200
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5100	5000	100
Rajkot	B.T. Cotton	5080	5050	30
Patan	B.T. Cotton	4855	5055	-200
Muktsar	B.T. Cotton	5200	5100	100
Fazilika	B.T. Cotton	-	5300	-
Bhiwani	B.T. Cotton	5270	5225	45
Adampur	B.T. Cotton	5100	5070	30
Fatehabad	B.T. Cotton	5300	5115	185
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5050	4950	100
Gondal	Shankar-6	5035	5000	35
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4350	4300	50
Muktsar	J-34	4350	4300	50
Fazilika	J-34	-	4315	-
Bhatinda	J-34	4550	4300	250
Mansa	J-34	4315	4280	35
Sirsa	J-34	4250	4190	60
Sri-Ganganagar	J-34	4023	3976	47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		28-Dec-13	27-Dec-13	
Amravati	Mech-1	16000	15000	1000
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	45000	50000	-5000
Rajkot	B.T. Cotton	3050	3250	-200
Patan	B.T. Cotton	10544	6810	3734
Muktsar	B.T. Cotton	510	510	Unch
Fazilika	B.T. Cotton	-	2000	-
Bhiwani	B.T. Cotton	1400	1500	-100
Adampur	B.T. Cotton	700	700	Unch
Fatehabad	B.T. Cotton	1000	1500	-500
Ahmedabad	Shankar-6	100300	102000	-1700
Gondal	Shankar-6	1025	1047	-22
Abohar	J-34	1700	1700	Unch
Bhatinda	J-34	47600	45900	1700
Mansa	J-34	1700	1700	Unch
Sirsa	J-34	1360	1700	-340
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
				27-Dec-13	26-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38900	38500	400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39600	39200	400
J-34(202)	26mm	3.5 - 4.9	23	39400	39100	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	3880	38600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	39800	39700	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	4300	40200	2800
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42100	42000	100



DCH-32(107)	34mm	3.0 - 3.8	33	64600	65600	-1000
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INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28/12/2013

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 27/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	88.25	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 27/12/2013

Contract	Open	High	Low	Close	Change
Mar-14	83	85.2	83.2	84.12	1.23
May-14	83	84.6	82.88	83.7	1.08
Jul-14	83	84.09	82.85	83.42	0.8
Oct-14	79	79.22	79.22	79.22	0.6
Dec-14	78	78	77.5	77.91	0.41
Mar-15	78.42	78.42	78.42	78.42	0.4

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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