

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to mixed tone in domestic market on Saturday. Prices of cotton moving range bound amid indecision prevailing in the market. Arrival stood lower at 191000 bales today compared to 196000 bales on Friday.

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 its 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	0	901	910	901	910	1	0	11	0
Mar-14		944.5	944.5	915	922.5	12	12	4	1
Apr-14	1.5	960	963	955.5	961	4264	-5558	18312	468

	Feb-14	Mar-14	Apr-14
Spot	165		
Feb-14		12.5	
Mar-14			38.5

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	2.50	921.50	925.00	921.50	923.30	2.00	-3.00	243.00	-2.00
Apr-14	1.70	968.00	968.00	957.50	961.90	131.00	-349.00	711.00	-5.00

	Mar-14	Apr-14
Spot	151.7	
Mar-14		38.6
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
		22-Feb-14	21-Feb-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4900	4900	Unch
Khandwa	Mech-1	Closed	5250	-
Khargaon	Mech-1	Closed	5250	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5375	5425	-50
Patan	B.T. Cotton	5380	5355	25
Deesa	B.T. Cotton	5200	5255	-55
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5505	5490	15
Bhiwani	B.T. Cotton	5630	5625	5
Adampur	B.T. Cotton	5435	5430	5
Fatehabad	B.T. Cotton	5500	5450	50
Jind	B.T. Cotton	5550	5515	35
Rawatsar (Hanumangarh)	B.T. Cotton	5300	5400	-100
Hubli	B.T. Cotton	-	-	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5450	5450	Unch
Gondal	Shankar-6	5365	5370	-5
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	-	5261	-
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	-	5115	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4610	4620	-10
Muktsar	J-34	4615	4635	-20
Fazilika	J-34	4600	4520	80
Bhatinda	J-34	4630	4630	Unch
Mansa	J-34	4620	4630	-10
Sirsa	J-34	4500	4500	Unch
Sri-Ganganagar	J-34	4277	4277	Unch
Hanumangarh	B.T. Cotton	4550	4550	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		22-Feb-14	21-Feb-14	
Amravati	Mech-1	35000	35500	-500
Khandwa	Mech-1	Closed	2200	-
Khargaon	Mech-1	Closed	9000	-
Mahesana(Kadi)	B.T. Cotton	45000	60000	-15000
Rajkot	B.T. Cotton	2950	3600	-650
Patan	B.T. Cotton	8200	7926	274
Deesa	B.T. Cotton	500	1000	-500
Fazilika	B.T. Cotton	1200	1200	Unch
Bhiwani	B.T. Cotton	800	600	200
Adampur	B.T. Cotton	510	850	-340
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	3570	2176	1394
Rawatsar (Hanumangarh)	B.T. Cotton	200	100	100
Hubli	B.T. Cotton	-	-	-
Ahmedabad	Shankar-6	85000	85000	Unch
Gondal	Shankar-6	1081	1519	-438
Bijapur	Bunny	-	893	-
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	-	1962	-
Abohar	J-34	255	850	-595
Muktsar	J-34	340	340	Unch
Bhatinda	J-34	25500	30600	-5100
Mansa	J-34	1360	1360	Unch
Sirsa	J-34	1700	2040	-340
Sri-Ganganagar	J-34	4250	4250	Unch
Hanumangarh	B.T. Cotton	2000	1000	1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				21-Feb-14	20-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	41300	41400	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	42500	42600	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42800	42800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43500	43500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	62500	63000	-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 21/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.90	-0.25

USDA Cotton Spot Rates: As on 21/2/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.85	88.85	103
North Delta	85.1	87.6	NIL
South Delta	85.1	87.6	NIL
East TX-OK	82	84.25	719
West Texas	82	84	1477
Desert SW	81.6	88.35	NIL
SJ Valley	82.35	93	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 21/2/2014

Contract	Open	High	Low	Close	Change
Mar-14	86.29	88.05	86.29	87.09	0.72
May-14	87.6	88.9	87.55	88.35	0.7
Jul-14	87.41	88.38	87.33	88.23	0.8
Oct-14	80.68	80.68	80.68	80.68	0.47
Dec-14	77.9	78.14	77.75	78.14	0.15
Mar-15	78.54	78.59	78.54	78.59	0.12

Pakistan Cotton Spot rates: As on 21 Feb 2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32kgs	6950	155	7105
Equivalent	40kgs	7448	155	7603

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