

Domestic Fundamentals:

- Cotton market noticed firm tone in domestic market.
- Prices noticed uptrend amid on strong demand and lower arrivals.
- Arrivals stood higher at 133,000 bales on Monday compared to 176000 bales on Saturday.
- 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:

- Brazil is likely to export 5.4 lakh tonne of cotton during the 2014 season and the domestic consumption is forecast at 9.2 million tonne. Brazil is expected to produce 1.67 million tone against the 1.3 million tonne produced in 2012-13 on the 22.5 percent rise in planted area -CONAB.
- China textile sector PMI for December decline by 3.9 percent to 37.3 percent. The fall is majorly due to lower output levels and capacity usage. Meanwhile, stocks surged higher along with slight gain in new orders-Beijing Cotton Outlook.
- 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	8	926	955	926	940	31	30	10	0
Mar-14	0	0	0	0	0	0	-1	1	0
Apr-14	8.5	1021	1038	1021	1028.00	15,019	6,298	14713	454

	Feb-14	Mar-14	Apr-14
Spot	140		
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	+6.60	970	975.5	965	965	+6.60	970	975.5	965
Apr-14	+7.80	1020.7	1035.2	1020.7	1025.1	+7.80	1020.7	1035.2	1020.7

	Mar-14	Apr-14
Spot	115	
Mar-14		60.1
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	+80.00	20200.00	20340.00	20160.00	20170
27-Feb-14	+90.00	20490.00	20680.00	20480.00	20480
31-Mar-14	+130.00	20800.00	20960.00	20800.00	20810
30-Apr-14	+180.00	21150.00	21250.00	21100.00	21160.00
30-May-14	+240.00	21490.00	21530.00	21490.00	21530.00
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		13-Jan-14	11-Jan-14	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4850	-	-
Khandwa	Mech-1	5050	-	-
Khargaon	Mech-1	5050	-	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5000	5300	-300
Rajkot	B.T. Cotton	5400	5260	140
Patan	B.T. Cotton	5415	-	-
Muktsar	B.T. Cotton	-	5200	-
Fazilika	B.T. Cotton	5530	5520	10
Bhiwani	B.T. Cotton	5625	5650	-25
Adampur	B.T. Cotton	5470	5470	Unch
Fatehabad	B.T. Cotton	5535	5500	35
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	5500	5300	200
Gondal	Shankar-6	5475	5225	250
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	4535	4530	5
Muktsar	J-34	4540	4525	15
Fazilika	J-34	4550	4520	30
Bhatinda	J-34	4565	4525	40
Mansa	J-34	4525	4515	10
Sirsa	J-34	4440	4440	Unch
Sri-Ganganagar	J-34	4183	4164	19

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		13-Jan-14	11-Jan-14	
Amravati	Mech-1	29000	-	-
Khandwa	Mech-1	2500	-	-
Khargaon	Mech-1	10000	-	-
Mahesana(Kadi)	B.T. Cotton	40000	50000	-10000
Rajkot	B.T. Cotton	2050	3050	-1000
Patan	B.T. Cotton	3704	-	-
Muktsar	B.T. Cotton	-	340	-
Fazilika	B.T. Cotton	750	1200	-450
Bhiwani	B.T. Cotton	700	800	-100
Adampur	B.T. Cotton	500	500	Unch
Fatehabad	B.T. Cotton	500	600	-100
Ahmedabad	Shankar-6	93500	93500	Unch
Gondal	Shankar-6	835	822	13
Abohar	J-34	680	680	Unch
Bhatinda	J-34	8500	27200	-18700
Mansa	J-34	340	680	-340
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 13/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19450	-27
CCIndex(527)	NQ	NQ
CCIndex(229)	20249	-14

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

Cotlook Index: As on 10/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	88.10	-0.30

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 10/1/2014

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

Pakistan Cotton Spot rates: As on 11 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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