

Domestic Fundamentals:

- Cotton market noticed mixed tone in domestic market.
- Prices of cotton ruled sideways amid mixed sentiments prevailing in the market.
- Arrivals stood higher at 204000 on Monday, compared to 170000 on Saturday.
- According to a research in Germany, the calorie consumption and dietary quality has been increased among the small scale cotton growers in India, due to use of Genetically Modified (GM) crop, which gave them the higher yield and ultimately the better value of their produce.
- According to a report from Reuters, an export incentive for cotton yarn has been restored. Directorate general of foreign trade (DGFT) though gave no reason for the same. It should be noted that incentives from raw cotton and cotton yarn were withdrawn in September. Secretary General of confederation of Indian textile industry (CITI) said that those who will export more than the previous year will be eligible for the 2 percent incremental export benefit.
- **Weather** has improved in most of the cotton growing region, which is leading to harvesting and so 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 37.60 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:

- Burkina Faso's (West Africa) cotton output surged by 14% to 7.1 lakh tonne in 2013-14.
- As per the reports, prices of cotton are being dictated by China import and stockpiling policy. Currently about 45 million bales of cotton is being stocked in China government reserves which is creating artificial shortage of cotton on global forefront. Cotton stakeholders are closely looking over the moves of China in order to determine the future of cotton. If China does not release the stocks, prices of cotton would move sharply and condition could reverse if it starts using its own inventory to fulfill its need of cotton. It should be noted that China has restrictive policy for imports.
- Australia is expected to lag on production of cotton at 4 million bales (227kgs), due to dry and hot weather.
- **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 to weak in coming days as arrivals are likely to increase.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	0	0	0	0	0	0	0	12	0
Mar-14	0	0	0	0	0	0	0	2	0
Apr-14	5.5	994	1009	986	1002	14,361	6,075	17451	172

	Feb-14	Mar-14	Apr-14
Spot	--		
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	0.30	947.90	947.90	930.20	941.80	37	32	206	-2
Apr-14	4.10	996.50	1006.00	988.00	1002.50	320	191	393	-52

	Mar-14	Apr-14
Spot	180.2	
Mar-14		60.7
Apr-14		

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

**MCX Cotton Futures Closed (29 mm Variety):**

Contract	Change%	Open	High	Low	Close
31-Jan-14	0.54	20430	20650	20370	20590
27-Feb-14	0.53	20700	20910	20620	20840
31-Mar-14	0.57	20980	21170	20870	21120
30-Apr-14	0.42	21180	21380	21080	21320
30-May-14	0.33	21410	21650	21350	21580
30-Jun-14	0.69	21700	21890	21680	21850

## DOMESTIC PRICES AND ARRIVALS

### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		27-Jan-14	25-Jan-14	
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Amravati	Mech-1	5200	5000	200
Khandwa	Mech-1	-	NR	-
Khargaon	Mech-1	-	NR	-
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5610	5540	70
Patan	B.T. Cotton	5975	5590	385
Muktsar	B.T. Cotton	5500	5500	Unch
Fazilika	B.T. Cotton	5540	5670	-130
Bhiwani	B.T. Cotton	5580	5600	-20
Adampur	B.T. Cotton	5400	5400	Unch
Fatehabad	B.T. Cotton	5500	5500	Unch
<b>Kapas</b>		<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5500	5500	Unch
Gondal	Shankar-6	5500	5470	30
<b>Lint</b>		<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4540	4570	-30
Muktsar	J-34	4550	4570	-20
Fazilika	J-34	4490	4565	-75
Bhatinda	J-34	4565	4585	-20
Mansa	J-34	4535	4560	-25
Sirsa	J-34	4450	4470	-20
Sri-Ganganagar	J-34	4230	4230	Unch
Hanumangarh	J-34	4480	4500	-20
Adilabad	>30mm	4508	4780	-272
Warangal	>30mm	4508	4508	Unch
Guntur	>30mm	4482	4487	-5
Bhainsa	>30mm	4482	4497	-15

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		27-Jan-14	25-Jan-14	
Amravati	Mech-1	27000	28000	-1000
Khandwa	Mech-1	-	NR	-
Khargaon	Mech-1	-	NR	-
Mahesana(Kadi)	B.T. Cotton	50000	50000	Unch
Rajkot	B.T. Cotton	4425	5250	-825
Patan	B.T. Cotton	5286	5700	-414
Muktsar	B.T. Cotton	510	340	170
Fazilika	B.T. Cotton	1600	1000	600
Bhiwani	B.T. Cotton	300	500	-200
Adampur	B.T. Cotton	850	300	550
Fatehabad	B.T. Cotton	450	1300	-850
Ahmedabad	Shankar-6	102000	93500	8500
Gondal	Shankar-6	1353	1390	-37
Abohar	J-34	1020	850	170
Bhatinda	J-34	30600	25500	5100
Mansa	J-34	1870	1360	510
Sirsa	J-34	1700	1360	340
Sri-Ganganagar	J-34	3400	1700	1700
Hanumangarh	J-34	1500	2200	-700

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Jan-14	24-Jan-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	40900	40900	Unch
J-34(202)	26mm	3.5 - 4.9	23	41700	41600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41900	41700	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42600	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	42900	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43900	43900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	64300	64000	300

## INTERNATIONAL PRICES AND INDICES

### China Cotton Index: As on 27/Jan/2014

Index	RMB/Ton	Change
CCIndex(328)	19426	1
CCIndex(527)	NQ	NQ
CCIndex(229)	20286	3

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

### Cotlook Index: As on 24/1/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.75	-0.50

### USDA Cotton Spot Rates: As on 24/1/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.21	89.21	2464
North Delta	85.21	87.71	NIL
South Delta	85.21	87.71	NIL
East TX-OK	80.75	83	968
West Texas	80.75	82.75	5086
Desert SW	81.71	88.21	500
SJ Valley	82.46	93.11	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 24/1/2014

Contract	Open	High	Low	Close	Change
Mar-14	87.29	88.19	86.49	87	Unch
May-14	87.42	88.28	86.75	87	Unch
Jul-14	87.25	88	86.61	87	Unch
Oct-14	80.8	80.8	80.8	80.8	-0.45
Dec-14	79.14	79.49	78.33	79	-1
Mar-15	80	80	78.93	79.05	-0.94

### Pakistan Cotton Spot rates: As on 25 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.