

Domestic Fundamentals:

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

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

Arrival stood lower at 164000 bales today compared to 172000 bales on Tuesday.

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).

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:

- Africa is finding scope to sell their cotton in India. A delegation of 18 members from Africa is visiting Coimbatore and other cotton hubs in India. International Cotton Trade, an alliance of World Trade Organization (WTO) and United Nations (UN), is initiating a mission to make access for African cotton in Indian market.
- 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.

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	-0.5	862	862	862	862	1	-2	10	-1
Apr-14	8	904	916	904	910	15278	1985	16771	-794

	Mar-14	Apr-14
Spot	193	
Mar-14		48

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	-1.20	858.00	860.90	850.00	850.70	9.00	-2.00	236.00	-1.00
Apr-14	7.20	898.00	917.00	898.00	911.00	531.00	40.00	909.00	-23.00

	Mar-14	Apr-14
Spot	204.3	
Mar-14		60.3
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	0.73	20520	20700	20520	20630
30-Apr-14	0.77	20820	21020	20820	20940
30-May-14	0.62	21130	21320	21130	21220
30-Jun-14	0.51	21470	21610	21470	21470
31-Jul-14	0.28	21750	21800	21690	21760

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		5-Mar-14	4-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4825	4800	25
Khandwa	Mech-1	NR	5200	-
Khargaon	Mech-1	NR	5200	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5350	5300	50
Rajkot	B.T. Cotton	5275	5300	-25
Patan	B.T. Cotton	5280	5270	10
Deesa	B.T. Cotton	5110	5150	-40
Muktsar	B.T. Cotton	5350	5350	Unch
Fazilika	B.T. Cotton	5400	5360	40
Bhiwani	B.T. Cotton	5600	5550	50
Adampur	B.T. Cotton	5380	5360	20
Fatehabad	B.T. Cotton	5480	5350	130
Jind	B.T. Cotton	5500	5450	50
Rawatsar (Hanumangarh)	B.T. Cotton	5340	5340	Unch
Hubli	B.T. Cotton	4895	5000	-105
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	5170	5255	-85
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5149	5139	10
Hubli	D.C.H.	6139	6189	-50
Raichur	H-44 Cotton	NR	5075	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4565	4540	25
Muktsar	J-34	4565	4550	15
Fazilika	J-34	4570	4520	50
Bhatinda	J-34	4575	4550	25
Mansa	J-34	4550	4525	25
Sirsa	J-34	4450	4425	25
Sri-Ganganagar	J-34	4136	4202	-66
Hanumangarh	B.T. Cotton	4470	4460	10
Adilabad	>30mm	4272	4325	-53

Warangal	>30mm	4361	4346	15
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4388	4388	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		5-Mar-14	4-Mar-14	
Amravati	Mech-1	35000	33000	2000
Khandwa	Mech-1	NR	1500	-
Khargaon	Mech-1	NR	8000	-
Mahesana(Kadi)	B.T. Cotton	25000	20000	5000
Rajkot	B.T. Cotton	3600	3000	3600
Patan	B.T. Cotton	7660	8675	-1015
Deesa	B.T. Cotton	1600	1500	100
Fazilika	B.T. Cotton	800	800	Unch
Bhiwani	B.T. Cotton	600	600	Unch
Adampur	B.T. Cotton	680	510	170
Fatehabad	B.T. Cotton	800	1200	-400
Jind	B.T. Cotton	850	680	170
Rawatsar (Hanumangarh)	B.T. Cotton	100	300	-200
Hubli	B.T. Cotton	1112	663	449
Ahmedabad	Shankar-6	85000	85000	Unch
Gondal	Shankar-6	501	947	-446
Bijapur	Bunny	1190	334	856
Hubli	D.C.H.	26	32	-6
Raichur	H-44 Cotton	NR	2670	-
Abohar	J-34	680	595	85
Muktsar	J-34	340	255	85
Bhatinda	J-34	30600	30600	Unch
Mansa	J-34	1190	1020	170
Sirsa	J-34	2040	1700	340
Sri-Ganganagar	J-34	1360	2550	-1190
Hanumangarh	B.T. Cotton	1000	1100	-100

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Mar-14	3-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	41800	41500	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40600	40400	200
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41500	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42000	41800	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42700	42500	200
DCH-32(107)	34mm	3.0 - 3.8	33	61000	60800	200

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 5/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19470	-1
CCIndex(527)	17873	-6
CCIndex(229)	20331	1

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

Cotlook Index: As on 4/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.30	1

USDA Cotton Spot Rates: As on 4/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.97	89.97	827
North Delta	85.97	88.47	NIL
South Delta	85.97	88.47	NIL
East TX-OK	82.25	84.50	66
West Texas	82.25	84.25	1547
Desert SW	82.47	89.22	NIL
SJ Valley	83.22	93.87	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 4/3/2014

Contract	Open	High	Low	Close	Change
Mar-14	88	88.35	88	88.32	0.46
May-14	88.31	89.25	88.03	89.22	0.89
Jul-14	87.65	88.5	87.44	88.47	0.8
Oct-14	80.8	81.36	80.8	81.36	0.54
Dec-14	78.26	78.93	78.26	78.81	0.28
Mar-15	78.76	79.1	78.76	78.99	0.1

Pakistan Cotton Spot rates: As on 4/3/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32kgs	6800	155	6955
Equivalent	40kgs	7288	155	7443

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