

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone in domestic market on Thursday. Prices of cotton are moving sideways, as fresh demand of yarn has been reported. Arrival stood lower at 192000 bales today compared to 193000 bales on Wednesday.

**In The News:** India has imported 2 million bales of cotton (of 170 kgs each) till now during the current season (Oct'13-Sep'14), though total imports expected for this season was 1.2 million, as targeted by Cotton Advisory Board (CAB). Mills, particularly from southern India are finding it competitive to source cotton from overseas than from domestic market as the transportation expenses are very high when they buy the produce any of the western region of the country. Availability of 90-180 days credit facility also persuading millers to buy from other nation. It should be noted that most of the supplies are coming from African regions.

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, whereas 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.

**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	910.5	910.5	909	909	2	2	9	0
Mar-14	-0.5	911	932.5	911	932.5	2	2	3	0
Apr-14	6.5	952	962.5	948	959	10782	-1702	17879	15

	Feb-14	Mar-14	Apr-14
Spot	172		
Feb-14		23.5	
Mar-14			26.5

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	5.30	919.60	925.50	919.60	921.10	11.00	-9.00	246.00	-8.00
Apr-14	5.70	954.80	964.90	951.50	961.50	416.00	-39.00	695.00	9.00

	Mar-14	Apr-14
Spot	159.9	
Mar-14		40.4
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	-0.05	20670	20800	20630	20710
31-Mar-14	0.05	20960	21060	20890	20980
30-Apr-14	0.05	21220	21340	21180	21270
30-May-14	0.14	21560	21630	21500	21580
30-Jun-14	0.74	21820	21940	21800	21910
31-Jul-14	--	--	--	--	--

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

Centre	Variety	Prices		Change
		20-Feb-14	19-Feb-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4875	4900	-25
Khandwa	Mech-1	5200	5150	50
Khargaon	Mech-1	5200	5150	50
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5405	5400	5
Patan	B.T. Cotton	5355	5375	-20
Deesa	B.T. Cotton	5245	5220	25
Muktsar	B.T. Cotton	5500	5450	50
Fazilika	B.T. Cotton	5495	5550	-55
Bhiwani	B.T. Cotton	5600	5600	Unch
Adampur	B.T. Cotton	5435	5440	-5
Fatehabad	B.T. Cotton	5475	5450	25
Jind	B.T. Cotton	5500	5501	-1
Rawatsar (Hanumangarh)	B.T. Cotton	5350	5350	Unch
Hubli	B.T. Cotton	5333	5239	94
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5425	5450	-25
Gondal	Shankar-6	5375	-	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5257	5243	14
Hubli	D.C.H.	6569	6719	-150
Raichur	H-44 Cotton	5100	5100	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4625	4600	25
Muktsar	J-34	4630	4635	-5
Fazilika	J-34	4520	4635	-115
Bhatinda	J-34	4630	4640	-10
Mansa	J-34	4625	4640	-15
Sirsa	J-34	4510	4490	20
Sri-Ganganagar	J-34	4268	4230	38
Hanumangarh	B.T. Cotton	4540	4550	-10

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Feb-14	19-Feb-14	
Amravati	Mech-1	35500	35000	500
Khandwa	Mech-1	3000	2000	1000
Khargaon	Mech-1	8000	8000	Unch
Mahesana(Kadi)	B.T. Cotton	50000	50000	Unch
Rajkot	B.T. Cotton	3200	3100	100
Patan	B.T. Cotton	7255	7514	-259
Deesa	B.T. Cotton	1245	1450	-205
Fazilika	B.T. Cotton	1200	800	400
Bhiwani	B.T. Cotton	400	200	200
Adampur	B.T. Cotton	850	850	Unch
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	3400	2797	603
Rawatsar (Hanumangarh)	B.T. Cotton	350	250	100
Hubli	B.T. Cotton	1498	721	777
Ahmedabad	Shankar-6	85000	93500	-8500
Gondal	Shankar-6	693	-	-
Bijapur	Bunny	769	1145	-376
Hubli	D.C.H.	10	4	6
Raichur	H-44 Cotton	1290	1662	-372
Abohar	J-34	850	850	Unch
Muktsar	J-34	510	425	85
Bhatinda	J-34	34000	34000	Unch
Mansa	J-34	1360	850	510
Sirsa	J-34	2040	2550	-510
Sri-Ganganagar	J-34	5100	2040	3060
Hanumangarh	B.T. Cotton	1200	400	800

**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 20/Feb/2014**

Index	RMB/Ton	Change
CCIndex(328)	19458	-2
CCIndex(527)	17900	-16
CCIndex(229)	20313	Unch

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

**Cotlook Index: As on 19/2/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	95.75	0.40

**USDA Cotton Spot Rates: As on 19/2/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.41	88.41	264
North Delta	84.66	87.16	Nil
South Delta	84.66	87.16	Nil
East TX-OK	81.50	83.75	3999
West Texas	81.50	83.50	2655
Desert SW	81.16	87.91	Nil
SJ Valley	81.91	92.56	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 19/2/2014**

Contract	Open	High	Low	Close	Change
<b>Mar-14</b>	87.91	88.05	86.81	86.97	<b>-0.94</b>
<b>May-14</b>	89.50	89.55	87.81	87.91	<b>-1.57</b>
<b>Jul-14</b>	88.93	89.15	87.74	87.83	<b>-1.17</b>
<b>Oct-14</b>	80.31	80.31	80.31	80.31	<b>-0.72</b>
<b>Dec-14</b>	77.85	78.00	77.51	77.79	<b>-0.27</b>
<b>Mar-15</b>	78.49	78.49	77.75	78.24	<b>-0.37</b>

**Pakistan Cotton Spot rates: As on 19 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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