

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Wednesday.

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

Arrival stood lower at 170000 bales today compared to 163000 bales on Tuesday.

In The News: Arrival of cotton in India has been increased by 12.87% on Y-o-Y 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
Apr-14	-12	886	888	871.5	876	12143	3284	16946	-294

	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	-17.50	840.00	840.00	822.00	822.00	16.00	-4.00	182.00	-2.00
Apr-14	-12.20	889.50	890.50	875.00	878.20	579.00	233.00	920.00	-41.00

	Mar-14	Apr-14
Spot	239	
Mar-14		56.2
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	-0.68	20710	20710	20480	20540
30-Apr-14	-0.67	20970	20980	20770	20830
30-May-14	-0.66	21250	21250	21080	21130
30-Jun-14	-0.79	21530	21530	21350	21390
31-Jul-14	-1.5	21700	21760	21610	21670

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		12-Mar-14	11-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4900	4900	Unch
Khandwa	Mech-1	5200	5200	Unch
Khargaon	Mech-1	5200	5200	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	5300	5450	-150
Rajkot	B.T. Cotton	5305	5390	-85
Patan	B.T. Cotton	5325	5375	-50
Deesa	B.T. Cotton	5000	4905	95
Muktsar	B.T. Cotton	5350	5500	-150
Fazilika	B.T. Cotton	5375	-	-
Bhiwani	B.T. Cotton	5450	5600	-150
Adampur	B.T. Cotton	5370	5400	-30
Fatehabad	B.T. Cotton	5440	5400	40
Jind	B.T. Cotton	5380	5450	-70
Rawatsar (Hanumangarh)	B.T. Cotton	5365	5380	-15
Hubli	B.T. Cotton	4919	4899	20
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5300	5300	Unch
Gondal	Shankar-6	5255	5295	-40
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5259	5239	20
Hubli	D.C.H.	6289	6019	270
Raichur	H-44 Cotton	5050	5050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4530	4550	-20
Muktsar	J-34	4540	4555	-15
Fazilika	J-34	4550	-	-
Bhatinda	J-34	4560	4550	10
Mansa	J-34	4550	4560	-10
Sirsa	J-34	4425	4460	-35
Sri-Ganganagar	J-34	4202	4211	-9
Hanumangarh	B.T. Cotton	4450	4500	-50
Adilabad	>30mm	4377	4387	-10

Warangal	>30mm	4419	4387	32
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4419	4393	26

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		12-Mar-14	11-Mar-14	
Amravati	Mech-1	35000	35000	Unch
Khandwa	Mech-1	2500	2400	100
Khargaon	Mech-1	8000	8000	Unch
Mahesana(Kadi)	B.T. Cotton	30000	35000	-5000
Rajkot	B.T. Cotton	3550	3500	50
Patan	B.T. Cotton	8576	9373	-797
Deesa	B.T. Cotton	1250	550	700
Fazilika	B.T. Cotton	1200	-	-
Bhiwani	B.T. Cotton	500	600	-100
Adampur	B.T. Cotton	510	680	-170
Fatehabad	B.T. Cotton	450	315	135
Jind	B.T. Cotton	391	680	-289
Rawatsar (Hanumangarh)	B.T. Cotton	150	200	-50
Hubli	B.T. Cotton	2072	90	1982
Ahmedabad	Shankar-6	71400	73100	-1700
Gondal	Shankar-6	1690	1059	631
Bijapur	Bunny	946	1131	-185
Hubli	D.C.H.	40	4	36
Raichur	H-44 Cotton	2872	3292	-420
Abohar	J-34	680	425	255
Muktsar	J-34	340	340	Unch
Bhatinda	J-34	28900	25500	3400
Mansa	J-34	680	850	-170
Sirsa	J-34	1360	850	510
Sri-Ganganagar	J-34	2550	2550	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
				11-Mar-14	10-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	42000	42100	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	40800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41900	42000	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42900	42900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	62000	62000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 12/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19457	-3
CCIndex(527)	17845	-15
CCIndex(229)	20296	-11

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

Cotlook Index: As on 11/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	97.35	+0.05

USDA Cotton Spot Rates: As on 11/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.40	92.40	457
North Delta	88.40	90.90	NIL
South Delta	88.40	90.90	NIL
East TX-OK	85.00	87.25	10
West Texas	85.00	87.25	639
Desert SW	84.90	91.65	NIL
SJ Valley	85.65	96.30	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 11/3/2014

Contract	Open	High	Low	Close	Change
May-14	91.67	92.24	91.00	91.65	+0.09
Jul-14	90.48	91.04	89.85	90.08	-0.38
Oct-14	82.23	82.23	81.98	81.98	-0.14
Dec-14	79.70	79.95	79.22	79.89	+0.11
Mar-15	79.47	79.90	79.36	79.85	+0.22
May-15	79.75	80.04	79.75	79.97	+0.33

Pakistan Cotton Spot rates: As on 11/3/2014 (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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