

Domestic Fundamentals:

- Cotton market noticed firm tone in domestic market on Monday.
- Cotton prices noticed bullish tone amid glittering demand from millers and exporters.
- Arrivals stood steady at 183000 bales on Monday compared to 166000 bales on Saturday.
- CCI (Cotton Corporation of India) invited bids for selling 3000 bales of cotton through E-auction today.
- Around 13.235 million bales of cotton has been arrived in market by December 31,2013, compared to 10.375 million bales during the same period last season, as reported by a trader.
- Directorate General of Foreign Trade latest notification revealed that exporters are exempted from submitting documents in physical form for export of cotton, yarn and some other commodities whom online registration procedure has been prescribed for export. Earlier, physical form is mandatory to obtain the registration certificates (RCs). This is expected to simplify procedures for exporters.
- **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 35 lakh bales compared to 40 lakh bales last season.
- **Consumption** is expected to be around 297 lakh bales compared to 283.16 last season, according to CAB.
- **Export** according to CAB (Cotton Advisory Board) estimates, are likely to be around 90 lakh bales this season.
- **Import** according to CAB (Cotton Advisory Board) estimates, is expected to be around 17 lakh bales this season.

International Fundamentals:

- Cotton area is likely to decline next season on fall in acreage of china, as reported by ICAC.
- US sales of upland variety cotton totaled at 85,900 bales in the week ended on December 26,2013-USDA.
- China is getting its import contracts settled with India, and they prefer to import Yarn over fiber due to high import duty.
- 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.
- **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 prices to remain firm, as demand from millers and exporter are reported good.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	-9.5	919	930	919	930	5	4	10	0
Mar-14						0	0	1	0
Apr-14	25	997	1025	997	1023	19,015	12,446	13128	-96

	Feb-14	Mar-14	Apr-14
Spot	88		
Feb-14		--	
Mar-14			--

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	18.9	952.9	970	952.9	968.8	61	37	238	-2
Apr-14	22	998.1	1025.2	998.1	1022.4	474	374	468	90

	Mar-14	Apr-14
Spot	49.2	
Mar-14		53.6
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	+/-	Open	High	Low	Close
31-Jan-14	1.93	19720	20080	19720	20070
27-Feb-14	2	20030	20400	20030	20390
31-Mar-14	1.97	20490	20710	20360	20710
30-Apr-14	1.84	20730	21040	20730	21000
30-May-14	1.77	21300	21300	21300	21300
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		06-Jan-14	04-Jan-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4750	4650	100
Khandwa	Mech-1	NR	Closed	-
Khargaon	Mech-1	NR	Closed	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5200	5100	100
Rajkot	B.T. Cotton	5090	5125	-35
Patan	B.T. Cotton	5125	NR	-
Muktsar	B.T. Cotton	5300	5300	Unch
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	5550	5450	100
Adampur	B.T. Cotton	5400	5388	12
Fatehabad	B.T. Cotton	5450	5435	15
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5000	5075	-75
Gondal	Shankar-6	4985	4950	35
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4460	4450	10
Muktsar	J-34	4460	4450	10
Fazilika	J-34	NR	NR	-
Bhatinda	J-34	4370	4335	35
Mansa	J-34	4460	4450	10
Sirsa	J-34	4360	4360	Unch
Sri-Ganganagar	J-34	4136	4117	19

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		06-Jan-14	04-Jan-14	
Amravati	Mech-1	23000	23000	Unch
Khandwa	Mech-1	NR	Closed	-
Khargaon	Mech-1	NR	Closed	-
Mahesana(Kadi)	B.T. Cotton	35000	50000	-15000
Rajkot	B.T. Cotton	2850	2850	Unch
Patan	B.T. Cotton	5683	NR	-
Muktsar	B.T. Cotton	425	425	Unch
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	600	1200	-600
Adampur	B.T. Cotton	6500	6000	500
Fatehabad	B.T. Cotton	800	400	400
Ahmedabad	Shankar-6	102000	102000	Unch
Gondal	Shankar-6	1066	840	226
Abohar	J-34	850	850	Unch
Bhatinda	J-34	30600	23800	6800
Mansa	J-34	10200	850	170
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	3400	4250	-850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				04-Jan-14	03-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39200	39200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39900	39900	Unch
J-34(202)	26mm	3.5 - 4.9	23	40400	40400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39400	39500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	40400	40500	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41000	41200	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42000	42300	-300
DCH-32(107)	34mm	3.0 - 3.8	33	63500	63500	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 6/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19511	-23
CCIndex(527)	NQ	NQ
CCIndex(229)	20300	-5

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

Cotlook Index: As on 03/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.1	-0.6

USDA Cotton Spot Rates: As on 03/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.44	83.94	162
North Delta	80.44	82.94	1746
South Delta	80.44	82.94	NIL
East TX-OK	78.25	81	796
West Texas	78.25	81.25	7104
Desert SW	78.19	85.19	700
SJ Valley	78.94	89.59	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 3/1/2014

Contract	Open	High	Low	Close	Change
Mar-14	84.12	84.19	82.90	82.94	-1.10
May-14	84.02	84.02	82.88	82.93	-1.09
Jul-14	83.50	83.72	82.80	82.92	-1.06
Oct-14	79.08	79.08	79.08	79.08	-0.92
Dec-14	78.68	78.70	77.88	78.16	-0.78
Mar-15	79.00	79.00	78.91	78.91	-0.78

Pakistan Cotton Spot rates: As on 04 Jan 2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32kgs	7000	155	7155
Equivalent	40kgs	7502	155	7657

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