

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone in domestic market on Monday.

Prices of cotton are continuously moving downwards due to ample supply and demand saturation.

Arrival stood higher at 192000 bales today compared to 188000 bales on Saturday.

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	-17	902	902	902	902	1	1	15	0
Mar-14				0	0	0	0	3	0
Apr-14	-3	958	972	950	957	14146	5853	17473	-695

	Feb-14	Mar-14	Apr-14
Spot	193		
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	-6.20	926.00	926.50	916.00	920.30	57.00	50.00	254.00	-4.00
Apr-14	-3.40	964.50	969.50	955.00	961.30	420.00	218.00	672.00	-11.00

	Mar-14	Apr-14
Spot	174.7	
Mar-14		41
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	-0.44	20610	20640	20460	20540
31-Mar-14	-0.48	20920	20940	20730	20830
30-Apr-14	-0.57	21200	21240	21030	21110
30-May-14	-0.6	21520	21530	21360	21430
30-Jun-14	-0.73	21850	21860	21690	21740
31-Jul-14	-0.5	22000	22000	21980	21980

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		17-Feb-14	15-Feb-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4900	4900	Unch
Khandwa	Mech-1	5180	-	-
Khargaon	Mech-1	5180	-	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5475	5450	25
Patan	B.T. Cotton	5410	5440	-30
Muktsar	B.T. Cotton	5500	5550	-50
Fazilika	B.T. Cotton	5550	5510	40
Bhiwani	B.T. Cotton	5500	5650	-150
Adampur	B.T. Cotton	5425	5505	-80
Fatehabad	B.T. Cotton	5550	5500	50
Jind	B.T. Cotton	5514	5520	-6
Rawatsar (Hanumangarh)	B.T. Cotton	5460	5500	-40
Hubli	B.T. Cotton	4595	-	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5500	5500	Unch
Gondal	Shankar-6	Closed	5420	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	4077	-	-
Hubli	D.C.H.	6159	-	-
Raichur	H-44 Cotton	4200	-	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4635	4660	-25
Muktsar	J-34	4640	4665	-25
Fazilika	J-34	4635	4670	-35
Bhatinda	J-34	4660	4670	-10
Mansa	J-34	4635	4645	-10
Sirsa	J-34	4515	4530	-15
Sri-Ganganagar	J-34	4277	4287	-10
Hanumangarh	B.T. Cotton	4550	4550	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Feb-14	15-Feb-14	
Amravati	Mech-1	35000	35500	-500
Khandwa	Mech-1	2200	-	-
Khargaon	Mech-1	8000	-	-
Mahesana(Kadi)	B.T. Cotton	50000	60000	-10000
Rajkot	B.T. Cotton	3500	4600	-1100
Patan	B.T. Cotton	7300	5860	1440
Fazilika	B.T. Cotton	800	1000	-200
Bhiwani	B.T. Cotton	600	400	200
Adampur	B.T. Cotton	1190	510	680
Fatehabad	B.T. Cotton	1000	700	300
Jind	B.T. Cotton	8500	5100	3400
Rawatsar (Hanumangarh)	B.T. Cotton	100	300	-200
Hubli	B.T. Cotton	1340	-	-
Ahmedabad	Shankar-6	93500	93500	Unch
Gondal	Shankar-6	Closed	1441	-
Bijapur	Bunny	614	-	-
Hubli	D.C.H.	32	-	-
Raichur	H-44 Cotton	1550	-	-
Abohar	J-34	850	850	Unch
Muktsar	J-34	510	510	Unch
Bhatinda	J-34	30600	34000	-3400
Mansa	J-34	850	510	340
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	5100	5100	Unch
Hanumangarh	B.T. Cotton	400	2000	-1600

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Feb-14	14-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39500	39500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40000	40000	Unch
J-34(202)	26mm	3.5 - 4.9	23	42600	42600	Unch
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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