

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed weak tone in domestic market on Friday. Prices of cotton are ruling weak due to sluggish demand and ample supply in the market. Arrival stood lower at 206000 bales today compared to 215000 bales on Thursday.

**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	1.5	917.5	920.5	917.5	920.5	2	-7	15	3
Mar-14		0	0	0	0	0	-1	3	1
Apr-14	-3	966	969	961	963.5	7331	-8585	17585	166

	Feb-14	Mar-14	Apr-14
Spot	165.5		
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	-2.50	927.00	931.70	925.00	925.50	28.00	-2.00	255.00	4.00
Apr-14	-2.60	969.50	973.00	966.00	968.50	288.00	-73.00	674.00	27.00

	Mar-14	Apr-14
Spot	160.5	
Mar-14		43
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
<b>27-Feb-14</b>	-0.39	20680	20710	20610	20630
<b>31-Mar-14</b>	-0.29	20980	21000	20910	20940
<b>30-Apr-14</b>	-0.28	21250	21300	21220	21240
<b>30-May-14</b>	-0.28	21580	21590	21540	21540
<b>30-Jun-14</b>	-0.36	21870	21920	21870	21920
<b>31-Jul-14</b>	+0.27	22240	22240	22240	22240

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		14-Feb-14	13-Feb-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	5000	4950	50
Khandwa	Mech-1	Closed	5175	-
Khargaon	Mech-1	Closed	5175	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Mahešana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5430	5425	5
Patan	B.T. Cotton	5445	5455	-10
Muktsar	B.T. Cotton	5550	5600	-50
Fazilika	B.T. Cotton	5525	5515	10
Bhiwani	B.T. Cotton	5626	5650	-24
Adampur	B.T. Cotton	5495	5535	-40
Fatehabad	B.T. Cotton	5500	5500	Unch
Jind	B.T. Cotton	5520	5520	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	5460	5450	10
Hubli	B.T. Cotton	NR	5319	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5500	5500	Unch
Gondal	Shankar-6	5380	5260	120
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5249	5233	16
Hubli	D.C.H.	NR	6419	-
Raichur	H-44 Cotton	4800	5100	-300
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4655	4665	-10
Muktsar	J-34	4665	4670	-5
Fazilika	J-34	4670	4670	Unch
Bhatinda	J-34	4680	4675	5
Mansa	J-34	4650	4650	Unch
Sirsa	J-34	4530	4550	-20
Sri-Ganganagar	J-34	4287	4296	-9
Hanumangarh	B.T. Cotton	4550	4575	-25
Adilabad	>30mm	4482	4482	Unch
Warangal	>30mm	4493	4493	Unch


15<sup>th</sup> February 2014

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

### Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Feb-14	13-Feb-14	
Amravati	Mech-1	35500	35000	500
Khandwa	Mech-1	Closed	2000	-
Khargaon	Mech-1	Closed	8000	-
Mahesana(Kadi)	B.T. Cotton	50000	47500	2500
Rajkot	B.T. Cotton	4200	4500	-300
Patan	B.T. Cotton	5183	5412	-229
Fazilika	B.T. Cotton	1000	1200	-200
Bhiwani	B.T. Cotton	500	400	100
Adampur	B.T. Cotton	680	1020	-340
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	5100	8500	-3400
Rawatsar (Hanumangarh)	B.T. Cotton	500	250	250
Hubli	B.T. Cotton	NR	102	-
Ahmedabad	Shankar-6	93500	93500	Unch
Gondal	Shankar-6	1640	1497	143
Bijapur	Bunny	975	769	206
Hubli	D.C.H.	NR	14	-
Raichur	H-44 Cotton	2110	2210	-100
Abohar	J-34	1190	680	510
Muktsar	J-34	510	425	85
Bhatinda	J-34	28900	32300	-3400
Mansa	J-34	850	1020	-170
Sirsa	J-34	1700	2550	-850
Sri-Ganganagar	J-34	5100	5100	Unch
Hanumangarh	B.T. Cotton	2000	2000	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Feb-14	12-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39700	39700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40200	40200	Unch
J-34(202)	26mm	3.5 - 4.9	23	42800	42600	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	41700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44300	200
DCH-32(107)	34mm	3.0 - 3.8	33	64400	64000	400

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 14/Feb/2014**

Index	RMB/Ton	Change
CCIndex(328)	19448	-6
CCIndex(527)	17913	-11
CCIndex(229)	20307	-9

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

**Cotlook Index: As on 13/2/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	95.10	-0.25

**USDA Cotton Spot Rates: As on 13/2/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.60	89.60	188
North Delta	85.85	88.35	Nil
South Delta	85.85	88.35	Nil
East TX-OK	82.50	84.75	6692
West Texas	82.50	84.50	2431
Desert SW	82.35	89.10	Nil
SJ Valley	83.10	93.75	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 13/2/2014**

Contract	Open	High	Low	Close	Change
<b>Mar-14</b>	88.14	89.00	86.80	87.60	<b>-0.77</b>
<b>May-14</b>	88.68	89.63	87.35	88.58	<b>-0.27</b>
<b>Jul-14</b>	87.88	89.00	86.73	88.22	<b>+0.28</b>
<b>Oct-14</b>	80.69	80.69	80.69	80.69	<b>+0.06</b>
<b>Dec-14</b>	78.09	78.15	77.45	78.15	<b>-0.17</b>
<b>Mar-15</b>	78.31	78.61	78.10	78.61	<b>-0.19</b>

**Pakistan Cotton Spot rates: As on 13 Feb 2014 (in Pakistan Rupees)**

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

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