

Domestic Fundamentals:

- Cotton market noticed firm tone on Wednesday due to strong demand.
- Prices of cotton noticed uptrend following fair demand and lag in arrivals.
- Arrivals stood lower at 115000 bales on Wednesday compared to 133000 bales on Monday.
- According to cotton association of India (CAI), output of cotton is expected to be around 37.60 million bales (of 170 kg each), which was estimated 37.88 million bales in November 2013. Cotton production in India was 35.68 million bales during last season (2012-13), as reported by CAI.
- 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.
- **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.
- 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.
- **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 supply deficit prevailing in the market.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	14	956	956	945	954.5	87	56	10	0
Mar-14	28.5	979	979.5	963.5	979.5	64	64	3	2
Apr-14	13.5	1032	1047.5	1032	1043.5	15,509	490	15041	328

	Feb-14	Mar-14	Apr-14
Spot	160.5		
Feb-14		25	
Mar-14			64

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	7.9	974.6	978.5	969.6	975	74	37	235	4
Apr-14	12.5	1033.5	1043.5	1032.7	1040	256	42	488	12

	Mar-14	Apr-14
Spot	140	
Mar-14		65
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	Change%	Open	High	Low	Close
31-Jan-14	1.58	20300	20580	20300	20520
27-Feb-14	1.36	20600	20900	20600	20810
31-Mar-14	1.2	20980	21220	20940	21110
30-Apr-14	1.18	21300	21500	21260	21410
30-May-14	0.56	21640	21640	21640	21640
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		15-Jan-14	14-Jan-14	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4800	-	-
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5400	-	-
Rajkot	B.T. Cotton	5575	-	-
Patan	B.T. Cotton	5450	-	-
Muktsar	B.T. Cotton	-	-	-
Fazilika	B.T. Cotton	5580	-	-
Bhiwani	B.T. Cotton	5750	5650	100
Adampur	B.T. Cotton	5565	5535	30
Fatehabad	B.T. Cotton	5625	5528	97
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	-	-	-
Gondal	Shankar-6	5500	-	-
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	4600	4560	40
Muktsar	J-34	-	-	-
Fazilika	J-34	4650	-	-
Bhatinda	J-34	4605	4565	40
Mansa	J-34	4590	4550	40
Sirsa	J-34	4500	4470	30
Sri-Ganganagar	J-34	4249	-	-
Adilabad	>30mm	4487	-	-
Warangal	>30mm	4487	-	-
Guntur	>30mm	4493	-	-
Bhainsa	>30mm	4487	-	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		15-Jan-14	14-Jan-14	
Amravati	Mech-1	28500	-	-
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
Mahesana(Kadi)	B.T. Cotton	45000	-	-
Rajkot	B.T. Cotton	1750	-	-
Patan	B.T. Cotton	1481	-	-
Muktsar	B.T. Cotton	-	-	-
Fazilika	B.T. Cotton	300	-	-
Bhiwani	B.T. Cotton	1500	600	900
Adampur	B.T. Cotton	500	500	Unch
Fatehabad	B.T. Cotton	550	300	250
Ahmedabad	Shankar-6	-	-	-
Gondal	Shankar-6	463	-	-
Abohar	J-34	850	340	510
Bhatinda	J-34	28900	25500	3400
Mansa	J-34	850	-	-
Sirsa	J-34	850	510	340
Sri-Ganganagar	J-34	3400	-	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Jan-14	13-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
J-34(202)	26mm	3.5 - 4.9	23	41800	41700	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41300	41100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42300	42100	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42800	42600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43800	43600	200
DCH-32(107)	34mm	3.0 - 3.8	33	65000	65000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 15/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19396	-21
CCIndex(527)	NQ	NQ
CCIndex(229)	20227	-22

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

Cotlook Index: As on 14/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.25	+1.20

USDA Cotton Spot Rates: As on 14/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.48	84.98	3096
North Delta	81.23	83.73	NIL
South Delta	81.23	83.73	NIL
East TX-OK	79.00	81.25	16771
West Texas	79.00	81.50	8201
Desert SW	78.98	85.98	75
SJ Valley	79.73	90.38	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 14/1/2014

Contract	Open	High	Low	Close	Change
Mar-14	83.52	84.31	83.34	83.73	+0.05
May-14	83.79	84.52	83.53	84.02	+0.07
Jul-14	83.58	84.24	83.37	84.02	+0.28
Oct-14	80.00	80.00	79.93	79.93	+0.47
Dec-14	78.26	79.02	78.05	79.02	+0.66
Mar-15	78.60	79.72	78.27	79.72	+0.73

Pakistan Cotton Spot rates: As on 13 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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