

### Domestic Fundamentals:

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

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 Friday.

**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	-2	813	813	813	813	1	-2	3	0
Apr-14	6	861	868.5	858	863.5	6405	-7451	16345	798

	Mar-14	Apr-14
Spot	242	
Mar-14		50.5

**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	5.3	810.1	814.8	810.1	812.2	6	-10	174.00	-8.00
Apr-14	6.1	863.5	869	860	865	258	-321	890.00	-30.00

	Mar-14	Apr-14
Spot	242.8	
Mar-14		52.8
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
		15-Mar-14	14-Mar-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4900	4900	Unch
Khandwa	Mech-1	Closed	5200	-
Khargaon	Mech-1	Closed	5200	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	5250	5375	-125
Rajkot	B.T. Cotton	5275	5400	-125
Patan	B.T. Cotton	5055	5340	-285
Deesa	B.T. Cotton	4850	4850	Unch
Muktsar	B.T. Cotton	5400	4520	880
Fazilika	B.T. Cotton	5325	5350	-25
Bhiwani	B.T. Cotton	5600	5520	80
Adampur	B.T. Cotton	5325	5350	-25
Fatehabad	B.T. Cotton	5350	5400	-50
Jind	B.T. Cotton	5400	5410	-10
Rawatsar (Hanumangarh)	B.T. Cotton	5400	5400	Unch
Hubli	B.T. Cotton	4339	4989	-650
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	Closed	5280	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5146	5239	-93
Hubli	D.C.H.	5989	6109	-120
Raichur	H-44 Cotton	5070	5070	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4530	4520	10
Muktsar	J-34	4535	4535	Unch
Fazilika	J-34	4525	4470	55
Bhatinda	J-34	4550	4550	Unch
Mansa	J-34	4540	4540	Unch
Sirsa	J-34	4415	4420	-5
Sri-Ganganagar	J-34	Closed	4136	-
Hanumangarh	B.T. Cotton	4440	4480	-40

Adilabad	>30mm	4377	4388	-11
Warangal	>30mm	4393	4393	Unch
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4393	4393	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		15-Mar-14	14-Mar-14	
Amravati	Mech-1	36500	35000	1500
Khandwa	Mech-1	Closed	2200	-
Khargaon	Mech-1	Closed	6000	-
Mahesana(Kadi)	B.T. Cotton	30000	40000	-10000
Rajkot	B.T. Cotton	2750	3600	-850
Patan	B.T. Cotton	2338	9590	-7252
Deesa	B.T. Cotton	2500	2500	Unch
Fazilika	B.T. Cotton	600	1200	-600
Bhiwani	B.T. Cotton	600	600	Unch
Adampur	B.T. Cotton	850	850	Unch
Fatehabad	B.T. Cotton	600	700	-100
Jind	B.T. Cotton	765	714	51
Rawatsar (Hanumangarh)	B.T. Cotton	150	200	-50
Hubli	B.T. Cotton	1595	1213	382
Ahmedabad	Shankar-6	68000	76500	-8500
Gondal	Shankar-6	Closed	1018	-
Bijapur	Bunny	788	1192	-404
Hubli	D.C.H.	102	34	68
Raichur	H-44 Cotton	3125	3125	Unch
Abohar	J-34	850	850	Unch
Muktsar	J-34	510	340	170
Bhatinda	J-34	26350	23800	2550
Mansa	J-34	510	850	-340
Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	Closed	850	-
Hanumangarh	B.T. Cotton	1000	1200	-200

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Mar-14	14-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	41900	41900	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40600	40600	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	41800	41900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42000	42100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42900	42900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	61500	61500	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 14/3/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	97.40	-0.40

**USDA Cotton Spot Rates: As on 14/3/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.94	92.94	NIL
North Delta	88.94	91.44	NIL
South Delta	88.94	91.44	NIL
East TX-OK	85.75	88.00	46
West Texas	85.75	87.75	26
Desert SW	85.44	92.19	NIL
SJ Valley	86.19	96.84	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 14/3/2014**

Contract	Open	High	Low	Close	Change
<b>May-14</b>	91.68	92.60	90.56	92.19	<b>+0.51</b>
<b>Jul-14</b>	89.86	91.00	89.37	90.84	<b>+0.98</b>
<b>Oct-14</b>	81.43	82.04	81.43	82.04	<b>+0.10</b>
<b>Dec-14</b>	79.83	80.00	79.35	79.84	<b>-0.10</b>
<b>Mar-15</b>	79.65	79.85	79.35	79.74	<b>-0.05</b>
<b>May-15</b>	79.40	79.58	79.40	79.50	<b>-0.05</b>

**Pakistan Cotton Spot rates: As on 14/3/2014 (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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