

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Tuesday.

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

Arrival stood lower at 120000 bales today compared to 138000 bales on Saturday.

In The News: Cotton exports from India have increased by 5 percent on Y-o-Y basis in February to 7.8 million bales on higher international demand. However in coming month, it is likely to decline. As per the estimates of USDA, total cotton export from India this year would be around 10.2 million bales.

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.

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	-17	796	796	796	796	1	0	3	0
Apr-14	-9	858	858	846.5	854.5	10110	3705	16612	267

	Mar-14	Apr-14	
Spot	285		
Mar-14		58.5	
Apr-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	-3.4	799.5	810	791	808.8	22	16	159.00	-15.00
Apr-14	-10	857.6	862.7	848.5	855	523	265	864.00	-26.00

	Mar-14	Apr-14	
Spot	272.2		
Mar-14		46.2	
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	-0.34	20570	20600	20480	20560
30-Apr-14	-0.43	20900	20900	20790	20850
30-May-14	-0.28	21300	21300	21080	21150
30-Jun-14	-0.37	21480	21480	21370	21420
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DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		18-Mar-14	15-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4850	4900	-50
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	5400	5250	150
Rajkot	B.T. Cotton	5405	5275	130
Patan	B.T. Cotton	5335	5055	280
Deesa	B.T. Cotton	Closed	4850	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5320	5325	-5
Bhiwani	B.T. Cotton	5580	5600	-20
Adampur	B.T. Cotton	5350	5325	25
Fatehabad	B.T. Cotton	5380	5350	30
Jind	B.T. Cotton	5450	5400	50
Rawatsar (Hanumangarh)	B.T. Cotton	5400	5400	Unch
Hubli	B.T. Cotton	5040	4339	701
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	5185	Closed	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5172	5146	26
Hubli	D.C.H.	5819	5989	-170
Raichur	H-44 Cotton	5125	5070	55
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4530	4530	Unch
Muktsar	J-34	4530	4535	-5
Fazilika	J-34	4505	4525	-20
Bhatinda	J-34	4545	4550	-5
Mansa	J-34	4530	4540	-10
Sirsa	J-34	4440	4415	25
Sri-Ganganagar	J-34	4193	Closed	-
Hanumangarh	B.T. Cotton	4450	4440	10
Adilabad	>30mm	4325	4377	-52

Warangal	>30mm	4393	4393	Unch
Guntur	>30mm	4466	4377	89
Bhainsa	>30mm	4393	4393	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		18-Mar-14	15-Mar-14	
Amravati	Mech-1	35000	36500	-1500
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	35000	30000	5000
Rajkot	B.T. Cotton	2200	2750	-550
Patan	B.T. Cotton	4680	2338	2342
Deesa	B.T. Cotton	Closed	2500	-
Fazilika	B.T. Cotton	400	600	-200
Bhiwani	B.T. Cotton	300	600	-300
Adampur	B.T. Cotton	680	850	-170
Fatehabad	B.T. Cotton	800	600	200
Jind	B.T. Cotton	680	765	-85
Rawatsar (Hanumangarh)	B.T. Cotton	150	150	Unch
Hubli	B.T. Cotton	1609	1595	14
Ahmedabad	Shankar-6	68000	68000	Unch
Gondal	Shankar-6	1339	Closed	-
Bijapur	Bunny	1157	788	369
Hubli	D.C.H.	36	102	-66
Raichur	H-44 Cotton	2062	3125	-1063
Abohar	J-34	680	850	-170
Muktsar	J-34	340	510	-170
Bhatinda	J-34	25500	26350	-850
Mansa	J-34	680	510	170
Sirsa	J-34	6800	1700	5100
Sri-Ganganagar	J-34	1700	Closed	-
Hanumangarh	B.T. Cotton	800	1000	-200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Mar-14	15-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	40800	40600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42000	41800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	42900	200
DCH-32(107)	34mm	3.0 - 3.8	33	61700	61500	200

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 18/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19437	-3
CCIndex(527)	17791	-21
CCIndex(229)	20278	-1

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

Cotlook Index: As on 17/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	97.90	+0.50

USDA Cotton Spot Rates: As on 17/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.78	92.78	NIL
North Delta	88.78	91.28	NIL
South Delta	88.78	91.28	NIL
East TX-OK	85.50	87.75	456
West Texas	85.50	87.50	1031
Desert SW	85.28	92.03	NIL
SJ Valley	86.03	96.68	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 17/3/2014

Contract	Open	High	Low	Close	Change
May-14	92.15	92.48	91.66	92.03	-0.16
Jul-14	90.90	91.32	90.49	91.13	+0.29
Oct-14	82.20	82.20	82.13	82.13	+0.09
Dec-14	79.84	80.00	79.84	80.00	+0.16
Mar-15	79.85	79.98	79.85	79.98	+0.24
May-15	79.53	79.55	79.51	79.55	+0.05

Pakistan Cotton Spot rates: As on 17/3/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6700	155	6855
Equivalent	40 Kgs	7180	155	7335

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