

Domestic Fundamentals:

- Cotton market noticed mixed tone on Friday random sentiments existing in the market.
- Prices of cotton noticed fluctuation due to up and down pattern of arrivals in market.
- Arrivals stood higher at 167000 bales on Friday compared to 156000 bales on Thursday.
- 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, as strong demand is existing in the market.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	-24.5	944	944	944	944	1	0	11	1
Mar-14	0		0	0		0	0	2	0
Apr-14	-11	1039	1046	1022.5	1023	19,146	4,030	16775	689

	Feb-14	Mar-14	Apr-14
Spot	191		
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	-2.1	972	975.8	965	966	25	-16	227	1
Apr-14	-7.2	1040.2	1043.2	1024	1024.5	237	-17	431	-1

	Mar-14	Apr-14
Spot	169	
Mar-14		58.5
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	-0.15	20600	20640	20220	20300
27-Feb-14	-0.24	20740	20930	20500	20580
31-Mar-14	-0.24	21130	21280	20820	20900
30-Apr-14	-0.05	21610	21610	21120	21200
30-May-14	-0.83	21750	21830	21520	21530
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		17-Jan-14	16-Jan-14	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	5000	4950	50
Khandwa	Mech-1	-	5250	-
Khargaon	Mech-1	-	5250	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5550	5000	550
Rajkot	B.T. Cotton	5675	5640	35
Patan	B.T. Cotton	5670	5820	-150
Muktsar	B.T. Cotton	5400	-	-
Fazilika	B.T. Cotton	5675	5600	75
Bhiwani	B.T. Cotton	5650	5750	-100
Adampur	B.T. Cotton	5560	5600	-40
Fatehabad	B.T. Cotton	5635	5635	Unch
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	5575	5555	20
Gondal	Shankar-6	5550	5500	50
Lint		Rs./Mauud (of 37.32kg each)		
Abohar	J-34	4620	4650	-30
Muktsar	J-34	4620	4650	-30
Fazilika	J-34	4610	4650	-40
Bhatinda	J-34	4635	4655	-20
Mansa	J-34	4625	4625	Unch
Sirsa	J-34	4520	4560	-40
Sri-Ganganagar	J-34	4277	4324	-47
Adilabad	>30mm	4534	4534	Unch
Warangal	>30mm	4534	4534	Unch
Guntur	>30mm	4534	4534	Unch
Bhainsa	>30mm	4519	4519	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Jan-14	16-Jan-14	
Amravati	Mech-1	28000	27500	500
Khandwa	Mech-1	-	2500	-
Khargaon	Mech-1	-	12000	-
Mahesana(Kadi)	B.T. Cotton	40000	60000	-20000
Rajkot	B.T. Cotton	3950	2850	1100
Patan	B.T. Cotton	5700	3650	2050
Muktsar	B.T. Cotton	-	-	-
Fazilika	B.T. Cotton	1200	2000	-800
Bhiwani	B.T. Cotton	700	1500	-800
Adampur	B.T. Cotton	600	600	Unch
Fatehabad	B.T. Cotton	700	400	300
Ahmedabad	Shankar-6	93500	93500	Unch
Gondal	Shankar-6	786	900	-114
Abohar	J-34	850	1020	-170
Bhatinda	J-34	28900	25500	3400
Mansa	J-34	850	850	Unch
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	3400	2550	850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Jan-14	15-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	40400	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	40900	500
J-34(202)	26mm	3.5 - 4.9	23	42000	42300	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41400	41600	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43200	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44100	44300	-200
DCH-32(107)	34mm	3.0 - 3.8	33	65500	65500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 17/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19387	Unch
CCIndex(527)	NQ	NQ
CCIndex(229)	20243	6

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

Cotlook Index: As on 16/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	90.45	1.0

USDA Cotton Spot Rates: As on 16/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.19	87.69	1377
North Delta	83.69	86.19	NIL
South Delta	83.69	86.19	NIL
East TX-OK	80.50	82.75	5390
West Texas	80.50	83.00	57710
Desert SW	81.44	88.44	NIL
SJ Valley	82.19	92.84	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 16/1/2014

Contract	Open	High	Low	Close	Change
Mar-14	84.45	86.67	84.31	86.19	+1.40
May-14	84.58	86.72	84.52	86.40	+1.46
Jul-14	84.45	85.99	84.45	85.87	+1.21
Oct-14	81.17	81.17	81.17	81.17	+0.85
Dec-14	79.14	79.80	78.80	79.67	+0.50
Mar-15	79.85	80.30	79.84	80.30	+0.40

Pakistan Cotton Spot rates: As on 16 Jan 2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32kgs	7050	155	7205
Equivalent	40kgs	7555	155	7710

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