

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone in domestic market on Tuesday. Prices of cotton are moving sideways, as fresh demand of yarn has been reported. Arrival stood higher at 197000 bales today compared to 192000 bales on Monday.

In The News: India has become one of the top GM crop growers all around world. Plantation of BT cotton, the only approved GM crop for cultivation in India, has made nation the fourth largest genetically modified crop grower in the world. It should be noted that area under cultivation BT cotton stood 11 million hectares, where as total area under cotton cultivation this season stood 11.4 million hectares, according to Ministry of Agriculture. Currently USA has largest area under GM crops followed by Brazil, Argentina and India.

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.

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, as demand is expected to be sluggish.

NCDEX Kapas Futures : (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14	-4	912	915.5	912	915	7	6	10	-5
Mar-14		0	0	0	0	0	0	3	0
Apr-14	-4.5	961	963	952.5	953.5	8775	-5371	18407	934

	Feb-14	Mar-14	Apr-14
Spot	170		
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	-6.10	920.20	926.80	915.30	916.00	28.00	-29.00	253.00	-1.00
Apr-14	-5.10	965.00	966.00	956.00	957.00	357.00	-63.00	691.00	19.00

	Mar-14	Apr-14
Spot	169	
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	0.49	20610	20660	20540	20640
31-Mar-14	0.38	20880	20930	20830	20910
30-Apr-14	0.33	21180	21200	21110	21180
30-May-14	0.28	21430	21510	21430	21490
30-Jun-14	-0.18	21780	21820	21750	21750
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		18-Feb-14	17-Feb-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4900	4900	Unch
Khandwa	Mech-1	5200	5180	20
Khargaon	Mech-1	5200	5180	20
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5425	5475	-50
Patan	B.T. Cotton	5430	5410	20
Muktsar	B.T. Cotton	5500	5500	Unch
Fazilika	B.T. Cotton	5550	5550	Unch
Bhiwani	B.T. Cotton	5600	5500	100
Adampur	B.T. Cotton	5425	5425	Unch
Fatehabad	B.T. Cotton	5450	5550	-100
Jind	B.T. Cotton	5473	5514	-41
Rawatsar (Hanumangarh)	B.T. Cotton	5450	5460	-10
Hubli	B.T. Cotton	5323	5359	-36
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5500	5500	Unch
Gondal	Shankar-6	Closed	Closed	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5259	5259	Unch
Hubli	D.C.H.	-	6719	-
Raichur	H-44 Cotton	-	5150	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4620	4635	-15
Muktsar	J-34	4620	4640	-20
Fazilika	J-34	4635	4635	Unch
Bhatinda	J-34	4630	4660	-30
Mansa	J-34	4619	4635	-16
Sirsa	J-34	4490	4515	-25
Sri-Ganganagar	J-34	4540	4277	263
Hanumangarh	B.T. Cotton	4525	4550	-25

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		18-Feb-14	17-Feb-14	
Amravati	Mech-1	35000	35000	Unch
Khandwa	Mech-1	3000	2200	800
Khargaon	Mech-1	8000	8000	Unch
Mahesana(Kadi)	B.T. Cotton	60000	50000	10000
Rajkot	B.T. Cotton	2600	3500	-900
Patan	B.T. Cotton	7734	7300	434
Fazilika	B.T. Cotton	800	800	Unch
Bhiwani	B.T. Cotton	400	600	-200
Adampur	B.T. Cotton	1020	1190	-170
Fatehabad	B.T. Cotton	800	1000	-200
Jind	B.T. Cotton	2040	8500	-6460
Rawatsar (Hanumangarh)	B.T. Cotton	400	100	300
Hubli	B.T. Cotton	625	1137	-512
Ahmedabad	Shankar-6	68000	93500	-25500
Gondal	Shankar-6	Closed	Closed	-
Bijapur	Bunny	793	1112	-319
Hubli	D.C.H.	-	4	-
Raichur	H-44 Cotton	-	1667	-
Abohar	J-34	850	850	Unch
Muktsar	J-34	340	510	-170
Bhatinda	J-34	34000	30600	3400
Mansa	J-34	1190	850	340
Sirsa	J-34	2550	1700	850
Sri-Ganganagar	J-34	5100	5100	Unch
Hanumangarh	B.T. Cotton	400	400	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Feb-14	15-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39000	39500	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39500	40000	-500
J-34(202)	26mm	3.5 - 4.9	23	42300	42600	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41500	41700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43500	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44000	44500	-500
DCH-32(107)	34mm	3.0 - 3.8	33	64000	64400	-400

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 18/Feb/2014

Index	RMB/Ton	Change
CCIndex(328)	19460	9
CCIndex(527)	17918	-3
CCIndex(229)	20315	3

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

Cotlook Index: As on 17/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	95.35	0.50

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 15 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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