

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone on Tuesday.

Prices of cotton are ruling slightly upward on recent export enquiries reported in the market.

Arrival stood lower at 172000 bales today compared to 184000 bales on Monday.

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 firm amid export demand reported in the market.

NCDEX Kapas Futures : (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-14	5	875	875	855	858	3	-2	11	-1
Apr-14	-10.5	914.5	914.5	896	900	13293	83	16888	-117

	Mar-14	Apr-14	
Spot	180		
Mar-14		42	
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	-8.70	853.10	858.00	849.00	849.00	11.00	-4.00	237.00	2.00
Apr-14	-8.90	912.40	914.50	898.50	902.50	491.00	50.00	932.00	60.00

	Mar-14	Apr-14	
Spot	196		
Mar-14		53.5	
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	-0.05	20520	20600	20420	20480
30-Apr-14	0	20840	20910	20720	20790
30-May-14	-0.05	21160	21200	21030	21100
30-Jun-14	0.52	21520	21520	21350	21420
31-Jul-14	0.88	21700	21700	21700	21700

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		4-Mar-14	3-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4800	4800	Unch
Khandwa	Mech-1	5200	5150	50
Khargaon	Mech-1	5200	5150	50
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5300	5325	-25
Rajkot	B.T. Cotton	5300	5310	-10
Patan	B.T. Cotton	5270	5175	95
Deesa	B.T. Cotton	5150	5150	Unch
Muktsar	B.T. Cotton	5350	5300	50
Fazilika	B.T. Cotton	5360	5375	-15
Bhiwani	B.T. Cotton	5550	5550	Unch
Adampur	B.T. Cotton	5360	5300	60
Fatehabad	B.T. Cotton	5350	5350	Unch
Jind	B.T. Cotton	5450	5340	110
Rawatsar (Hanumangarh)	B.T. Cotton	5340	5300	40
Hubli	B.T. Cotton	5000	5059	-59
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5250	5200	50
Gondal	Shankar-6	5255	5175	80
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5139	5131	8
Hubli	D.C.H.	6189	6189	Unch
Raichur	H-44 Cotton	5075	5125	-50
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4540	4525	15
Muktsar	J-34	4550	4540	10
Fazilika	J-34	4520	4430	90
Bhatinda	J-34	4550	4540	10
Mansa	J-34	4525	4520	5
Sirsa	J-34	4425	4400	25
Sri-Ganganagar	J-34	4202	4089	113
Hanumangarh	B.T. Cotton	4460	4440	20
Adilabad	>30mm	4325	4325	Unch

Warangal	>30mm	4346	4335	11
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4388	4388	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		4-Mar-14	3-Mar-14	
Amravati	Mech-1	33000	33500	-500
Khandwa	Mech-1	1500	2200	-700
Khargaon	Mech-1	8000	10000	-2000
Mahesana(Kadi)	B.T. Cotton	20000	30000	-10000
Rajkot	B.T. Cotton	3000	4400	-1400
Patan	B.T. Cotton	8675	8950	-275
Deesa	B.T. Cotton	1500	1250	250
Fazilika	B.T. Cotton	800	1200	-400
Bhiwani	B.T. Cotton	600	300	300
Adampur	B.T. Cotton	510	425	85
Fatehabad	B.T. Cotton	1200	1000	200
Jind	B.T. Cotton	680	340	340
Rawatsar (Hanumangarh)	B.T. Cotton	300	200	100
Hubli	B.T. Cotton	663	2352	-1689
Ahmedabad	Shankar-6	85000	85000	Unch
Gondal	Shankar-6	947	1357	-410
Bijapur	Bunny	334	896	-562
Hubli	D.C.H.	-	32	-
Raichur	H-44 Cotton	2670	1742	928
Abohar	J-34	595	680	-85
Muktsar	J-34	255	255	Unch
Bhatinda	J-34	30600	34000	-3400
Mansa	J-34	1020	1190	-170
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	2550	1190	1360
Hanumangarh	B.T. Cotton	1100	500	600

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 4/Mar/2014

Index	RMB/Ton	Change
CCIndex(328)	19471	Unch
CCIndex(527)	17879	-6
CCIndex(229)	20330	5

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

Cotlook Index: As on 3/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.30	-0.75

USDA Cotton Spot Rates: As on 3/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.08	89.08	136
North Delta	85.08	87.58	NIL
South Delta	85.08	87.58	NIL
East TX-OK	82.25	84.50	31
West Texas	82.25	84.25	1047
Desert SW	81.58	88.33	NIL
SJ Valley	82.33	92.98	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 3/3/2014

Contract	Open	High	Low	Close	Change
Mar-14	87.80	88.35	86.65	87.86	+1.27
May-14	87.40	88.58	86.82	88.33	+1.19
Jul-14	86.80	87.97	86.30	87.67	+0.78
Oct-14	80.82	80.82	80.82	80.82	+0.75
Dec-14	77.51	78.60	77.51	78.53	+0.71
Mar-15	78.20	78.89	78.19	78.89	+0.59

Pakistan Cotton Spot rates: As on 3 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.