

Domestic Fundamentals:

- Cotton market noticed mixed tone on Thursday due to random sentiments.
- Prices of cotton noticed uptrend in most of the markets following strong demand.
- Arrivals stood higher at 156000 bales on Thursday compared to 115000 bales on Wednesday.
- 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** led the delayed arrivals, as north India is noticing fall in temperature, affecting nearby region also.
- **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 37.60 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	18	968.5	968.5	968.5	968.5	1	-86	10	0
Mar-14	0	0	0	0	0	0	-64	2	-1
Apr-14	-11.5	1045.5	1047	1033	1033.5	15,116	-393	16086	1045

	Feb-14	Mar-14	Apr-14
Spot	159.5		
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	-6.6	971.1	973.4	964	969	41	-33	226	-9
Apr-14	-10.2	1041.5	1042	1030.1	1031	254	-2	432	-56

	Mar-14	Apr-14
Spot	159	
Mar-14		62
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	-1.07	20510	20620	20300	20320
27-Feb-14	-1.15	20800	20930	20600	20610
31-Mar-14	-1.09	21130	21230	20910	20930
30-Apr-14	-0.98	21520	21530	21200	21230
30-May-14	0.09	21670	21770	21660	21660
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		16-Jan-14	15-Jan-14	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	4950	5000	-50
Khandwa	Mech-1	5250	-	-
Khargaon	Mech-1	5250	-	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5000	5400	-400
Rajkot	B.T. Cotton	5640	5575	65
Patan	B.T. Cotton	5820	5450	370
Muktsar	B.T. Cotton	-	-	-
Fazilika	B.T. Cotton	5600	5580	20
Bhiwani	B.T. Cotton	5750	5750	Unch
Adampur	B.T. Cotton	5600	5565	35
Fatehabad	B.T. Cotton	5635	5625	10
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	5555	-	-
Gondal	Shankar-6	5500	5500	Unch
Lint		Rs/Maund (of 37.32kg each)		
Abohar	J-34	4650	4600	50
Muktsar	J-34	4650	-	-
Fazilika	J-34	4650	4650	Unch
Bhatinda	J-34	4655	4605	50
Mansa	J-34	4625	4590	35
Sirsa	J-34	4560	4500	60
Sri-Ganganagar	J-34	4324	4249	75
Adilabad	>30mm	4534	4487	47
Warangal	>30mm	4534	4487	47
Guntur	>30mm	4534	4493	41
Bhainsa	>30mm	4519	4487	32

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Jan-14	15-Jan-14	
Amravati	Mech-1	27500	28500	-1000
Khandwa	Mech-1	2500	-	-
Khargaon	Mech-1	12000	-	-
Mahesana(Kadi)	B.T. Cotton	60000	45000	15000
Rajkot	B.T. Cotton	2850	1750	1100
Patan	B.T. Cotton	3650	1481	2169
Muktsar	B.T. Cotton	-	-	-
Fazilika	B.T. Cotton	2000	300	1700
Bhiwani	B.T. Cotton	1500	1500	Unch
Adampur	B.T. Cotton	600	500	100
Fatehabad	B.T. Cotton	400	550	-150
Ahmedabad	Shankar-6	93500	-	-
Gondal	Shankar-6	900	463	437
Abohar	J-34	1020	850	170
Bhatinda	J-34	25500	28900	-3400
Mansa	J-34	850	850	Unch
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	2550	3400	-850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Jan-14	14-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	39900	500
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	40900	40400	500
J-34(202)	26mm	3.5 - 4.9	23	42300	41700	600
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41600	41100	500
Shankar-6(105)	29mm	3.5 – 4.9	28	42800	42100	700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43200	42600	600
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	43600	700
DCH-32(107)	34mm	3.0 - 3.8	33	65500	65000	500

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 16/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19387	-9
CCIndex(527)	NQ	NQ
CCIndex(229)	20237	10

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

Cotlook Index: As on 15/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.45	0.2

USDA Cotton Spot Rates: As on 15/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.79	86.29	3347
North Delta	82.29	84.79	489
South Delta	82.29	84.79	NIL
East TX-OK	79.25	81.50	3919
West Texas	79.25	81.75	14146
Desert SW	80.04	87.04	NIL
SJ Valley	80.79	91.44	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 15/1/2014

Contract	Open	High	Low	Close	Change
Mar-14	83.70	84.89	83.63	84.79	+1.06
May-14	84.07	85.04	84.00	84.94	+0.92
Jul-14	84.03	84.71	83.86	84.66	+0.64
Oct-14	80.32	80.32	80.32	80.32	+0.39
Dec-14	78.70	79.20	78.70	79.17	+0.15
Mar-15	79.45	79.91	79.39	79.90	+0.18

Pakistan Cotton Spot rates: As on 15 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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