

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone in domestic market on Friday. Prices of cotton moving range bound amid indecision prevailing in the market. Arrival stood higher at 196000 bales today compared to 192000 bales on Thursday.

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, 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.

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	-8.5	901.5	901.5	901.5	901.5	1	-1	11	2
Mar-14				0	0	0	-2	3	0
Apr-14	-1	960	963	954	958.5	9822	-960	17844	-35

	Feb-14	Mar-14	Apr-14
Spot	183.5		
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	-0.60	919.90	923.00	916.00	922.40	5.00	-6.00	245.00	-1.00
Apr-14	-2.00	961.00	965.00	956.00	959.50	480.00	64.00	716.00	21.00

	Mar-14	Apr-14
Spot	162.6	
Mar-14		37.1
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	20710	20790	20650	20730
31-Mar-14	0.19	20990	21090	20930	21040
30-Apr-14	0.09	21270	21360	21230	21310
30-May-14	0.09	21550	21650	21550	21600
30-Jun-14	0.09	21910	21910	21900	21900
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		21-Feb-14	20-Feb-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4900	4875	25
Khandwa	Mech-1	5250	5200	50
Khargaon	Mech-1	5250	5200	50
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5425	5405	20
Patan	B.T. Cotton	5355	5355	Unch
Deesa	B.T. Cotton	5255	5245	10
Muktsar	B.T. Cotton	5400	5500	-100
Fazilika	B.T. Cotton	5490	5495	-5
Bhiwani	B.T. Cotton	5625	5600	25
Adampur	B.T. Cotton	5430	5435	-5
Fatehabad	B.T. Cotton	5450	5475	-25
Jind	B.T. Cotton	5515	5500	15
Rawatsar (Hanumangarh)	B.T. Cotton	5400	5350	50
Hubli	B.T. Cotton	-	5333	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5450	5425	25
Gondal	Shankar-6	5370	5375	-5
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5261	5257	4
Hubli	D.C.H.	-	6569	-
Raichur	H-44 Cotton	5115	5100	15
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4620	4625	-5
Muktsar	J-34	4635	4630	5
Fazilika	J-34	4520	4520	Unch
Bhatinda	J-34	4630	4630	Unch
Mansa	J-34	4630	4625	5
Sirsa	J-34	4500	4510	-10
Sri-Ganganagar	J-34	4277	4268	9
Hanumangarh	B.T. Cotton	4550	4540	10

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		21-Feb-14	20-Feb-14	
Amravati	Mech-1	35500	35500	Unch
Khandwa	Mech-1	2200	3000	-800
Khargaon	Mech-1	9000	8000	1000
Mahesana(Kadi)	B.T. Cotton	60000	50000	10000
Rajkot	B.T. Cotton	3600	3200	400
Patan	B.T. Cotton	7926	7255	671
Deesa	B.T. Cotton	1000	1245	-245
Fazilika	B.T. Cotton	1200	1200	Unch
Bhiwani	B.T. Cotton	600	400	200
Adampur	B.T. Cotton	850	850	Unch
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	2176	3400	-1224
Rawatsar (Hanumangarh)	B.T. Cotton	100	350	-250
Hubli	B.T. Cotton	-	1498	-
Ahmedabad	Shankar-6	85000	85000	Unch
Gondal	Shankar-6	1519	693	826
Bijapur	Bunny	893	769	124
Hubli	D.C.H.	-	10	-
Raichur	H-44 Cotton	1962	1290	672
Abohar	J-34	850	850	Unch
Muktsar	J-34	340	510	-170
Bhatinda	J-34	30600	34000	-3400
Mansa	J-34	1360	1360	Unch
Sirsa	J-34	2040	2040	Unch
Sri-Ganganagar	J-34	4250	5100	-850
Hanumangarh	B.T. Cotton	1000	1200	-200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Feb-14	18-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	42400	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41400	41500	-100
Shankar-6(105)	29mm	3.5 – 4.9	28	42600	42600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42800	43000	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43500	43500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	63000	63500	-500

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 21/Feb/2014

Index	RMB/Ton	Change
CCIndex(328)	19458	Unch
CCIndex(527)	17900	Unch
CCIndex(229)	20311	-2

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

Cotlook Index: As on 20/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.15	-1.60

USDA Cotton Spot Rates: As on 20/2/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.15	88.15	108
North Delta	84.40	86.90	Nil
South Delta	84.40	86.90	Nil
East TX-OK	81.25	83.50	2000
West Texas	81.25	83.25	1137
Desert SW	80.90	87.65	18
SJ Valley	81.65	92.30	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 20/2/2014

Contract	Open	High	Low	Close	Change
Mar-14	87.10	87.30	86.24	86.37	-0.60
May-14	87.90	88.25	87.46	87.65	-0.26
Jul-14	87.72	88.03	87.12	87.43	-0.40
Oct-14	80.21	80.21	80.21	80.21	-0.10
Dec-14	77.94	77.99	77.40	77.99	+0.20
Mar-15	78.10	78.47	78.10	78.47	+0.23

Pakistan Cotton Spot rates: As on 20 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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