

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed weak tone on Tuesday.

Prices of cotton ruled lower amid lackluster demand in the market.

Arrival stood higher at 192000 bales today compared to 186000 bales on Monday.

**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	-14	875	880	875	880	3	2	8	-3
Mar-14		0	0	0	0	0	-1	3	-1
Apr-14	-4.5	937	938	931	932.5	13363	-4602	16212	-467

	Feb-14	Mar-14	Apr-14
Spot	186		
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	-10.50	892.60	900.90	890.00	890.00	29.00	6.00	241.00	-5.00
Apr-14	-4.00	931.00	939.10	931.00	934.00	312.00	-409.00	838.00	-62.00

	Mar-14	Apr-14
Spot	176	
Mar-14		44
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	-0.19	20660	20670	20500	20530
31-Mar-14	-0.19	20870	20960	20820	20840
30-Apr-14	-0.14	21200	21250	21100	21140
30-May-14	-0.09	21530	21530	21420	21450
30-Jun-14	-0.59	21780	21780	21780	21780
31-Jul-14	--	--	--	--	--

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

Centre	Variety	Prices		Change
		25-Feb-14	24-Feb-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4900	4925	<b>-25</b>
Khandwa	Mech-1	5200	5200	<b>Unch</b>
Khargaon	Mech-1	5200	5200	<b>Unch</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5500	5550	<b>-50</b>
Rajkot	B.T. Cotton	5330	5400	<b>-70</b>
Patan	B.T. Cotton	5330	5375	<b>-45</b>
Deesa	B.T. Cotton	5250	5310	<b>-60</b>
Muktsar	B.T. Cotton	5350	5350	<b>Unch</b>
Fazilika	B.T. Cotton	5490	5490	<b>Unch</b>
Bhiwani	B.T. Cotton	5500	5525	<b>-25</b>
Adampur	B.T. Cotton	5350	5430	<b>-80</b>
Fatehabad	B.T. Cotton	5425	5400	<b>25</b>
Jind	B.T. Cotton	5430	5400	<b>30</b>
Rawatsar (Hanumangarh)	B.T. Cotton	5325	5350	<b>-25</b>
Hubli	B.T. Cotton	5243	5250	<b>-7</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5400	5450	<b>-50</b>
Gondal	Shankar-6	5340	5375	<b>-35</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5271	5259	<b>12</b>
Hubli	D.C.H.	5939	6039	<b>-100</b>
Raichur	H-44 Cotton	-	5111	<b>-</b>
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4595	4610	<b>-15</b>
Muktsar	J-34	4600	4615	<b>-15</b>
Fazilika	J-34	4615	4615	<b>Unch</b>
Bhatinda	J-34	4610	4630	<b>-20</b>
Mansa	J-34	4610	4610	<b>Unch</b>
Sirsa	J-34	4475	4500	<b>-25</b>
Sri-Ganganagar	J-34	4249	4530	<b>-281</b>
Hanumangarh	B.T. Cotton	4530	4530	<b>Unch</b>

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		25-Feb-14	24-Feb-14	
Amravati	Mech-1	36500	35000	1500
Khandwa	Mech-1	2500	2500	Unch
Khargaon	Mech-1	10000	10000	Unch
Mahesana(Kadi)	B.T. Cotton	50000	50000	Unch
Rajkot	B.T. Cotton	3700	3600	100
Patan	B.T. Cotton	9551	9003	548
Deesa	B.T. Cotton	1475	1500	-25
Fazilika	B.T. Cotton	1200	1100	100
Bhiwani	B.T. Cotton	600	600	Unch
Adampur	B.T. Cotton	1020	1020	Unch
Fatehabad	B.T. Cotton	600	1300	-700
Jind	B.T. Cotton	1360	2550	-1190
Rawatsar (Hanumangarh)	B.T. Cotton	300	250	50
Hubli	B.T. Cotton	681	460	221
Ahmedabad	Shankar-6	85000	85000	Unch
Gondal	Shankar-6	1450	1033	417
Bijapur	Bunny	550	1105	-555
Hubli	D.C.H.	4	6	-2
Raichur	H-44 Cotton	-	2330	-
Abohar	J-34	850	850	Unch
Muktsar	J-34	255	340	-85
Bhatinda	J-34	34000	34000	Unch
Mansa	J-34	1020	1020	Unch
Sirsa	J-34	2040	1700	340
Sri-Ganganagar	J-34	3400	3400	Unch
Hanumangarh	B.T. Cotton	1000	1000	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Feb-14	24-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	42200	42200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41200	41300	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	42400	42500	-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	61500	62000	-500

**INTERNATIONAL PRICES AND INDICES****China Cotton Index: As on 25/Feb/2014**

Index	RMB/Ton	Change
CCIndex(328)	19462	3
CCIndex(527)	17892	Unch
CCIndex(229)	20315	2

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

**Cotlook Index: As on 24/2/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	94.65	0.75

**USDA Cotton Spot Rates: As on 24/2/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.80	89.80	NIL
North Delta	86.05	88.55	NIL
South Delta	86.05	88.55	NIL
East TX-OK	83.00	85.25	5427
West Texas	83.00	85.00	1375
Desert SW	82.55	89.30	NIL
SJ Valley	83.30	93.95	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 24/2/2014**

Contract	Open	High	Low	Close	Change
<b>Mar-14</b>	87.07	89.00	87.07	87.92	<b>+0.83</b>
<b>May-14</b>	88.35	90.44	87.91	89.30	<b>+0.95</b>
<b>Jul-14</b>	88.21	89.84	87.79	88.65	<b>+0.42</b>
<b>Oct-14</b>	81.75	81.75	80.95	80.95	<b>+0.27</b>
<b>Dec-14</b>	78.11	78.70	78.00	78.25	<b>+0.11</b>
<b>Mar-15</b>	78.60	79.11	78.50	78.75	<b>+0.16</b>

**Pakistan Cotton Spot rates: As on 24 Feb 2014 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32kgs	6900	155	7055
<b>Equivalent</b>	40kgs	7395	155	7550

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