

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone in domestic market on Saturday. Prices of cotton are ruling weak due to sluggish demand and ample supply in the market. Arrival stood lower at 188000 bales today compared to 206000 bales on Friday.

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	0	0	0	0	0	0	-2	15	0
Mar-14		0	0	0	0	0	0	3	0
Apr-14	-2.5	965.5	967.5	957	961	8293	962	18168	583

	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	-1.30	928.50	928.50	925.00	926.50	7.00	-21.00	258.00	3.00
Apr-14	-3.90	969.80	972.50	962.50	964.70	202.00	-86.00	683.00	9.00

	Mar-14	Apr-14
Spot	163.5	
Mar-14		38.2
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	0.05	20780	20780	20610	20650
31-Mar-14	0.05	21000	21010	20920	20950
30-Apr-14	-0.05	21220	21310	21220	21230
30-May-14	-0.14	21580	21580	21530	21540
30-Jun-14	-0.63	22060	22100	22060	22100
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		15-Feb-14	14-Feb-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4900	5000	-100
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5450	5430	20
Patan	B.T. Cotton	5440	5445	-5
Muktsar	B.T. Cotton	5550	5550	Unch
Fazilika	B.T. Cotton	5510	5525	-15
Bhiwani	B.T. Cotton	5650	5626	24
Adampur	B.T. Cotton	5505	5495	10
Fatehabad	B.T. Cotton	5500	5500	Unch
Jind	B.T. Cotton	5520	5520	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	5500	5460	40
Hubli	B.T. Cotton	-	-	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5500	5500	Unch
Gondal	Shankar-6	5420	5380	40
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5239	5249	-10
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	5100	4800	300
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4660	4655	5
Muktsar	J-34	4665	4665	Unch
Fazilika	J-34	4670	4670	Unch
Bhatinda	J-34	4670	4680	-10
Mansa	J-34	4645	4650	-5
Sirsa	J-34	4530	4530	Unch
Sri-Ganganagar	J-34	4287	4287	Unch
Hanumangarh	B.T. Cotton	4550	4550	Unch
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
		15-Feb-14	14-Feb-14	
Amravati	Mech-1	35500	35500	Unch
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
Mahesana(Kadi)	B.T. Cotton	60000	50000	10000
Rajkot	B.T. Cotton	4600	4200	400
Patan	B.T. Cotton	5860	5183	677
Fazilika	B.T. Cotton	1000	1000	Unch
Bhiwani	B.T. Cotton	400	500	-100
Adampur	B.T. Cotton	510	680	-170
Fatehabad	B.T. Cotton	700	800	-100
Jind	B.T. Cotton	5100	5100	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	300	500	-200
Hubli	B.T. Cotton	-	-	-
Ahmedabad	Shankar-6	93500	93500	Unch
Gondal	Shankar-6	1441	1640	-199
Bijapur	Bunny	614	975	-361
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	1550	2110	-560
Abohar	J-34	850	1190	-340
Muktsar	J-34	510	510	Unch
Bhatinda	J-34	34000	28900	5100
Mansa	J-34	510	850	-340
Sirsa	J-34	1700	1700	Unch
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
				14-Feb-14	13-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39500	39700	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40000	40200	-200
J-34(202)	26mm	3.5 - 4.9	23	42600	42800	-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	43500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	64400	64400	Unch

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 14/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.85	-0.25

USDA Cotton Spot Rates: As on 14/2/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.54	89.54	141
North Delta	85.79	88.29	Nil
South Delta	85.79	88.29	Nil
East TX-OK	82.00	84.25	808
West Texas	82.00	84.00	1834
Desert SW	82.29	89.04	Nil
SJ Valley	83.04	93.69	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 14/2/2014

Contract	Open	High	Low	Close	Change
Mar-14	87.78	88.52	87.07	87.55	-0.05
May-14	88.40	89.45	87.95	89.04	+0.46
Jul-14	88.01	88.85	87.44	88.58	+0.36
Oct-14	81.00	81.00	80.63	80.63	-0.06
Dec-14	77.96	78.05	77.44	77.68	-0.47
Mar-15	78.20	78.20	78.20	78.20	-0.41

Pakistan Cotton Spot rates: As on 14 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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