

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed weak tone on Monday.

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

Arrival stood higher at 163000 bales today compared to 155000 bales on Saturday.

**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 weak amid lackluster demand in the market.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-14	0	841.5	853.5	841.5	853.5	3	-3	4	-1
Apr-14	-10	901	902	889	892	10504	4421	16535	345

	Mar-14	Apr-14
Spot	220.5	
Mar-14		38.5

**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	-11.00	841.00	841.00	839.00	840.00	59.00	58.00	184.00	-31.00
Apr-14	-9.50	901.00	903.70	892.00	894.60	382.00	177.00	925.00	19.00

	Mar-14	Apr-14
Spot	234	
Mar-14		54.6
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	-0.38	20790	20840	20730	20750
30-Apr-14	-0.38	21100	21140	21030	21050
30-May-14	-0.28	21380	21440	21350	21360
30-Jun-14	-0.28	21650	21680	21630	21640
31-Jul-14	1.71	22000	22000	22000	22000

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		10-Mar-14	8-Mar-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4850	4750	<b>100</b>
Khandwa	Mech-1	-	Closed	-
Khargaon	Mech-1	-	Closed	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5300	5425	<b>-125</b>
Rajkot	B.T. Cotton	5370	5420	<b>-50</b>
Patan	B.T. Cotton	5335	5430	<b>-95</b>
Deesa	B.T. Cotton	5000	5100	<b>-100</b>
Muktsar	B.T. Cotton	5400	5500	<b>-100</b>
Fazilika	B.T. Cotton	-	-	-
Bhiwani	B.T. Cotton	5500	5650	<b>-150</b>
Adampur	B.T. Cotton	5390	5425	<b>-35</b>
Fatehabad	B.T. Cotton	5425	-	-
Jind	B.T. Cotton	5450	-	-
Rawatsar (Hanumangarh)	B.T. Cotton	5360	5370	<b>-10</b>
Hubli	B.T. Cotton	-	-	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5300	5350	<b>-50</b>
Gondal	Shankar-6	5315	5000	<b>315</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5219	-	-
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	-	-	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4565	4590	<b>-25</b>
Muktsar	J-34	4570	4600	<b>-30</b>
Fazilika	J-34	-	-	-
Bhatinda	J-34	4585	4610	<b>-25</b>
Mansa	J-34	4560	4550	<b>10</b>
Sirsa	J-34	4460	4500	<b>-40</b>
Sri-Ganganagar	J-34	4230	4268	<b>-38</b>
Hanumangarh	B.T. Cotton	4530	4600	<b>-70</b>
Adilabad	>30mm	4325	4325	<b>Unch</b>
Warangal	>30mm	4388	4388	<b>Unch</b>

Guntur	>30mm	4414	4377	37
Bhainsa	>30mm	-	4387	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		10-Mar-14	8-Mar-14	
Amravati	Mech-1	32000	33000	-1000
Khandwa	Mech-1	-	Closed	-
Khargaon	Mech-1	-	Closed	-
Mahesana(Kadi)	B.T. Cotton	35000	30000	5000
Rajkot	B.T. Cotton	3450	3400	50
Patan	B.T. Cotton	9885	7500	2385
Deesa	B.T. Cotton	1000	850	150
Fazilika	B.T. Cotton	-	-	-
Bhiwani	B.T. Cotton	600	400	200
Adampur	B.T. Cotton	680	1020	-340
Fatehabad	B.T. Cotton	800	-	-
Jind	B.T. Cotton	1050	-	-
Rawatsar (Hanumangarh)	B.T. Cotton	300	150	150
Hubli	B.T. Cotton	-	-	-
Ahmedabad	Shankar-6	69700	73100	-3400
Gondal	Shankar-6	1043	1135	-92
Bijapur	Bunny	1108	-	-
Hubli	D.C.H.	-	-	-
Raichur	H-44 Cotton	-	-	-
Abohar	J-34	680	850	-170
Muktsar	J-34	340	340	Unch
Bhatinda	J-34	28900	25500	3400
Mansa	J-34	850	850	Unch
Sirsa	J-34	1020	1700	-680
Sri-Ganganagar	J-34	2550	2550	Unch
Hanumangarh	B.T. Cotton	500	800	-300

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Mar-14	7-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	39000	<b>-500</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39000	39500	<b>-500</b>
J-34(202)	26mm	3.5 - 4.9	23	42400	42400	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	41000	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	42200	42200	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42400	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	43100	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	62000	61500	<b>500</b>

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 10/3/2014**

Index	RMB/Ton	Change
CCIndex(328)	19463	<b>-3</b>
CCIndex(527)	17862	<b>-7</b>
CCIndex(229)	20315	<b>Unch</b>

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

**Cotlook Index: As on 7/3/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	97.55	<b>3</b>

**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	<b>9843</b>
North Delta	88.02	90.52	<b>NIL</b>
South Delta	88.02	90.52	<b>NIL</b>
East TX-OK	84.75	87	<b>5912</b>
West Texas	84.75	86.75	<b>775</b>
Desert SW	84.52	91.27	<b>NIL</b>
SJ Valley	85.27	95.92	<b>NIL</b>

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
<b>Mar-14</b>	90.97	91.02	90.28	91.02	<b>1.02</b>
<b>May-14</b>	91.6	93.35	90.81	91.27	<b>-0.34</b>
<b>Jul-14</b>	90.58	92.75	89.93	90.37	<b>-0.34</b>
<b>Oct-14</b>	81.85	81.85	81.85	81.85	<b>-0.29</b>
<b>Dec-14</b>	79.5	79.95	78.4	79.32	<b>-0.23</b>
<b>Mar-15</b>	79	80	79.24	79.24	<b>-0.22</b>

**Pakistan Cotton Spot rates: As on 8/3/2014 (in Pakistan Rupees)**

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

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