

Domestic Fundamentals:

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

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

Arrival stood higher at 154000 bales today compared to 162000 bales on previous day.

Market Participants revealed that:

- Amaravati(Mah.) spot market, witnessed bearish tone in cotton prices on higher arrivals.
- Bhatinda and Mansa(Puj.) cash markets, recorded unchanged tone in cotton prices on sluggish demand.
- Admapur, Sirsa and Bhiwani local markets, noticed positive tone in cotton prices on superior demand.

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	-3.5	845.5	863	845.5	850.5	3	-4	8	0
Apr-14	15	899	913	899	909	12388	-1292	17203	-356

	Mar-14	Apr-14
Spot	211.5	
Mar-14		58.5
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	+11.70	855.00	858.00	852.10	857.00	11.00	-56.00	216.00	-2.00
Apr-14	+13.30	905.00	913.90	905.00	909.70	459.00	-31.00	890.00	-78.00

	Mar-14	Apr-14
Spot	205	
Mar-14		52.7
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	450	20580	20990	20580	20940
30-Apr-14	480	20970	21300	20970	21250
30-May-14	440	21370	21590	21350	21500
30-Jun-14	420	21640	21820	21640	21780
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		7-Mar-14	6-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4775	4800	-25
Khandwa	Mech-1	5200	5200	Unch
Khargaon	Mech-1	5200	5200	Unch
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5400	5500	-100
Rajkot	B.T. Cotton	5310	5250	60
Patan	B.T. Cotton	5395	5320	75
Deesa	B.T. Cotton	5405	5125	280
Muktsar	B.T. Cotton	5450	5400	50
Fazilika	B.T. Cotton	5450	5480	-30
Bhiwani	B.T. Cotton	5600	5600	Unch
Adampur	B.T. Cotton	5450	5415	35
Fatehabad	B.T. Cotton	5480	5475	5
Jind	B.T. Cotton	5400	5400	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	5390	5350	40
Hubli	B.T. Cotton	4959	5239	-280
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5300	5250	50
Gondal	Shankar-6	5250	5280	-30
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5221	5151	70
Hubli	D.C.H.	6119	6389	-270
Raichur	H-44 Cotton	5050	5050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4580	4570	10

Muktsar	J-34	4600	4580	20
Fazilika	J-34	4570	4650	10
Bhatinda	J-34	4600	4600	Unch
Mansa	J-34	4500	4570	-70
Sirsa	J-34	4500	4480	20
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	4414	4377	37
Bhainsa	>30mm	4388	4388	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-Mar-14	6-Mar-14	
Amravati	Mech-1	34000	33000	1000
Khandwa	Mech-1	1800	1600	200
Khargaon	Mech-1	6000	6000	Unch
Mahesana(Kadi)	B.T. Cotton	35000	25000	10000
Rajkot	B.T. Cotton	3510	3500	10
Patan	B.T. Cotton	7025	8270	-1245
Deesa	B.T. Cotton	1000	1000	Unch
Fazilika	B.T. Cotton	1600	1200	400
Bhiwani	B.T. Cotton	600	600	Unch
Adampur	B.T. Cotton	765	1020	-255
Fatehabad	B.T. Cotton	800	800	Unch
Jind	B.T. Cotton	680	510	170
Rawatsar (Hanumangarh)	B.T. Cotton	200	150	50
Hubli	B.T. Cotton	124	266	-142
Ahmedabad	Shankar-6	76500	76500	Unch
Gondal	Shankar-6	970	1729	-759
Bijapur	Bunny	950	870	80
Hubli	D.C.H.	2	40	-38
Raichur	H-44 Cotton	1917	1070	847
Abohar	J-34	680	680	Unch

Muktsar	J-34	340	255	85
Bhatinda	J-34	28900	28900	Unch
Mansa	J-34	1190	1190	Unch
Sirsa	J-34	1700	1360	340
Sri-Ganganagar	J-34	850	850	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
				6-Mar-14	5-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39000	38500	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39500	39000	500
J-34(202)	26mm	3.5 - 4.9	23	42000	42200	-200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40700	40600	100
Shankar-6(105)	29mm	3.5 – 4.9	28	41900	41900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42800	42700	100
DCH-32(107)	34mm	3.0 - 3.8	33	61000	61000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 7/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19466	-3
CCIndex(527)	17869	-2
CCIndex(229)	20315	-8

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

Cotlook Index: As on 6/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.55	-0.60

USDA Cotton Spot Rates: As on 6/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.61	92.61	4648
North Delta	88.36	90.86	NIL
South Delta	88.36	90.86	NIL
East TX-OK	84.75	87.00	1689
West Texas	84.75	86.75	578
Desert SW	84.86	91.61	NIL
SJ Valley	85.61	96.26	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 6/3/2014

Contract	Open	High	Low	Close	Change
Mar-14	88.8	90	87.55	90	2.1
May-14	88.61	91.73	88.45	91.61	3
Jul-14	87.94	90.8	87.77	90.71	2.85
Oct-14	80.72	82.14	80.72	82.14	1.05
Dec-14	78.9	79.55	78.7	79.55	0.66
Mar-15	79.07	79.48	78.9	79.46	0.32

Pakistan Cotton Spot rates: As on 6/3/2014 (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

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