

## Domestic Fundamentals:

- Cotton market noticed firm tone in domestic market on Wednesday.
- Cotton prices noticed bullish tone amid strong demand from millers and exporters.
- Arrivals stood lower at 168000 bales on Wednesday compared to 174000 bales on Tuesday.
- As per the ICF (Indian Cotton Federation) estimates, the production of cotton in India would be around 36.1 million bales (of 170 kg each) in season 2013-14, whereas it was estimated 38.4 million bales in October. Reason for same is crop damage due to heavy rains & unfavorable weather in Andhra Pradesh, Maharashtra and Punjab.
- Due to weak supplies, cotton future in India is likely to notice a rise this week. It has been reported that country is noticing demand from Pakistan and B'desh for raw cotton, China too is placing orders, but it is willing to buy yarn.
- 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.
- **Weather** has turned slightly unfavorable as fall in temperature in north India continues, which could lead delay in arrivals.
- **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:

- Decline in area under cotton cultivation in China will reduces the world average acreage of cotton, as reported by International Cotton Advisory Committee (ICAC). In 2013-14 cotton area in China stood 4.6 million hectares, 8% lesser than the previous season (2013-12) and it is likely to be around 3.9 million hectares in 2014-15. India too is showing fall in acreage this season compared to previous.
- 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.
- **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 exporters are reported strong.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	27.5	949	949	949	949	1	-1	10	0
Mar-14	0	0		0	0	0	0	1	0
Apr-14	-12.5	1034	1037	1021.5	1022.5	14,721	-3,794	13283	-6

	Feb-14	Mar-14	Apr-14
Spot	106		
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	-10.8	970	973	962.5	963.2	67	20	241	-10
Apr-14	-10.9	1031.5	1036	1022	1023.4	299	-218	452	-42

	Mar-14	Apr-14
Spot	91.8	
Mar-14		60.2
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	-0.64	20350	20390	20180	20190
27-Feb-14	-0.68	20700	20740	20510	20530
31-Mar-14	-0.76	21020	21080	20850	20870
30-Apr-14	-0.84	21320	21370	21200	21200
30-May-14	0.23	21510	21600	21490	21600
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		08-Jan-14	07-Jan-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4900	4900	Unch
Khandwa	Mech-1	5150	NR	-
Khargaon	Mech-1	5150	NR	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5250	5200	50
Rajkot	B.T. Cotton	5275	5180	95
Patan	B.T. Cotton	5205	5200	5
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5525	5515	10
Bhiwani	B.T. Cotton	5600	5500	100
Adampur	B.T. Cotton	5540	5450	90
Fatehabad	B.T. Cotton	5540	5500	40
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	NR	5050	-
Gondal	Shankar-6	5070	NR	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4530	4500	30
Muktsar	J-34	4530	4500	30
Fazilika	J-34	4535	4520	15
Bhatinda	J-34	4545	4510	35
Mansa	J-34	4540	4500	40
Sirsa	J-34	4450	4410	40
Sri-Ganganagar	J-34	4183	4155	28

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		08-Jan-14	07-Jan-14	
Kapas				
Amravati	Mech-1	25000	25000	Unch
Khandwa	Mech-1	3500	NR	-
Khargaon	Mech-1	12000	NR	-
Kapas				
Mahesana(Kadi)	B.T. Cotton	40000	30000	10000
Rajkot	B.T. Cotton	3250	2750	500
Patan	B.T. Cotton	5805	6055	-250
Muktsar	B.T. Cotton	340	425	-85
Fazilika	B.T. Cotton	1500	2000	-500
Bhiwani	B.T. Cotton	500	1000	-500
Adampur	B.T. Cotton	400	1000	-600
Fatehabad	B.T. Cotton	500	700	-200
Kapas				
Ahmedabad	Shankar-6	NR	102000	-
Gondal	Shankar-6	760	NR	-
Lint				
Abohar	J-34	765	850	-85
Bhatinda	J-34	27200	30600	-3400
Mansa	J-34	1020	1020	Unch
Sirsa	J-34	850	680	170
Sri-Ganganagar	J-34	3400	3400	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				07-Jan-14	06-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38900	39000	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39400	39400	Unch
J-34(202)	26mm	3.5 - 4.9	23	41400	40900	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40300	39800	500
Shankar-6(105)	29mm	3.5 - 4.9	28	41200	40700	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41900	41400	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42900	42400	500
DCH-32(107)	34mm	3.0 - 3.8	33	64000	64000	Unch

## INTERNATIONAL PRICES AND INDICES

### China Cotton Index: As on 08/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19512	<b>-20</b>
CCIndex(527)	NQ	NQ
CCIndex(229)	20300	<b>-9</b>

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

### Cotlook Index: As on 07/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	88.80	<b>0.7</b>

### USDA Cotton Spot Rates: As on 07/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.17	85.67	<b>1695</b>
North Delta	82.17	85	<b>852</b>
South Delta	82.17	84.67	<b>NIL</b>
East TX-OK	80	82.25	<b>3905</b>
West Texas	80	82.5	<b>12695</b>
Desert SW	79.92	86.92	<b>NIL</b>
SJ Valley	80.67	91.32	<b>NIL</b>

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 07/1/2014

Contract	Open	High	Low	Close	Change
<b>Mar-14</b>	83.60	85.03	83.45	84.67	<b>1.04</b>
<b>May-14</b>	83.60	84.81	83.60	84.63	<b>1.02</b>
<b>Jul-14</b>	83.64	84.5	83.56	84.28	<b>0.8</b>
<b>Oct-14</b>	80	80	80	80	<b>0.44</b>
<b>Dec-14</b>	78.5	78.95	78.5	78.88	<b>0.32</b>
<b>Mar-15</b>	79.39	79.63	79.39	79.63	<b>0.32</b>

### Pakistan Cotton Spot rates: As on 07 Jan 2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32kgs	6950	155	7105
<b>Equivalent</b>	40kgs	7448	155	7603

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