

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone in domestic market on Thursday. Prices of cotton are ruling weak due to sluggish demand and ample supply in the market. Arrival stood higher at 215000 bales today compared to 180000 bales on Wednesday.

In The News: India is noticing demand for cotton from overseas markets majorly from China due to its superior quality. Corser cotton particularly is in demand.

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.

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:

- World cotton export would be on lower side as China is about to offload the existing inventories and not intended to import; besides it has restricted the import by imposing import quotas.
- **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	-6	903	940	903	918	9	8	12	0
Mar-14	-25	933	933	933	933	1	1	2	0
Apr-14	-7.5	973.5	979	964.5	965.5	15916	339	17419	-1271

	Feb-14	Mar-14	Apr-14
Spot	167		
Feb-14		15	
Mar-14			32.5

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	-5.40	931.00	936.30	926.00	926.00	30.00	3.00	251.00	1.00
Apr-14	-6.90	977.00	982.70	969.50	969.80	361.00	28.00	647.00	41.00

	Mar-14	Apr-14
Spot	159	
Mar-14		43.8
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	-0.38	20800	20830	20700	20700
31-Mar-14	-0.38	21090	21130	20980	20990
30-Apr-14	-0.33	21360	21410	21280	21290
30-May-14	-0.23	21660	21720	21570	21600
30-Jun-14	0.18	21940	22040	21940	22010
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		13-Feb-14	12-Feb-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4950	4950	Unch
Khandwa	Mech-1	5175	5175	Unch
Khargaon	Mech-1	5175	5175	Unch
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5425	5450	-25
Patan	B.T. Cotton	5455	5425	30
Muktsar	B.T. Cotton	5600	5650	-50
Fazilika	B.T. Cotton	5515	5500	15
Bhiwani	B.T. Cotton	5650	5625	25
Adampur	B.T. Cotton	5535	5500	35
Fatehabad	B.T. Cotton	5500	5525	-25
Jind	B.T. Cotton	5520	5520	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	5450	5450	Unch
Hubli	B.T. Cotton	5355	5355	Unch
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5500	5500	Unch
Gondal	Shankar-6	5260	5440	-180
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5233	5251	-18
Hubli	D.C.H.	6239	6239	Unch
Raichur	H-44 Cotton	5100	5100	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4665	4640	25
Muktsar	J-34	4670	4630	40
Fazilika	J-34	4670	4650	20
Bhatinda	J-34	4675	4650	25
Mansa	J-34	4650	4625	25
Sirsa	J-34	4550	4500	50
Sri-Ganganagar	J-34	4296	4277	19
Hanumangarh	B.T. Cotton	4575	-	-
Adilabad	>30mm	4482	4482	Unch

Warangal	>30mm	4493	4493	Unch
Guntur	>30mm	4461	4461	Unch
Bhainsa	>30mm	4498	4498	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		13-Feb-14	12-Feb-14	
Amravati	Mech-1	35000	34000	1000
Khandwa	Mech-1	2000	2000	Unch
Khargaon	Mech-1	8000	8000	Unch
Mahesana(Kadi)	B.T. Cotton	47500	75000	-27500
Rajkot	B.T. Cotton	4500	5900	-1400
Patan	B.T. Cotton	5412	5300	112
Fazilika	B.T. Cotton	1200	1200	Unch
Bhiwani	B.T. Cotton	400	600	-200
Adampur	B.T. Cotton	1020	1105	-85
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	8500	5950	2550
Rawatsar (Hanumangarh)	B.T. Cotton	250	300	-50
Hubli	B.T. Cotton	128	128	Unch
Ahmedabad	Shankar-6	93500	102000	-8500
Gondal	Shankar-6	1497	1392	105
Bijapur	Bunny	769	964	-195
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	2210	2450	-240
Abohar	J-34	680	850	-170
Muktsar	J-34	425	595	-170
Bhatinda	J-34	32300	32300	Unch
Mansa	J-34	1020	1190	-170
Sirsa	J-34	2550	2550	Unch
Sri-Ganganagar	J-34	5100	5100	Unch
Hanumangarh	B.T. Cotton	2000	-	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Feb-14	11-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39700	39900	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40200	40400	-200
J-34(202)	26mm	3.5 - 4.9	23	42600	42400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	41400	300
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42400	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43300	43000	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44000	300
DCH-32(107)	34mm	3.0 - 3.8	33	64000	64000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 13/Feb/2014

Index	RMB/Ton	Change
CCIndex(328)	19454	+4
CCIndex(527)	17924	-8
CCIndex(229)	20316	-7

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

Cotlook Index: As on 12/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	95.35	+1.20

USDA Cotton Spot Rates: As on 12/2/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	87.37	90.37	1227
North Delta	86.62	89.12	Nil
South Delta	86.62	89.12	Nil
East TX-OK	83.25	85.50	5201
West Texas	83.25	85.25	13925
Desert SW	83.12	89.87	433
SJ Valley	83.87	94.52	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 12/2/2014

Contract	Open	High	Low	Close	Change
Mar-14	88.67	89.31	87.98	88.37	-0.30
May-14	89.20	89.67	88.51	88.85	-0.35
Jul-14	88.18	88.75	87.66	87.94	-0.27
Oct-14	80.63	80.63	80.63	80.63	-0.17
Dec-14	78.38	78.42	77.79	78.32	-0.07
Mar-15	78.91	78.91	78.75	78.80	-0.07

Pakistan Cotton Spot rates: As on 12 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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