

Domestic Fundamentals:

- Cotton market noticed weak tone on Monday on 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	-15.5	946.5	946.5	935	939	3	2	13	2
Mar-14		0	971.5	971.5	971.5		#VALUE!	2	0
Apr-14	-9	1007	1008	990.5	1000	16,378	3,443	17250	631

	Feb-14	Mar-14	Apr-14
Spot	163		
Feb-14		32.5	
Mar-14			28.5

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	947.8	953.4	940	946.2	68	30	215	-12
Apr-14	-7.6	1004.2	1009	993.5	1002.3	591	339	569	70

	Mar-14	Apr-14
Spot	155.8	
Mar-14		56.1
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	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
		20-Jan-14	19-Jan-14	
Kapas		(Rs/Qtl)		
Amravati	Mech-1	-	5000	-
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
Kapas		(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5400	5500	-100
Rajkot	B.T. Cotton	5510	5670	-160
Patan	B.T. Cotton	5400	-	-
Muktsar	B.T. Cotton	5350	5400	-50
Fazilika	B.T. Cotton	5600	5580	20
Bhiwani	B.T. Cotton	5600	5550	50
Adampur	B.T. Cotton	5450	5500	-50
Fatehabad	B.T. Cotton	5500	5550	-50
Kapas		(Rs/Qtl)		
Ahmedabad	Shankar-6	5400	5500	-100
Gondal	Shankar-6	5425	5385	40
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	4500	4550	-50
Muktsar	J-34	4500	4550	-50
Fazilika	J-34	4520	4580	-60
Bhatinda	J-34	4510	4550	-40
Mansa	J-34	4490	4550	-60
Sirsa	J-34	4420	4475	-55
Sri-Ganganagar	J-34	4183	4254	-71
Adilabad	>30mm	4482	4482	Unch
Warangal	>30mm	4482	4482	Unch
Guntur	>30mm	4482	4482	Unch
Bhainsa	>30mm	4482	4482	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Jan-14	19-Jan-14	

Amravati	Mech-1	-	27000	-
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
Mahesana(Kadi)	B.T. Cotton	45000	50000	-5000
Rajkot	B.T. Cotton	5000	5300	-300
Patan	B.T. Cotton	6550	-	-
Muktsar	B.T. Cotton	150	-	-
Fazilika	B.T. Cotton	900	1400	-500
Bhiwani	B.T. Cotton	500	800	-300
Adampur	B.T. Cotton	400	1000	-600
Fatehabad	B.T. Cotton	500	800	-300
Ahmedabad	Shankar-6	85000	85000	Unch
Gondal	Shankar-6	1100	1029	71
Abohar	J-34	850	850	Unch
Bhatinda	J-34	30600	30600	Unch
Mansa	J-34	1020	850	170
Sirsa	J-34	1190	850	340

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Jan-14	18-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	41200	41800	-600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41300	41600	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	42500	42800	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42900	43200	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44000	44300	-300
DCH-32(107)	34mm	3.0 - 3.8	33	65000	65000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 20/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19404	17
CCIndex(527)	NQ	NQ
CCIndex(229)	20251	8

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 18 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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2013 Indian Agribusiness Systems Pvt Ltd.