

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Saturday.

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

Arrival stood lower at 172000 bales today compared to 181000 bales on Friday.

In The News: Export subsidies for textile sector are about to vanish as Indian textile sector has become globally competitive. As per the WTO law, a product is called competitive if it acquires 3.25% share in world market for two consecutive years and a competitive product is not eligible to get export subsidy. Currently India posse 3.5% shares in global market and hence it should not be given any export incentives

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.

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
Mar-14	-7	861	869.5	856	856	5	11	6	8
Apr-14	15	880	904	880	899	13210	16888	24258	16482

	Mar-14	Apr-14
Spot	182	
Mar-14		43
Apr-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	7.50	850.00	859.90	850.00	855.30	15.00	-42.00	235.00	-1.00
Apr-14	13.90	884.50	905.00	883.00	901.70	441.00	-485.00	872.00	-65.00

	Mar-14	Apr-14
Spot	189.7	
Mar-14		46.4
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
31-Mar-14	0.94	20180	20460	20140	20370
30-Apr-14	0.98	20440	20750	20430	20660
30-May-14	0.82	20740	21040	20740	20940
30-Jun-14	1.14	21200	21310	21200	21310
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		1-Mar-14	28-Feb-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	Closed	4850	-
Khandwa	Mech-1	Closed	5150	-
Khargaon	Mech-1	Closed	5150	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5325	5350	-25
Rajkot	B.T. Cotton	5190	5225	-35
Patan	B.T. Cotton	5220	5255	-35
Deesa	B.T. Cotton	5200	5300	-100
Muktsar	B.T. Cotton	5350	5350	Unch
Fazilika	B.T. Cotton	5351	5380	-29
Bhiwani	B.T. Cotton	5400	5400	Unch
Adampur	B.T. Cotton	5265	5268	-3
Fatehabad	B.T. Cotton	5380	5390	-10
Jind	B.T. Cotton	-	5340	-
Rawatsar (Hanumangarh)	B.T. Cotton	5320	-	-
Hubli	B.T. Cotton	-	5195	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5150	5300	-150
Gondal	Shankar-6	5150	5325	-175
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	-	5209	-
Hubli	D.C.H.	-	6209	-
Raichur	H-44 Cotton	-	5100	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4510	4510	Unch
Muktsar	J-34	4520	4525	-5
Fazilika	J-34	4480	4480	Unch
Bhatinda	J-34	4520	4535	-15
Mansa	J-34	4480	4485	-5
Sirsa	J-34	4380	4385	-5
Sri-Ganganagar	J-34	4155	4174	-19
Hanumangarh	B.T. Cotton	4430	4420	10
Adilabad	>30mm	4330	4367	-37

Warangal	>30mm	4335	4372	-37
Guntur	>30mm	4377	4414	-37
Bhainsa	>30mm	4341	4398	-57

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		1-Mar-14	28-Feb-14	
Amravati	Mech-1	Closed	34500	-
Khandwa	Mech-1	Closed	2000	-
Khargaon	Mech-1	Closed	8000	-
Mahesana(Kadi)	B.T. Cotton	40000	50000	-10000
Rajkot	B.T. Cotton	3600	7300	-3700
Patan	B.T. Cotton	10352	9375	977
Deesa	B.T. Cotton	2000	2000	Unch
Fazilika	B.T. Cotton	1200	1200	Unch
Bhiwani	B.T. Cotton	600	200	400
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	800	2000	-1200
Jind	B.T. Cotton	-	680	-
Rawatsar (Hanumangarh)	B.T. Cotton	-	250	-
Hubli	B.T. Cotton	-	-	-
Ahmedabad	Shankar-6	85000	110500	-25500
Gondal	Shankar-6	1050	1500	-450
Bijapur	Bunny	-	1161	-
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	-	1275	-
Abohar	J-34	510	510	Unch
Muktsar	J-34	510	510	Unch
Bhatinda	J-34	30600	30600	Unch
Mansa	J-34	1190	680	510
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	2550	1700	850
Hanumangarh	B.T. Cotton	700	1000	-300

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Feb-14	26-Feb-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39000	39000	Unch
J-34(202)	26mm	3.5 - 4.9	23	41400	41700	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40500	41000	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	42200	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42600	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42800	43300	-500
DCH-32(107)	34mm	3.0 - 3.8	33	61000	61000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 28/Feb/2014

Index	RMB/Ton	Change
CCIndex(328)	19466	1
CCIndex(527)	17886	-3
CCIndex(229)	20325	6

Cotlook Index: As on 28/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.05	1.40

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

USDA Cotton Spot Rates: As on 28/2/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.89	87.89	NIL
North Delta	83.89	86.39	NIL
South Delta	83.89	86.39	NIL
East TX-OK	81	83.25	874
West Texas	81	83	471
Desert SW	80.39	87.14	NIL
SJ Valley	81.14	91.79	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 28/2/2014

Contract	Open	High	Low	Close	Change
Mar-14	86.16	86.59	86.01	86.59	-0.32
May-14	88	88.08	86.36	87.14	-0.67
Jul-14	87.34	87.45	86.1	86.89	-0.38
Oct-14	80.07	80.07	80.07	80.07	-0.2
Dec-14	77.75	77.97	76.93	77.82	-0.02
Mar-15	77.62	78.3	77.45	78.3	0.12

Pakistan Cotton Spot rates: As on 28 Feb 2014 (in Pakistan Rupees)

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

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