

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone in domestic market on Wednesday. Prices of cotton are ruling weak due to sluggish demand and ample supply in the market.

In The News: Cotton association of India (CAI) estimated the cotton production lower at 374 lakh bales (of 170 kg each) this season (2013-14), which was earlier estimated in December to be at 376 lakh bales. Production of cotton during season 2012-13 was 356.75 lakh bales, lower than the current year. Though area stood lower this year due to high cultivation cost, production prospects are higher due to the boosted yield and cultivation of BT cotton.

Traders from Pakistan are buying cotton particularly from Maharashtra, followed by Gujarat and Andhra Pradesh at fairly good prices. Sourcing cotton from India is being proved price competitive for Pakistan due to the superior quality of produce and lesser transportation expenses due to proximity. It is believed that China will soon lag in the Garment and Textile sector due to higher cost associated with the industry, which will create a void, and that has to be filled by other Asian nations including Pakistan. Though Shiv Sena is protesting against these kinds of trades between India and Pakistan, the farmers and traders are willing to maintain bilateral trade relations.

Union Agriculture Minister Sharad Pawar said that we are no more dependent on cotton and wheat imports, in fact we have earned the foreign exchange of Rs.2.32 lakh crore by exporting these two commodities to foreign countries.

Weather has improved in most of the cotton growing region, leading to harvesting and so the 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 estimates of Department of Agriculture and cooperation (DAC) would be around 353 lakh bales (of 170 kg each), compared to 340 lakh bales last year.

Yield of cotton though initially gained significantly, but it is likely to decline during the consequences in later stages.

Export according to USDA estimates, are likely to be around 96.05 lakh bales this season (2013-14), versus 101.43 last season.

Import as per the USDA estimates, would be around 14.05 lakh bales this season, compared to 14.59 lakh bales previous 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 USDA february'14 estimates, is likely to be around 25.402 million tones during this season (2013-14), whereas it was 26.796 million tones previous 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	-12.5	924	924	924	924	1	1	12	0
Mar-14				0	0	0	0	2	0
Apr-14	1.5	977	979	966.5	973.5	15577	-784	18690	598

	Feb-14	Mar-14	Apr-14
Spot	166		
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	-3.50	930.00	934.50	928.00	930.30	27.00	8.00	250.00	-2.00
Apr-14	1.90	979.40	980.40	971.50	977.90	333.00	-285.00	606.00	14.00

	Mar-14	Apr-14
Spot	159.7	
Mar-14		47.6
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	0.87	20720	20820	20680	20800
31-Mar-14	0.81	21000	21150	20970	21090
30-Apr-14	0.66	21240	21430	21240	21370
30-May-14	0.7	21620	21690	21580	21690
30-Jun-14	0.41	21970	22010	21920	22000
31-Jul-14	3.98	21220	21430	21220	21430

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		12-Feb-14	11-Feb-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4950	4975	-25
Khandwa	Mech-1	5175	5300	-125
Khargaon	Mech-1	5175	5300	-125
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5450	50
Rajkot	B.T. Cotton	5450	5525	-75
Patan	B.T. Cotton	5425	5435	-10
Muktsar	B.T. Cotton	5650	5500	150
Fazilika	B.T. Cotton	5500	5525	-25
Bhiwani	B.T. Cotton	5625	5600	25
Adampur	B.T. Cotton	5500	5465	35
Fatehabad	B.T. Cotton	5525	5515	10
Jind	B.T. Cotton	5520	5517	3
Rawatsar (Hanumangarh)	B.T. Cotton	5450	5370	80
Hubli	B.T. Cotton	5355	5311	44
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5500	5500	Unch
Gondal	Shankar-6	5440	5440	Unch
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5251	5231	20
Hubli	D.C.H.	6239	6239	Unch
Raichur	H-44 Cotton	5100	5050	50
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4640	4635	5
Muktsar	J-34	4630	4640	-10
Fazilika	J-34	4650	4650	Unch
Bhatinda	J-34	4650	4655	-5
Mansa	J-34	4625	4620	5
Sirsa	J-34	4500	4510	-10
Sri-Ganganagar	J-34	4277	4277	Unch
Hanumangarh	B.T. Cotton	NR	4535	-
Adilabad	>30mm	NR	NR	-

Warangal	>30mm	NR	NR	-
Guntur	>30mm	NR	NR	-
Bhainsa	>30mm	NR	NR	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		12-Feb-14	11-Feb-14	
Amravati	Mech-1	34000	34500	-500
Khandwa	Mech-1	2000	2500	-500
Khargaon	Mech-1	8000	8000	Unch
Mahesana(Kadi)	B.T. Cotton	75000	80000	-5000
Rajkot	B.T. Cotton	5900	4100	1800
Patan	B.T. Cotton	5300	7040	-1740
Fazilika	B.T. Cotton	1200	1500	-300
Bhiwani	B.T. Cotton	600	600	Unch
Adampur	B.T. Cotton	1105	1020	85
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	5950	5100	850
Rawatsar (Hanumangarh)	B.T. Cotton	300	300	Unch
Hubli	B.T. Cotton	128	1054	-926
Ahmedabad	Shankar-6	102000	98600	3400
Gondal	Shankar-6	1392	1210	182
Bijapur	Bunny	964	1131	-167
Hubli	D.C.H.	NR	NR	-
Raichur	H-44 Cotton	2450	2605	-155
Abohar	J-34	850	850	Unch
Muktsar	J-34	595	425	170
Bhatinda	J-34	32300	30600	1700
Mansa	J-34	1190	850	340
Sirsa	J-34	2550	2550	Unch
Sri-Ganganagar	J-34	5100	5100	Unch
Hanumangarh	B.T. Cotton	NR	1500	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Feb-14	10-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
J-34(202)	26mm	3.5 - 4.9	23	42400	42800	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41400	42000	-600
Shankar-6(105)	29mm	3.5 - 4.9	28	42400	42800	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43500	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44000	44400	-400
DCH-32(107)	34mm	3.0 - 3.8	33	64000	64000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 12/Feb/2014

Index	RMB/Ton	Change
CCIndex(328)	19450	1
CCIndex(527)	17932	-5
CCIndex(229)	20323	4

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

Cotlook Index: As on 11/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.15	Unch

USDA Cotton Spot Rates: As on 11/2/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	87.67	90.67	1171
North Delta	86.92	89.42	423
South Delta	86.92	89.42	Nil
East TX-OK	83.25	85.50	855
West Texas	83.25	85.25	2400
Desert SW	83.42	90.17	Nil
SJ Valley	84.17	94.82	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 11/2/2014

Contract	Open	High	Low	Close	Change
Mar-14	87.34	88.84	86.66	88.67	+1.30
May-14	87.86	89.34	87.23	89.20	+1.30



13th February 2014

Jul-14	87.04	88.35	86.49	88.21	+1.03
Oct-14	81.00	81.00	80.05	80.80	+0.80
Dec-14	77.79	78.41	77.70	78.39	+0.57
Mar-15	78.15	78.87	78.14	78.87	+0.51

Pakistan Cotton Spot rates: As on 11 Feb 2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32kgs	7000	155	7155
Equivalent	40kgs	7502	155	7657

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