

Domestic Fundamentals:

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

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

Arrival stood lower at 150000 bales today compared to 164000 bales on Wednesday.

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	-13	865	865	848	849	7	6	9	-1
Apr-14	-16.5	902	905	891	893.5	13680	-1598	15977	1226

	Mar-14	Apr-14	
Spot	201		
Mar-14		44.5	
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	-9.70	845.40	849.00	840.60	845.00	67.00	58.00	218.00	-18.00
Apr-14	-15.20	906.00	909.00	895.00	896.00	490.00	-41.00	968.00	59.00

	Mar-14	Apr-14	
Spot	205		
Mar-14		51	
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	-0.58	20610	20610	20430	20500
30-Apr-14	-0.72	20890	20890	20720	20780
30-May-14	-0.66	21140	21140	21020	21070
30-Jun-14	-0.74	21360	21410	21300	21350
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		6-Mar-14	5-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4800	4825	25
Khandwa	Mech-1	5200	NR	-
Khargaon	Mech-1	5200	NR	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5500	5350	150
Rajkot	B.T. Cotton	5250	5275	-25
Patan	B.T. Cotton	5320	5280	40
Deesa	B.T. Cotton	5125	5110	15
Muktsar	B.T. Cotton	5400	5350	50
Fazilika	B.T. Cotton	5480	5400	80
Bhiwani	B.T. Cotton	5600	5600	Unch
Adampur	B.T. Cotton	5415	5380	35
Fatehabad	B.T. Cotton	5475	5480	-5
Jind	B.T. Cotton	5400	5500	-100
Rawatsar (Hanumangarh)	B.T. Cotton	5350	5340	10
Hubli	B.T. Cotton	5239	4895	344
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	5280	5170	110
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5151	5149	2
Hubli	D.C.H.	6389	6139	250
Raichur	H-44 Cotton	5050	5050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4570	4565	5
Muktsar	J-34	4580	4565	15
Fazilika	J-34	4650	4570	80
Bhatinda	J-34	4600	4575	25
Mansa	J-34	4570	4550	20
Sirsa	J-34	4480	4450	30
Sri-Ganganagar	J-34	4136	4136	Unch
Hanumangarh	B.T. Cotton	4470	4470	Unch
Adilabad	>30mm	4272	4272	Unch

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

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		6-Mar-14	5-Mar-14	
Amravati	Mech-1	33000	35000	-2000
Khandwa	Mech-1	1600	NR	-
Khargaon	Mech-1	6000	NR	-
Mahesana(Kadi)	B.T. Cotton	25000	25000	Unch
Rajkot	B.T. Cotton	3500	3600	-100
Patan	B.T. Cotton	8270	7660	610
Deesa	B.T. Cotton	1000	1600	-600
Fazilika	B.T. Cotton	1200	800	400
Bhiwani	B.T. Cotton	600	600	Unch
Adampur	B.T. Cotton	1020	680	340
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	510	850	-340
Rawatsar (Hanumangarh)	B.T. Cotton	150	100	50
Hubli	B.T. Cotton	266	1112	-846
Ahmedabad	Shankar-6	76500	85000	-8500
Gondal	Shankar-6	1729	501	1228
Bijapur	Bunny	870	1190	-320
Hubli	D.C.H.	40	26	14
Raichur	H-44 Cotton	1070	2220	-1150
Abohar	J-34	680	680	Unch
Muktsar	J-34	255	340	-85
Bhatinda	J-34	28900	30600	-1700
Mansa	J-34	1190	1190	Unch
Sirsa	J-34	1360	2040	-680
Sri-Ganganagar	J-34	1360	1360	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
				5-Mar-14	4-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	38000	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39000	38500	500
J-34(202)	26mm	3.5 - 4.9	23	42200	41800	400
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40600	40600	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	41900	41800	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42000	42000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42700	42700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	61000	61000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 6/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19469	-1
CCIndex(527)	17871	-2
CCIndex(229)	20323	-8

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

Cotlook Index: As on 5/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	95.15	0.85

USDA Cotton Spot Rates: As on 5/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.61	89.61	1333
North Delta	85.36	87.86	211
South Delta	85.36	87.86	NIL
East TX-OK	81.75	84.00	1705
West Texas	81.75	83.75	1330
Desert SW	81.86	88.61	6
SJ Valley	82.61	93.26	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 5/3/2014

Contract	Open	High	Low	Close	Change
Mar-14	88.4	88.5	87.01	87.9	-0.42
May-14	89.1	89.57	88.34	88.61	-0.61
Jul-14	88.5	88.8	87.65	87.86	-0.61
Oct-14	81.09	81.09	81.09	81.09	-0.27
Dec-14	78.68	78.97	78.38	78.89	0.08
Mar-15	79.13	79.23	79.1	79.14	0.15

Pakistan Cotton Spot rates: As on 5/3/2014 (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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