

Domestic Fundamentals:

- Cotton market noticed weak tone on Saturday selling pressure in the market.
- Prices of cotton noticed downtrend on lackluster demand, and higher production prospects.
- Arrivals are expected to be higher in coming days as farmers are releasing the produce.
- 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 sideways in coming days as arrivals are about to pick the pace.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	10.5	954.5	954.5	954.5	954.5	1	0	11	0
Mar-14			0	0	0	0	0	2	0
Apr-14	-16	1026	1027.5	1006	1009.5	12,935	-6,211	16619	-156

	Feb-14	Mar-14	Apr-14
Spot	179.5		
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	-10.5	966.3	969.9	955.1	956.2	38	13	227	0
Apr-14	-15.4	1024.8	1025.3	1008.6	1009.9	252	15	499	68

	Mar-14	Apr-14
Spot	177.8	
Mar-14		53.7
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	-0.49	20260	20300	20070	20160
27-Feb-14	-0.29	20570	20570	20370	20470
31-Mar-14	-0.48	20770	20860	20670	20770
30-Apr-14	-0.47	21080	21160	20950	21070
30-May-14	-0.83	21430	21460	21290	21390
30-Jun-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		18-Jan-14	17-Jan-14	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	5000	5000	Unch
Khandwa	Mech-1	Closed	-	-
Khargaon	Mech-1	Closed	-	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5550	-50
Rajkot	B.T. Cotton	5670	5675	-5
Patan	B.T. Cotton	NR	5670	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5580	5675	-95
Bhiwani	B.T. Cotton	5550	5650	-100
Adampur	B.T. Cotton	5500	5560	-60
Fatehabad	B.T. Cotton	5550	5635	-85
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	5500	5575	-75
Gondal	Shankar-6	5385	5500	-115
Lint		Rs./Maunder (of 37.32kg each)		
Abohar	J-34	4550	4620	-70
Muktsar	J-34	4550	4620	-70
Fazilika	J-34	4580	4610	-30
Bhatinda	J-34	4550	4635	-85
Mansa	J-34	4550	4625	-75
Sirsa	J-34	4475	4520	-45
Sri-Ganganagar	J-34	4254	4277	-23
Adilabad	>30mm	4482	4534	-50
Warangal	>30mm	4482	4534	-52
Guntur	>30mm	4482	4534	-52
Bhainsa	>30mm	4482	4519	-37

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		18-Jan-14	17-Jan-14	
Amravati	Mech-1	27000	28000	-1000
Khandwa	Mech-1	Closed	-	-
Khargaon	Mech-1	Closed	-	-
Mahesana(Kadi)	B.T. Cotton	50000	40000	10000
Rajkot	B.T. Cotton	5300	3950	1350
Patan	B.T. Cotton	NR	5700	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	1400	1200	200
Bhiwani	B.T. Cotton	700	700	Unch
Adampur	B.T. Cotton	1000	600	400
Fatehabad	B.T. Cotton	800	700	100
Ahmedabad	Shankar-6	85000	93500	-8500
Gondal	Shankar-6	1029	786	243
Abohar	J-34	850	850	Unch
Bhatinda	J-34	30600	28900	1700
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
				17-Jan-14	16-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
J-34(202)	26mm	3.5 - 4.9	23	41800	42000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41600	41400	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42800	42600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43200	43000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44100	200
DCH-32(107)	34mm	3.0 - 3.8	33	65000	65500	-500

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 17/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	92.60	2.15

USDA Cotton Spot Rates: As on 17/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.80	88.80	1468
North Delta	84.80	87.30	791
South Delta	84.80	87.30	NIL
East TX-OK	81.25	83.50	4816
West Texas	81.28	83.75	32456
Desert SW	81.80	88.55	600
SJ Valley	82.55	93.20	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 17/1/2014

Contract	Open	High	Low	Close	Change
Mar-14	86.01	87.14	85.89	86.80	0.61
May-14	86.45	87.29	86.09	87.05	0.65
Jul-14	85.50	86.50	85.50	86.36	0.49
Oct-14	81.52	81.52	81.52	81.52	0.35
Dec-14	79.50	80.00	79.48	79.88	0.21
Mar-15	80.23	80.31	80.05	80.25	-0.05

Pakistan Cotton Spot rates: As on 17 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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