

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed weak tone in domestic market.

Prices of cotton are ruling sideways due to weak demand and ample supply in the market.

Arrivals stood higher at 196000 bales today compared to 187000 bales on Friday.

**In The News:** Outlook for cotton textile sector has been revised by India Ratings and Research (Ind-Ra) for FY15 from negative to Stable due to growing revenue and stable margins.

A Memorandum of Understanding has been signed by ICA (The International Cotton Association) and CAI (Cotton Association of India) in order to enhance the bilateral cotton trade and its related aspects. It should be noted that majority of laws and rules for overseas cotton trade are being issued by ICA, an arbitral body. The MOU between these two bodies is dedicated to dissemination of information and intelligence, training and development, exchange of delegation and resolving the members' issues.

National Agriculture Cooperative Marketing Federation of India Ltd. (NAFED) has sold 10,000 bales of cotton last week in local market, and about 11500 bales of cotton is left at Adilabad, Guntur and Warangal warehouses.

India is looking for the duty free access to the markets of European Union for its Garments and Textiles. Textile Minister K.S. Rao said that India is already negotiating with Germany and UK for zero duty access. He also said that Ministry of Textile has discussed with Finance Ministry for an interest rate subvention of 3%-4% for textile exporters.

**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:

- USDA's CCC (Commodity Credit Corporation) has announced that it will implement a special quota for upland cotton. This step is taken by the department in order to stabilize the market, when the prevailing prices moves higher than the world market for a period of four weeks.
- **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 demand is likely to be sluggish.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14							-1	0	-8
Mar-14						0	0	2	-1
Apr-14	-3.5	1001	1006.5	996	996.5	6,508	-13,217	17228	290

	Feb-14	Mar-14	Apr-14
Spot	--		
Feb-14		--	
Mar-14			996.5

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	-0.70	959.30	959.30	951.40	952.80	14	-120	221	2
Apr-14	-3.00	1007.70	1008.50	999.00	1000.00	206	-240	497	18

	Mar-14	Apr-14
Spot	157.2	
Mar-14		47.2
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
27-Feb-14	+10.00	21110	21120	20940	20970
31-Mar-14	+10.00	21440	21440	21280	21300
30-Apr-14	+10.00	21700	21700	21550	21570
30-May-14	+30.00	21940	21960	21900	21910
30-Jun-14	+10.00	21110	21120	20940	20970

## DOMESTIC PRICES AND ARRIVALS

### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		8-Feb-14	7-Feb-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4975	5000	<b>-25</b>
Khandwa	Mech-1	Closed	5300	-
Khargaon	Mech-1	Closed	5300	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5550	5550	<b>Unch</b>
Rajkot	B.T. Cotton	5560	5555	<b>5</b>
Patan	B.T. Cotton	5525	5550	<b>-25</b>
Muktsar	B.T. Cotton	5500	5500	<b>Unch</b>
Fazilika	B.T. Cotton	5640	5635	<b>5</b>
Bhiwani	B.T. Cotton	5700	5750	<b>-50</b>
Adampur	B.T. Cotton	5550	5550	<b>Unch</b>
Fatehabad	B.T. Cotton	5600	5625	<b>-25</b>
Jind	B.T. Cotton	5630	5646	<b>-16</b>
Rawatsar (Hanumangarh)	B.T. Cotton	5500	5500	<b>Unch</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5500	5500	<b>Unch</b>
Gondal	Shankar-6	5475	5475	<b>Unch</b>
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4680	4700	<b>-20</b>
Muktsar	J-34	4690	4700	<b>-10</b>
Fazilika	J-34	4675	4620	<b>55</b>
Bhatinda	J-34	4710	4700	<b>10</b>
Mansa	J-34	4680	4685	<b>-5</b>
Sirsa	J-34	4575	4580	<b>-5</b>
Sri-Ganganagar	J-34	4324	4296	<b>28</b>
Hanumangarh	B.T. Cotton	4650	4615	<b>35</b>
Adilabad	>30mm	4497	4498	<b>-1</b>
Warangal	>30mm	4508	4508	<b>Unch</b>
Guntur	>30mm	4471	4472	<b>-1</b>
Bhainsa	>30mm	4497	4498	<b>-1</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		8-Feb-14	7-Feb-14	
Amravati	Mech-1	33000	34000	-1000
Khandwa	Mech-1	Closed	6000	-
Khargaon	Mech-1	Closed	10000	-
Mahesana(Kadi)	B.T. Cotton	90000	60000	30000
Rajkot	B.T. Cotton	3800	4800	-1000
Patan	B.T. Cotton	6353	4100	2253
Fazilika	B.T. Cotton	1100	1200	-100
Bhiwani	B.T. Cotton	1500	1500	Unch
Adampur	B.T. Cotton	1020	850	170
Fatehabad	B.T. Cotton	1000	800	200
Jind	B.T. Cotton	6800	8500	-1700
Rawatsar (Hanumangarh)	B.T. Cotton	150	60	90
Ahmedabad	Shankar-6	93500	93500	Unch
Gondal	Shankar-6	1850	1425	425
Abohar	J-34	680	510	170
Muktsar	J-34	255	340	-85
Bhatinda	J-34	30600	28900	1700
Mansa	J-34	510	340	170
Sirsa	J-34	1700	340	1360
Sri-Ganganagar	J-34	3400	1700	1700
Hanumangarh	B.T. Cotton	1500	1500	Unch

**INTERNATIONAL PRICES AND INDICES**
**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Feb-14	6-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39700	39400	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40200	39900	300
J-34(202)	26mm	3.5 - 4.9	23	43200	42900	300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	42400	42200	200
Shankar-6(105)	29mm	3.5 – 4.9	28	43100	42900	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43800	43600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44400	44200	200
DCH-32(107)	34mm	3.0 - 3.8	33	64200	64000	200

**China Cotton Index: As on 7/Feb/2014**

Index	RMB/Ton	Change
CCIndex(328)	19443	1
CCIndex(527)	17926	Unch
CCIndex(229)	20311	6

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

**Cotlook Index: As on 7/2/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	93.05	0.75

**USDA Cotton Spot Rates: As on 7/2/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.47	89.47	1913
North Delta	85.72	88.22	481
South Delta	85.72	88.22	919
East TX-OK	82	84.25	1871
West Texas	82	84	4838
Desert SW	82.22	88.97	Unch
SJ Valley	82.97	93.62	Unch

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 72/2014**



Contract	Open	High	Low	Close	Change
Mar-14	86.05	88.05	85.84	87.47	1.16
May-14	86.79	88.5	86.48	87.85	0.93
Jul-14	86.27	88	86	87	0.64
Oct-14	79.88	80	80	79.88	0.67
Dec-14	77.05	78	77	77.94	0.71
Mar-15	78.40	78.52	78.39	78.47	0.76

### Pakistan Cotton Spot rates: As on 6 Feb 2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32kgs	6950	155	7105
Equivalent	40kgs	7448	155	7603

### 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.