

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone in domestic market on Wednesday. Prices of cotton are moving sideways, as fresh demand of yarn has been reported. Arrival stood lower at 193000 bales today compared to 197000 bales on Tuesday.

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	0	0	0	0	0	0	-7	9	-1
Mar-14	0	0	0	0	0	0	0	3	0
Apr-14	-1	951	955.5	944	953.5	12484	3709	17864	-543

	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	-0.70	915.10	918.00	913.00	918.00	20.00	-8.00	254.00	1.00
Apr-14	-0.90	956.00	958.50	948.50	957.40	455.00	98.00	686.00	-5.00

	Mar-14	Apr-14
Spot	162	
Mar-14		39.4
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	0.34	20590	21000	20540	20710
31-Mar-14	0.38	20870	21000	20800	20980
30-Apr-14	0.38	21150	21280	21070	21260
30-May-14	0.51	21410	21580	21400	21580
30-Jun-14	-0.09	21730	21760	21730	21760
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		19-Feb-14	18-Feb-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4900	4900	Unch
Khandwa	Mech-1	5150	5200	-50
Khargaon	Mech-1	5150	5200	-50
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5400	5425	-25
Patan	B.T. Cotton	5375	5430	-55
Muktsar	B.T. Cotton	5450	5500	-50
Fazilika	B.T. Cotton	5550	5550	Unch
Bhiwani	B.T. Cotton	5600	5600	Unch
Adampur	B.T. Cotton	5440	5425	15
Fatehabad	B.T. Cotton	5450	5450	Unch
Jind	B.T. Cotton	5501	5473	28
Rawatsar (Hanumangarh)	B.T. Cotton	5350	5450	-100
Hubli	B.T. Cotton	5239	5323	-84
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5450	5500	-50
Gondal	Shankar-6	Closed	Closed	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5243	5259	-16
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	5100	5100	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4600	4620	-20
Muktsar	J-34	4635	4620	15
Fazilika	J-34	4635	4635	Unch
Bhatinda	J-34	4640	4630	10
Mansa	J-34	4640	4619	21
Sirsa	J-34	4490	4490	Unch
Sri-Ganganagar	J-34	4230	4540	-310
Hanumangarh	B.T. Cotton	4550	4525	25

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		19-Feb-14	18-Feb-14	
Amravati	Mech-1	35000	35000	Unch
Khandwa	Mech-1	2000	3000	-1000
Khargaon	Mech-1	8000	8000	Unch
Mahesana(Kadi)	B.T. Cotton	50000	60000	-10000
Rajkot	B.T. Cotton	3100	2600	500
Patan	B.T. Cotton	7514	7734	-220
Fazilika	B.T. Cotton	800	800	Unch
Bhiwani	B.T. Cotton	200	400	-200
Adampur	B.T. Cotton	850	1020	-170
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	2797	2040	757
Rawatsar (Hanumangarh)	B.T. Cotton	250	400	-150
Hubli	B.T. Cotton	721	625	96
Ahmedabad	Shankar-6	93500	68000	25500
Gondal	Shankar-6	Closed	Closed	-
Bijapur	Bunny	1145	793	352
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	4580	2050	2530
Abohar	J-34	850	850	Unch
Muktsar	J-34	425	340	85
Bhatinda	J-34	34000	34000	Unch
Mansa	J-34	850	1190	-340
Sirsa	J-34	2550	2550	Unch
Sri-Ganganagar	J-34	2040	5100	-3060
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
				18-Feb-14	17-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39000	39000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39500	39500	Unch
J-34(202)	26mm	3.5 - 4.9	23	42400	42300	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41500	41500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43500	44000	-500
DCH-32(107)	34mm	3.0 - 3.8	33	63500	64000	-500

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 19/Feb/2014

Index	RMB/Ton	Change
CCIndex(328)	19460	Unch
CCIndex(527)	17916	-2
CCIndex(229)	20313	-2

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

Cotlook Index: As on 18/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	95.35	Unch

USDA Cotton Spot Rates: As on 18/2/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.98	89.98	2232
North Delta	86.23	88.73	NIL
South Delta	86.23	88.73	NIL
East TX-OK	82.75	85	4588
West Texas	82.75	84.75	8804
Desert SW	82.73	89.48	NIL
SJ Valley	83.48	94.13	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 18/2/2014

Contract	Open	High	Low	Close	Change
Mar-14	88.00	88.24	87.3	87.91	0.36
May-14	89.22	89.63	88.67	89.48	0.44
Jul-14	88.53	89.06	88.28	89	0.42
Oct-14	80.64	81.03	80.5	81.03	0.4
Dec-14	77.6	78.14	77.49	78.06	0.38
Mar-15	78.26	78.61	78.08	78.61	0.41

Pakistan Cotton Spot rates: As on 18 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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