

Domestic Fundamentals:

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

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

Arrival stood lower at 155000 bales today compared to 154000 bales on Friday.

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	865	865	850	853.50	6	3	8	-4
Apr-14	-8	904	906.5	899	902	6083	-6305	17203	-668

	Mar-14	Apr-14
Spot	230.5	
Mar-14		48.5

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	-4.50	851.00	851.00	851.00	851.00	1.00	-10.00	215.00	-1.00
Apr-14	-6.60	902.30	907.50	901.00	904.10	205.00	-254.00	906.00	16.00

	Mar-14	Apr-14
Spot	233	
Mar-14		53.1
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	-110	20870	20900	20790	20830
30-Apr-14	-100	21140	21210	21080	21130
30-May-14	-90	21410	21480	21370	21420
30-Jun-14	-40	21660	21730	21660	21700
31-Jul-14	--	--	--	--	--

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		8-Mar-14	7-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4750	4775	-25
Khandwa	Mech-1	Closed	5200	-
Khargaon	Mech-1	Closed	5200	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5425	5400	25
Rajkot	B.T. Cotton	5420	5310	110
Patan	B.T. Cotton	5430	5395	35
Deesa	B.T. Cotton	5000	5405	-405
Muktsar	B.T. Cotton	5400	5450	-50
Fazilika	B.T. Cotton	-	5450	-
Bhiwani	B.T. Cotton	5650	5600	50
Adampur	B.T. Cotton	5425	5450	-25
Fatehabad	B.T. Cotton	-	5480	-
Jind	B.T. Cotton	-	5400	-
Rawatsar (Hanumangarh)	B.T. Cotton	5370	5390	-20
Hubli	B.T. Cotton	-	4959	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5350	5300	50
Gondal	Shankar-6	5000	5250	-250
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	-	5221	-
Hubli	D.C.H.	-	6119	-
Raichur	H-44 Cotton	-	5050	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4590	4580	10
Muktsar	J-34	4600	4600	Unch
Fazilika	J-34	-	4570	-
Bhatinda	J-34	4610	4600	10
Mansa	J-34	4550	4500	50
Sirsa	J-34	4500	4500	Unch
Sri-Ganganagar	J-34	4268	4136	132
Hanumangarh	B.T. Cotton	4600	4470	130

Adilabad	>30mm	4324	4272	52
Warangal	>30mm	4387	4361	26
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4387	4388	-1

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		8-Mar-14	7-Mar-14	
Amravati	Mech-1	33000	34000	-1000
Khandwa	Mech-1	Closed	1800	-
Khargaon	Mech-1	Closed	6000	-
Mahesana(Kadi)	B.T. Cotton	30000	35000	-5000
Rajkot	B.T. Cotton	3400	3510	-110
Patan	B.T. Cotton	7500	7025	-6175
Deesa	B.T. Cotton	850	1000	-
Fazilika	B.T. Cotton	-	1600	-
Bhiwani	B.T. Cotton	400	600	-200
Adampur	B.T. Cotton	1020	765	255
Fatehabad	B.T. Cotton	-	800	-
Jind	B.T. Cotton	-	680	-
Rawatsar (Hanumangarh)	B.T. Cotton	150	200	-50
Hubli	B.T. Cotton	-	124	-
Ahmedabad	Shankar-6	73100	76500	-3400
Gondal	Shankar-6	1135	1729	-594
Bijapur	Bunny	-	870	-
Hubli	D.C.H.	-	40	-
Raichur	H-44 Cotton	-	1070	-
Abohar	J-34	850	680	170
Muktsar	J-34	340	340	Unch
Bhatinda	J-34	25500	28900	-3400
Mansa	J-34	850	1190	-340
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	2550	850	1700
Hanumangarh	B.T. Cotton	800	1000	-200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Mar-14	6-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39000	39000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39500	39500	Unch
J-34(202)	26mm	3.5 - 4.9	23	42400	42000	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	40700	300
Shankar-6(105)	29mm	3.5 - 4.9	28	42200	41900	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42100	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	42800	300
DCH-32(107)	34mm	3.0 - 3.8	33	61500	61000	500

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 7/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	97.55	3

USDA Cotton Spot Rates: As on 7/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.27	92.27	9843
North Delta	88.02	90.52	NIL
South Delta	88.02	90.52	NIL
East TX-OK	84.75	87	5912
West Texas	84.75	86.75	775
Desert SW	84.52	91.27	NIL
SJ Valley	85.27	95.92	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 7/3/2014

Contract	Open	High	Low	Close	Change
Mar-14	90.97	91.02	90.28	91.02	1.02
May-14	91.6	93.35	90.81	91.27	-0.34
Jul-14	90.58	92.75	89.93	90.37	-0.34
Oct-14	81.85	81.85	81.85	81.85	-0.29
Dec-14	79.5	79.95	78.4	79.32	-0.23
Mar-15	79	80	79.24	79.24	-0.22

Pakistan Cotton Spot rates: As on 7/3/2014 (in Pakistan Rupees)

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

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