

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone on Tuesday.

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

Arrival stood lower at 163000 bales today compared to 163000 bales on Monday.

**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							-3	3	-3
Apr-14	-5.5	887.5	897	886	887	8859	-1645	16880	66

	Mar-14	Apr-14
Spot	--	
Mar-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	-1.00	840.00	840.00	839.00	839.00	20.00	-39.00	184.00	0.00
Apr-14	-5.00	893.00	899.00	889.50	890.00	346.00	-36.00	961.00	36.00

	Mar-14	Apr-14
Spot	239	
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	-0.39	20700	20730	20640	20670
30-Apr-14	-0.47	20960	21040	20950	20960
30-May-14	-0.47	21300	21340	21270	21270
30-Jun-14	-0.46	21600	21600	21540	21550
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**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		11-Mar-14	10-Mar-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4900	4850	50
Khandwa	Mech-1	5200	-	-
Khargaon	Mech-1	5200	-	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5450	5300	150
Rajkot	B.T. Cotton	5390	5370	20
Patan	B.T. Cotton	5375	5335	40
Deesa	B.T. Cotton	4905	5000	-95
Muktsar	B.T. Cotton	5500	5400	100
Fazilika	B.T. Cotton	-	-	-
Bhiwani	B.T. Cotton	5600	5500	100
Adampur	B.T. Cotton	5400	5390	10
Fatehabad	B.T. Cotton	5400	5425	-25
Jind	B.T. Cotton	5450	5450	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	5380	5360	20
Hubli	B.T. Cotton	4899	-	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5300	5300	Unch
Gondal	Shankar-6	5295	5315	-20
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5239	5219	20
Hubli	D.C.H.	6019	-	-
Raichur	H-44 Cotton	-	-	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4550	4565	-15
Muktsar	J-34	4555	4570	-15
Fazilika	J-34	-	-	-
Bhatinda	J-34	4550	4585	-35
Mansa	J-34	4560	4560	Unch
Sirsa	J-34	4460	4460	Unch
Sri-Ganganagar	J-34	4211	4230	-19

Hanumangarh	B.T. Cotton	4500	4530	<b>-30</b>
Adilabad	>30mm	4387	4325	<b>62</b>
Warangal	>30mm	4387	4388	<b>-1</b>
Guntur	>30mm	4377	4414	<b>-37</b>
Bhainsa	>30mm	4393	-	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		11-Mar-14	10-Mar-14	
Amravati	Mech-1	35000	32000	<b>3000</b>
Khandwa	Mech-1	2400	-	-
Khargaon	Mech-1	8000	-	-
Mahesana(Kadi)	B.T. Cotton	35000	35000	<b>Unch</b>
Rajkot	B.T. Cotton	3500	3450	<b>50</b>
Patan	B.T. Cotton	9373	9885	<b>-9335</b>
Deesa	B.T. Cotton	550	1000	-
Fazilika	B.T. Cotton	-	-	-
Bhiwani	B.T. Cotton	600	600	<b>Unch</b>
Adampur	B.T. Cotton	680	680	<b>Unch</b>
Fatehabad	B.T. Cotton	315	800	<b>-485</b>
Jind	B.T. Cotton	680	1050	<b>-370</b>
Rawatsar (Hanumangarh)	B.T. Cotton	200	300	<b>-100</b>
Hubli	B.T. Cotton	90	-	-
Ahmedabad	Shankar-6	73100	69700	<b>3400</b>
Gondal	Shankar-6	1059	1043	<b>16</b>
Bijapur	Bunny	1131	1108	<b>23</b>
Hubli	D.C.H.	4	-	-
Raichur	H-44 Cotton	-	-	-
Abohar	J-34	4550	680	<b>3870</b>
Muktsar	J-34	340	340	<b>Unch</b>
Bhatinda	J-34	25500	28900	<b>-3400</b>
Mansa	J-34	850	850	<b>Unch</b>
Sirsa	J-34	850	1020	<b>-170</b>
Sri-Ganganagar	J-34	2550	2550	<b>Unch</b>



Hanumangarh	B.T. Cotton	1000	500	500
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### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Mar-14	8-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39000	39000	Unch
J-34(202)	26mm	3.5 - 4.9	23	42100	42400	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	41000	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	42000	42200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42400	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42900	43100	-200
DCH-32(107)	34mm	3.0 - 3.8	33	62000	62000	Unch

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 10/3/2014

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

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

#### Cotlook Index: As on 10/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	97.30	-0.25

#### USDA Cotton Spot Rates: As on 10/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.56	92.56	1174
North Delta	88.31	90.81	NIL
South Delta	88.31	90.81	NIL
East TX-OK	85	87.25	5196
West Texas	85	87	375
Desert SW	84.81	91.56	NIL
SJ Valley	85.56	96.21	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 10/3/2014**

Contract	Open	High	Low	Close	Change
<b>Mar-14</b>	91.10	92.60	90.68	91.56	<b>0.29</b>
<b>May-14</b>	90.24	91.65	89.86	90.46	<b>0.09</b>
<b>Jul-14</b>	82.17	82.27	82.12	82.12	<b>0.27</b>
<b>Oct-14</b>	79.13	79.85	78.88	79.78	<b>0.46</b>
<b>Dec-14</b>	79.44	79.65	79.07	79.63	<b>0.39</b>
<b>Mar-15</b>	79.64	79.64	79.64	79.64	<b>0.44</b>

**Pakistan Cotton Spot rates: As on 10/3/2014 (in Pakistan Rupees)**

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

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