

### Domestic Fundamentals:

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

Prices of cotton are fluctuating with weak biasness, amid indecision in the market.

Arrival stood lower at 154000 bales today compared to 158000 bales on Thursday.

**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	-25	814.5	816.5	813.5	813.5	3	3	3	0
Apr-14	-14.5	865	871	850	857.5	13856	1713	15547	-1105

	Mar-14	Apr-14
Spot	--	
Mar-14		44

**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	-17.5	815.2	817	802.5	809	19	3	175.00	-7.00
Apr-14	-15.5	870.5	871.7	852	859.5	610	31	899.00	-21.00

	Mar-14	Apr-14
Spot	271	
Mar-14		50.5
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	-0.19	20520	20550	20380	20520
30-Apr-14	-0.19	20810	20850	20670	20820
30-May-14	-0.24	21110	21160	20980	21120
30-Jun-14	0	21380	21430	21270	21420
31-Jul-14	-0.23	21620	21740	21520	21660

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

Centre	Variety	Prices		Change
		14-Mar-14	13-Mar-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4900	4950	<b>-50</b>
Khandwa	Mech-1	5200	5200	<b>Unch</b>
Khargaon	Mech-1	5200	5200	<b>Unch</b>
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	5375	5400	<b>-25</b>
Rajkot	B.T. Cotton	5400	5305	<b>95</b>
Patan	B.T. Cotton	5340	5380	<b>-40</b>
Deesa	B.T. Cotton	4850	4975	<b>-125</b>
Muktsar	B.T. Cotton	4520	5350	<b>-830</b>
Fazilika	B.T. Cotton	5350	5325	<b>25</b>
Bhiwani	B.T. Cotton	5520	5500	<b>20</b>
Adampur	B.T. Cotton	5350	5325	<b>25</b>
Fatehabad	B.T. Cotton	5400	5375	<b>25</b>
Jind	B.T. Cotton	5410	5380	<b>30</b>
Rawatsar (Hanumangarh)	B.T. Cotton	5400	5400	<b>Unch</b>
Hubli	B.T. Cotton	4989	4940	<b>49</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5250	5250	<b>Unch</b>
Gondal	Shankar-6	5280	5280	<b>Unch</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5239	5249	<b>-10</b>
Hubli	D.C.H.	6109	6319	<b>-210</b>
Raichur	H-44 Cotton	5070	5050	<b>20</b>
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4520	4520	<b>Unch</b>
Muktsar	J-34	4535	4520	<b>15</b>
Fazilika	J-34	4470	4470	<b>Unch</b>
Bhatinda	J-34	4550	4540	<b>10</b>
Mansa	J-34	4540	4520	<b>20</b>
Sirsa	J-34	4420	4415	<b>5</b>
Sri-Ganganagar	J-34	4136	4136	<b>Unch</b>
Hanumangarh	B.T. Cotton	4480	4480	<b>Unch</b>

Adilabad	>30mm	4388	4388	Unch
Warangal	>30mm	4393	4388	5
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4393	4393	Unch

### Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Mar-14	13-Mar-14	
Amravati	Mech-1	35000	36000	-1000
Khandwa	Mech-1	2200	2600	-400
Khargaon	Mech-1	6000	8000	-2000
Mahesana(Kadi)	B.T. Cotton	40000	50000	-10000
Rajkot	B.T. Cotton	3600	3550	50
Patan	B.T. Cotton	9590	9373	217
Deesa	B.T. Cotton	2500	1500	1000
Fazilika	B.T. Cotton	1200	1200	Unch
Bhiwani	B.T. Cotton	600	800	-200
Adampur	B.T. Cotton	850	680	170
Fatehabad	B.T. Cotton	700	800	-100
Jind	B.T. Cotton	714	612	102
Rawatsar (Hanumangarh)	B.T. Cotton	200	200	Unch
Hubli	B.T. Cotton	1213	1828	-615
Ahmedabad	Shankar-6	76500	85000	-8500
Gondal	Shankar-6	1018	1018	Unch
Bijapur	Bunny	1192	1224	-32
Hubli	D.C.H.	34	70	-36
Raichur	H-44 Cotton	3125	3775	-650
Abohar	J-34	850	680	170
Muktsar	J-34	340	425	-85
Bhatinda	J-34	23800	25500	-1700
Mansa	J-34	850	850	Unch
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	850	850	Unch
Hanumangarh	B.T. Cotton	1200	1500	-300

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Mar-14	11-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	41800	42000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40700	40800	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	41900	41900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42200	-100
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 14/3/2014**

Index	RMB/Ton	Change
CCIndex(328)	19445	-12
CCIndex(527)	17821	-8
CCIndex(229)	20285	-5

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

**Cotlook Index: As on 13/3/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	97.80	0.50

**USDA Cotton Spot Rates: As on 13/3/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.43	92.43	NIL
North Delta	88.43	90.93	NIL
South Delta	88.43	90.93	NIL
East TX-OK	85.25	87.50	NIL
West Texas	85.25	87.25	1019
Desert SW	84.93	91.68	NIL
SJ Valley	85.68	96.33	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 13/3/2014**

Contract	Open	High	Low	Close	Change
<b>May-14</b>	92.66	93.75	91.46	91.68	<b>-0.52</b>
<b>Jul-14</b>	90.55	91.65	89.80	89.86	<b>-0.37</b>
<b>Oct-14</b>	82.00	82.13	81.94	81.94	<b>-0.11</b>
<b>Dec-14</b>	79.81	79.95	79.40	79.94	<b>+0.06</b>
<b>Mar-15</b>	79.67	79.79	79.44	79.79	<b>+0.03</b>
<b>May-15</b>	79.41	79.55	79.30	79.55	<b>-0.10</b>

**Pakistan Cotton Spot rates: As on 13/3/2014 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6750	155	6905
<b>Equivalent</b>	40 Kgs	7234	155	7389

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