

Domestic Fundamentals:

- Cotton prices in domestic market noticed mixed tone on Tuesday.
- Prices ruled higher in few of the markets on lower arrival and firm demand from millers and exporter.
- Arrivals stood weak at 206000 bales on Tuesday as compared to 208000 bales on Monday.
- Rupee depreciation has moved the interest of exporter and millers towards the procurement of cotton. Indian exporters seek demand from overseas markets as global production is on lower side and weak domestic currency could boost the export demand.
- CCI fails to restore the interests of cotton farmers, as it is lagging behind of farmers' demands.
- 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 0.3 % higher at 84.89 cents/Lb (as of latest) on Tuesday.
- 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.
- **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	19	939.5	939.5	939.5	939.5	1	-2	11	-1
Mar-14	-6.5	956	959	951	953	6	4	5	0
Apr-14	-8.5	1010	1016.5	997	1003.50	15,593	581	12021	1107

	Feb-14	Mar-14	Apr-14
Spot	114		
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	-4.9	964.9	964.9	946	952	51	-41	229	-1
Apr-14	-6	1011.2	1017.5	1000	1007.5	184	-110	324	-8

	Mar-14	Apr-14
Spot	97	
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	2.3	19550	20000	19420	20000
31-Jan-14	-0.45	19910	19970	19700	19780
27-Feb-14	-0.54	20230	20300	20030	20100
31-Mar-14	-0.59	20520	20580	20320	20380
30-Apr-14	0	20800	20880	20660	20750
30-May-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		31-Dec-13	30-Dec-13	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4650	50
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5075	5075	Unch
Rajkot	B.T. Cotton	5130	5125	5
Patan	B.T. Cotton	5260	5090	170
Muktsar	B.T. Cotton	5150	5200	-50
Fazilika	B.T. Cotton	5300	5310	-10
Bhiwani	B.T. Cotton	5400	5300	100
Adampur	B.T. Cotton	5200	5175	25
Fatehabad	B.T. Cotton	5375	5300	75
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5075	5050	25
Gondal	Shankar-6	5300	5090	210
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4315	4370	-55
Muktsar	J-34	4310	4360	-50
Fazilika	J-34	4320	4380	-60
Bhatinda	J-34	4325	4570	-245
Mansa	J-34	4400	4350	50
Sirsa	J-34	4325	4265	60
Sri-Ganganagar	J-34	4099	4042	57

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		31-Dec-13	30-Dec-13	
Amravati	Mech-1	20000	20000	Unch
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	40000	50000	-10000
Rajkot	B.T. Cotton	2950	2700	250
Patan	B.T. Cotton	4785	6130	-1345
Muktsar	B.T. Cotton	340	510	-170
Fazilika	B.T. Cotton	1800	1800	Unch
Bhiwani	B.T. Cotton	1500	1500	Unch
Adampur	B.T. Cotton	1000	600	400
Fatehabad	B.T. Cotton	800	1500	-700
Ahmedabad	Shankar-6	102000	110500	-8500
Gondal	Shankar-6	500	2005	-1505
Abohar	J-34	1020	1190	-170
Bhatinda	J-34	48450	47600	850
Mansa	J-34	850	1530	-680
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	4250	6800	-2550

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Dec-13	28-Dec-13	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38900	38900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39600	39600	Unch
J-34(202)	26mm	3.5 - 4.9	23	40200	40200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39300	39300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	40400	40300	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40800	40800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42300	42600	-300
DCH-32(107)	34mm	3.0 - 3.8	33	64000	64600	-600

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 31/12/2013

Index	RMB/Ton	Change
CCIndex(328)	19534	4
CCIndex(527)	NQ	-
CCIndex(229)	20319	2

RMB - Renminbi, 1RMB = 0.16 \$U.S.

Cotlook Index: As on 30/12/2013

Cotlook Indices	Cents/Pound	Change
A-Index	89.25	1

USDA Cotton Spot Rates: As on 30/12/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.66	86.66	239
North Delta	82.66	85.16	NIL
South Delta	82.66	85.16	NIL
East TX-OK	80.5	82.75	3657
West Texas	80.25	83	21833
Desert SW	79.66	86.66	NIL
SJ Valley	80.41	91.06	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 30/12/2013

Contract	Open	High	Low	Close	Change
Mar-14	84	85.07	83.8	84.66	0.54
May-14	84	84.57	83.42	84.18	0.48
Jul-14	83.46	84.14	83.21	83.92	0.5
Oct-14	80	79.52	79.52	79.52	0.3
Dec-14	78	78	77.32	78.02	0.11
Mar-15	78	79	78.06	78.52	0.1

Pakistan Cotton Spot rates: As on 30/12/2013 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6850	155	7005
Equivalent	40 Kgs	7341	155	7496

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