

## Domestic Fundamentals:

- Cotton market noticed weak tone in domestic market on Saturday.
- Prices noticed downtrend amid higher arrivals and weak demand.
- Arrivals stood higher at 176000 bales on Saturday compared to 174000 bales on Friday.
- 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:

- World cotton stock during the season 2013-14 will reach the level of 97.61 million bales, as estimated by USDA.
- 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.
- **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	932	932	932	932	1	-1	10	0
Mar-14	11	962	962	962	962	1	1	1	0
Apr-14	-11.5	1028	1028.5	1015.5	1019.5	8,721	-5,333	14259	374

	Feb-14	Mar-14	Apr-14
Spot	120		
Feb-14		30	
Mar-14			57.5

**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	-14	969.9	969.9	956.8	958.4	36	-36	231	5
Apr-14	-10.8	1023	1024.6	1015	1017.3	157	-110	485	-42

	Mar-14	Apr-14
Spot	93.6	
Mar-14		58.9
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	20160	20020	20080
27-Feb-14	-0.63	20400	20490	20350	20380
31-Mar-14	-0.67	20720	20780	20650	20660
30-Apr-14	-0.66	21010	21080	20950	20960
30-May-14	--	--	--	--	--
30-Jun-14	--	--	--	--	--

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		11-Jan-14	10-Jan-14	
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Amravati	Mech-1	-	4850	-
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5300	5250	50
Rajkot	B.T. Cotton	5260	5245	15
Patan	B.T. Cotton	NA	NA	--
Muktsar	B.T. Cotton	5400	5200	200
Fazilika	B.T. Cotton	5520	5510	10
Bhiwani	B.T. Cotton	5650	5625	25
Adampur	B.T. Cotton	5470	5460	10
Fatehabad	B.T. Cotton	5550	5528	22
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5300	5125	175
Gondal	Shankar-6	5225	5350	-125
<b>Lint</b>		<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4530	4520	10
Muktsar	J-34	4525	4515	10
Fazilika	J-34	4520	4520	Unch
Bhatinda	J-34	4525	4525	Unch
Mansa	J-34	4515	4510	5
Sirsa	J-34	4440	4420	20
Sri-Ganganagar	J-34	4164	4183	-19

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Jan-14	10-Jan-14	
Amravati	Mech-1	-	28000	-
Khandwa	Mech-1	Closed	NR	-
Khargaon	Mech-1	Closed	NR	-
Mahesana(Kadi)	B.T. Cotton	50000	60000	-10000
Rajkot	B.T. Cotton	3050	3250	-200
Patan	B.T. Cotton		NR	
Muktsar	B.T. Cotton	340	340	Unch
Fazilika	B.T. Cotton	1200	1500	-300
Bhiwani	B.T. Cotton	800	700	100
Adampur	B.T. Cotton	500	600	-100
Fatehabad	B.T. Cotton	600	600	Unch
Ahmedabad	Shankar-6	93500	102000	-8500
Gondal	Shankar-6	822	921	-99
Abohar	J-34	850	680	170
Bhatinda	J-34	27200	25500	1700
Mansa	J-34	680	680	Unch
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
				10-Jan-14	9-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	<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	41900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40600	40600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	41600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	43100	Unch
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	<b>-34</b>
CCIndex(527)	NQ	NQ
CCIndex(229)	20263	<b>-29</b>

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

### Cotlook Index: As on 10/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	88.10	<b>-0.30</b>

### 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	<b>917</b>
North Delta	80.31	83	<b>NIL</b>
South Delta	80.31	82.81	<b>NIL</b>
East TX-OK	78.5	80.75	<b>2388</b>
West Texas	78.5	81	<b>10305</b>
Desert SW	78.06	85.06	<b>NIL</b>
SJ Valley	78.81	89.46	<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 10/1/2014

Contract	Open	High	Low	Close	Change
<b>Mar-14</b>	82.77	84.08	82.39	82.59	<b>-0.22</b>
<b>May-14</b>	82.8	83.98	82.6	82.74	<b>-0.07</b>
<b>Jul-14</b>	83.15	83.63	82.39	82.47	<b>-0.2</b>
<b>Oct-14</b>	79	79	78.37	78.37	<b>-0.11</b>
<b>Dec-14</b>	77.94	78.2	77.18	77.45	<b>-0.01</b>
<b>Mar-15</b>	78.7	78.7	78.19	78.2	<b>0.01</b>

### Pakistan Cotton Spot rates: As on 09 Jan 2014 (in Pakistan Rupees)

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

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