

Domestic Fundamentals:

- Cotton market noticed weak tone in domestic market on Friday.
- Prices noticed downtrend amid higher arrivals and weak demand.
- Arrivals stood lower at 174000 bales on Friday compared to 177000 bales on Thursday.
- 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:

- Due to weak export sales data, cotton March delivery on ICE futures U.S. exchange closed three week low to 82.81 cents/lb on Thursday. It was 0.4% low of the day, whereas it stroked the high of 84.63 cents/lb.
- 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.
- **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	18	924.5	939.5	924.5	939.5	2	2	10	0
Mar-14	0	0		0	0	0	0	1	0
Apr-14	6	1025	1033.5	1019	1030	14,054	-1,093	13885	-121

	Feb-14	Mar-14	Apr-14
Spot	109.5		
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	6.1	962.7	973	959.3	970	72	26	226	-13
Apr-14	4.6	1023	1030.4	1019	1026.7	267	-106	527	5

	Mar-14	Apr-14
Spot	79	
Mar-14		56.7
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	0.05	20140	20220	20020	20150
27-Feb-14	0.05	20490	20550	20360	20480
31-Mar-14	-0.05	20820	20840	20670	20770
30-Apr-14	0.14	21070	21150	20990	21100
30-May-14	-0.33	21290	21290	21290	21290
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		10-Jan-14	9-Jan-14	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4850	4850	Unch
Khandwa	Mech-1	NR	4700	-
Khargaon	Mech-1	NR	4700	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5250	5200	50
Rajkot	B.T. Cotton	5245	5200	45
Patan	B.T. Cotton	NR	5210	-
Muktsar	B.T. Cotton	5200	5400	-200
Fazilika	B.T. Cotton	5510	5535	-25
Bhiwani	B.T. Cotton	5625	5600	25
Adampur	B.T. Cotton	5460	5485	-25
Fatehabad	B.T. Cotton	5528	5515	13
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	5125	5150	-25
Gondal	Shankar-6	5350	5000	350
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	4520	4530	-10
Muktsar	J-34	4515	4525	-10
Fazilika	J-34	4520	4520	Unch
Bhatinda	J-34	4525	4535	-10
Mansa	J-34	4510	4530	-20
Sirsa	J-34	4420	4440	-20
Sri-Ganganagar	J-34	4183	4155	28

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		10-Jan-14	9-Jan-14	
Amravati	Mech-1	28000	27000	1000
Khandwa	Mech-1	NR	3500	-
Khargaon	Mech-1	NR	12000	-
Mahesana(Kadi)	B.T. Cotton	60000	60000	Unch
Rajkot	B.T. Cotton	3250	4050	-800
Patan	B.T. Cotton	NR	5130	-
Muktsar	B.T. Cotton	340	340	Unch
Fazilika	B.T. Cotton	1500	400	1100
Bhiwani	B.T. Cotton	700	1000	-300
Adampur	B.T. Cotton	600	600	Unch
Fatehabad	B.T. Cotton	600	600	Unch
Ahmedabad	Shankar-6	102000	102000	Unch
Gondal	Shankar-6	921	952	-31
Abohar	J-34	680	680	Unch
Bhatinda	J-34	25500	27200	-1700
Mansa	J-34	680	510	170
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
				9-Jan-14	8-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39400	39400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39900	39900	Unch
J-34(202)	26mm	3.5 - 4.9	23	41900	41700	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40600	40800	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	41800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42400	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	43400	-300
DCH-32(107)	34mm	3.0 - 3.8	33	64500	64500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 10/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19477	-34
CCIndex(527)	NQ	NQ
CCIndex(229)	20263	-29

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

Cotlook Index: As on 09/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	88.40	-1.40

USDA Cotton Spot Rates: As on 09/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.31	83.81	917
North Delta	80.31	83	NIL
South Delta	80.31	82.81	NIL
East TX-OK	78.5	80.75	2388
West Texas	78.5	81	10305
Desert SW	78.06	85.06	NIL
SJ Valley	78.81	89.46	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 09/1/2014

Contract	Open	High	Low	Close	Change
Mar-14	83.23	84.63	82.73	82.81	-0.33
May-14	83.22	84.60	82.77	82.81	-0.41
Jul-14	83.11	84.10	82.65	82.67	-0.41
Oct-14	78.48	78.48	78.48	78.48	-0.22
Dec-14	77.51	78.61	77.34	77.46	-0.02
Mar-15	79.00	79.00	77.97	78.19	-0.04

Pakistan Cotton Spot rates: As on 09 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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