

Domestic Fundamentals:

- Cotton market noticed weak tone in domestic market on Thursday.
- Cotton prices noticed downtrend amid higher arrivals and weak demand.
- Arrivals stood lower at 177000 bales on Thursday compared to 168000 bales on Wednesday.
- 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 in near term, due to strong demand existing in the market.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14		0		0	0	0	-1	10	0
Mar-14		0		0	0	0	0	1	0
Apr-14	0.5	1021	1026	1015.5	1023.5	15,147	426	14006	723

	Feb-14	Mar-14	Apr-14
Spot	--		
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	-1.7	958	965.2	958	963	46	-21	239	-2
Apr-14	-1.7	1018.9	1024.4	1016	1022	373	74	522	70

	Mar-14	Apr-14
Spot	77	
Mar-14		59
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	-0.45	20150	20180	20010	20110
27-Feb-14	-0.49	20470	20510	20360	20450
31-Mar-14	-0.57	20740	20810	20680	20750
30-Apr-14	-0.66	21100	21110	21000	21090
30-May-14	-0.88	21300	21360	21270	21360
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		09-Jan-14	08-Jan-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4850	4900	-50
Khandwa	Mech-1	5150	5150	Unch
Khargaon	Mech-1	5150	5150	Unch
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5200	5250	-50
Rajkot	B.T. Cotton	5200	5275	-75
Patan	B.T. Cotton	5210	5205	5
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5535	5525	10
Bhiwani	B.T. Cotton	5600	5600	Unch
Adampur	B.T. Cotton	5485	5540	-55
Fatehabad	B.T. Cotton	5515	5540	-25
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5150	NR	-
Gondal	Shankar-6	5000	5070	-70
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4530	4530	Unch
Muktsar	J-34	4525	4530	-5
Fazilika	J-34	4520	4535	-15
Bhatinda	J-34	4535	4545	-10
Mansa	J-34	4530	4540	-10
Sirsa	J-34	4440	4450	-10
Sri-Ganganagar	J-34	4155	4183	-28

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		09-Jan-14	08-Jan-14	
Kapas				
Amravati	Mech-1	27000	25000	2000
Khandwa	Mech-1	3500	3500	Unch
Khargaon	Mech-1	12000	12000	Unch
Kapas				
Mahesana(Kadi)	B.T. Cotton	60000	40000	20000
Rajkot	B.T. Cotton	4050	3250	800
Patan	B.T. Cotton	5130	5805	-675
Muktsar	B.T. Cotton	340	340	Unch
Fazilika	B.T. Cotton	400	1500	-1100
Bhiwani	B.T. Cotton	1000	500	500
Adampur	B.T. Cotton	600	400	200
Fatehabad	B.T. Cotton	600	500	100
Kapas				
Ahmedabad	Shankar-6	102000	NR	-
Gondal	Shankar-6	952	760	192
Lint				
Abohar	J-34	680	765	-85
Bhatinda	J-34	27200	27200	Unch
Mansa	J-34	510	1020	-510
Sirsa	J-34	850	850	Unch
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
				08-Jan-14	07-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39400	38900	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39900	39400	500
J-34(202)	26mm	3.5 - 4.9	23	41700	41400	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	40300	500
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41200	600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	41900	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43400	42900	500
DCH-32(107)	34mm	3.0 - 3.8	33	64500	64000	500

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 09/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19511	-1
CCIndex(527)	NQ	NQ
CCIndex(229)	20292	-8

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

Cotlook Index: As on 08/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.80	1.00

USDA Cotton Spot Rates: As on 08/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.64	84	1466
North Delta	80.64	83.14	NIL
South Delta	80.64	83.14	NIL
East TX-OK	78.5	80.75	1343
West Texas	78.5	81	11411
Desert SW	78.39	85.39	NIL
SJ Valley	79.14	89.79	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 08/1/2014

Contract	Open	High	Low	Close	Change
Mar-14	84.48	84.67	83.02	83.14	-1.53
May-14	84.46	84.67	83.13	83.22	-1.41
Jul-14	84.14	84.32	82.94	83.08	-1.2
Oct-14	78.7	78.7	78.7	78.7	-1.3
Dec-14	78.7	78.9	77.29	77.48	-1.4
Mar-15	78.54	78.54	78.18	78.23	-1.4

Pakistan Cotton Spot rates: As on 08 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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