

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to mixed tone on Monday.

Prices of cotton are ruling sideways amid indecision in the market.

Arrival stood higher at 184000 bales today compared to 172000 bales on Saturday.

In The News: Arrival of cotton in India has been increased by 12.87% on Y-oY basis to 24.55 million bales of 170 kgs each till 28 February 2014. During the corresponding period last year the same stood 21.75 million bales.

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).

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:

- USDA projects cotton prices to decline by 10.5% decline in average prices to 68 cents per pound during the current marketing year. The projected price is level to five year low, and is below the average cost of production, 70 cents per pound.
- Federal Committee on Cotton (FCC) of Pakistan estimated the production target of cotton for season 2014-15 at 15.1 million bales (of 170 kgs each), whereas for the season 2013-14 it was estimated at 14.1 million bales.
- Textile mills owners in Pakistan are opposing the decision of All Pakistan Textile Mills Association (APTMA), which has recommended textile ministry to impose duty on imports of cotton yarn.

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	-9	852.5	854	852.5	853	3	-2	11	-1
Apr-14	11.5	897.5	912.5	887.5	912	14860	1650	16888	-227

	Mar-14	Apr-14
Spot	185	
Mar-14		59

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	4.70	848.00	863.00	844.50	860.00	23.00	8.00	237.00	2.00
Apr-14	11.30	900.50	913.70	888.50	913.00	823.00	382.00	877.00	5.00

	Mar-14	Apr-14
Spot	185	
Mar-14		53
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	0.49	20380	20520	20220	20500
30-Apr-14	0.53	20630	20820	20510	20800
30-May-14	0.52	20890	21120	20810	21100
30-Jun-14	0.8	21200	21410	21150	21410
31-Jul-14	-1.37	21500	21590	21460	21590

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		3-Mar-14	1-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4800	Closed	-
Khandwa	Mech-1	5150	Closed	-
Khargaon	Mech-1	5150	Closed	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5325	5325	Unch
Rajkot	B.T. Cotton	5310	5190	120
Patan	B.T. Cotton	5175	5220	-45
Deesa	B.T. Cotton	5150	5200	-50
Muktsar	B.T. Cotton	5300	5350	-50
Fazilika	B.T. Cotton	5375	5351	24
Bhiwani	B.T. Cotton	5550	5400	150
Adampur	B.T. Cotton	5300	5265	35
Fatehabad	B.T. Cotton	5350	5380	-30
Jind	B.T. Cotton	5340	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	5300	5320	-20
Hubli	B.T. Cotton	NR	5099	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5200	5150	50
Gondal	Shankar-6	5175	5150	25
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5131	5111	20
Hubli	D.C.H.	NR	6239	-
Raichur	H-44 Cotton	5125	NR	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4525	4510	15
Muktsar	J-34	4540	4520	20
Fazilika	J-34	4430	4480	-50
Bhatinda	J-34	4540	4520	20
Mansa	J-34	4520	4480	40
Sirsa	J-34	4400	4380	20
Sri-Ganganagar	J-34	4089	4155	-66
Hanumangarh	B.T. Cotton	4440	4430	10
Adilabad	>30mm	4325	4330	-5

Warangal	>30mm	4335	4335	Unch
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4388	4341	47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		3-Mar-14	1-Mar-14	
Amravati	Mech-1	33500	Closed	-
Khandwa	Mech-1	2200	Closed	-
Khargaon	Mech-1	10000	Closed	-
Mahesana(Kadi)	B.T. Cotton	30000	40000	-10000
Rajkot	B.T. Cotton	4400	3600	800
Patan	B.T. Cotton	8950	10352	-1402
Deesa	B.T. Cotton	1250	2000	-750
Fazilika	B.T. Cotton	1200	1200	Unch
Bhiwani	B.T. Cotton	300	600	-300
Adampur	B.T. Cotton	425	510	-85
Fatehabad	B.T. Cotton	1000	800	200
Jind	B.T. Cotton	340	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	200	NR	-
Hubli	B.T. Cotton	NR	1355	-
Ahmedabad	Shankar-6	85000	85000	Unch
Gondal	Shankar-6	1357	1050	307
Bijapur	Bunny	896	363	533
Hubli	D.C.H.	NR	26	-
Raichur	H-44 Cotton	1742	NR	-
Abohar	J-34	680	510	170
Muktsar	J-34	255	510	-255
Bhatinda	J-34	34000	30600	3400
Mansa	J-34	1190	1190	Unch
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	1190	2550	-1360
Hanumangarh	B.T. Cotton	500	700	-200



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Mar-14	28-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	41400	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40200	40500	-300
Shankar-6(105)	29mm	3.5 – 4.9	28	41500	41800	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41800	42100	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42500	42800	-300
DCH-32(107)	34mm	3.0 - 3.8	33	61000	61000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 3/Mar/2014

Index	RMB/Ton	Change
CCIndex(328)	19471	5
CCIndex(527)	17885	-1
CCIndex(229)	20325	Unch

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

Cotlook Index: As on 28/2/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.05	1.40

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 1 Mar 2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32kgs	6850	155	7005
Equivalent	40kgs	7341	155	7496

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2014 Indian Agribusiness Systems Pvt Ltd.