

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed steady to mixed tone in domestic market on Monday. Prices of cotton moving range bound amid indecision prevailing in the market. Arrival stood lower at 186000 bales today compared to 191000 bales on Saturday.

**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	-16	894	894	894	894	1	0	11	0
Mar-14		896	896	896	896	1	-11	4	0
Apr-14	-24	957	957	935	937	17965	13701	16679	-1633

	Feb-14	Mar-14	Apr-14
Spot	186		
Feb-14		2	
Mar-14			41

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	-27.30	914.00	914.00	896.00	896.00	23.00	21.00	246.00	3.00
Apr-14	-24.20	959.00	959.00	937.00	937.70	721.00	590.00	900.00	189.00

	Mar-14	Apr-14
Spot	184	
Mar-14		41.7
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	-0.77	20710	20740	20550	20590
31-Mar-14	-0.76	21020	21050	20860	20900
30-Apr-14	-0.89	21300	21350	21160	21180
30-May-14	-0.78	21590	21630	21460	21490
30-Jun-14	0.5	22100	22100	22100	22100
31-Jul-14	--	--	--	--	--

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

Centre	Variety	Prices		Change
		24-Feb-14	22-Feb-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4925	4900	25
Khandwa	Mech-1	5200	Closed	-
Khargaon	Mech-1	5200	Closed	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5550	5500	50
Rajkot	B.T. Cotton	5400	5375	25
Patan	B.T. Cotton	5375	5380	-5
Deesa	B.T. Cotton	5310	5200	110
Muktsar	B.T. Cotton	5350	5400	-50
Fazilika	B.T. Cotton	5490	5505	-15
Bhiwani	B.T. Cotton	5525	5630	-105
Adampur	B.T. Cotton	5430	5435	-5
Fatehabad	B.T. Cotton	5400	5500	-100
Jind	B.T. Cotton	5400	5550	-150
Rawatsar (Hanumangarh)	B.T. Cotton	5350	5300	50
Hubli	B.T. Cotton	-	5320	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5450	5450	Unch
Gondal	Shankar-6	5375	5365	10
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	-	5250	-
Hubli	D.C.H.	-	5909	-
Raichur	H-44 Cotton	-	5100	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4610	4610	Unch
Muktsar	J-34	4615	4615	Unch
Fazilika	J-34	4615	4600	15
Bhatinda	J-34	4630	4630	Unch
Mansa	J-34	4610	4620	-10
Sirsa	J-34	4500	4500	Unch
Sri-Ganganagar	J-34	4530	4277	253
Hanumangarh	B.T. Cotton	4530	4550	-20

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		24-Feb-14	22-Feb-14	
Amravati	Mech-1	35000	35000	Unch
Khandwa	Mech-1	2500	Closed	-
Khargaon	Mech-1	10000	Closed	-
Mahesana(Kadi)	B.T. Cotton	50000	45000	5000
Rajkot	B.T. Cotton	3600	2950	650
Patan	B.T. Cotton	9003	8200	-6700
Deesa	B.T. Cotton	1500	500	600
Fazilika	B.T. Cotton	1100	1200	-
Bhiwani	B.T. Cotton	600	800	-200
Adampur	B.T. Cotton	1020	510	510
Fatehabad	B.T. Cotton	1300	800	500
Jind	B.T. Cotton	2550	3570	-1020
Rawatsar (Hanumangarh)	B.T. Cotton	250	200	50
Hubli	B.T. Cotton	-	344	-
Ahmedabad	Shankar-6	85000	85000	Unch
Gondal	Shankar-6	1033	1081	-48
Bijapur	Bunny	-	481	-
Hubli	D.C.H.	-	20	-
Raichur	H-44 Cotton	-	2342	-
Abohar	J-34	850	255	595
Muktsar	J-34	340	340	Unch
Bhatinda	J-34	34000	25500	8500
Mansa	J-34	1020	1360	-340
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	3400	4250	-850
Hanumangarh	B.T. Cotton	1000	2000	-1000

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Feb-14	21-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	41300	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	42500	42500	Unch
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	62500	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 24/Feb/2014**

Index	RMB/Ton	Change
CCIndex(328)	19459	1
CCIndex(527)	17892	-8
CCIndex(229)	20313	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
<b>Mar-14</b>	86.29	88.05	86.29	87.09	<b>0.72</b>
<b>May-14</b>	87.6	88.9	87.55	88.35	<b>0.7</b>
<b>Jul-14</b>	87.41	88.38	87.33	88.23	<b>0.8</b>
<b>Oct-14</b>	80.68	80.68	80.68	80.68	<b>0.47</b>
<b>Dec-14</b>	77.9	78.14	77.75	78.14	<b>0.15</b>
<b>Mar-15</b>	78.54	78.59	78.54	78.59	<b>0.12</b>

**Pakistan Cotton Spot rates: As on 22 Feb 2014 (in Pakistan Rupees)**

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

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