

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Wednesday.

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

Arrival stood higher at 142000 bales today compared to 120000 bales on Tuesday.

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	0	0	0	0	0	0	-1	3	0
Apr-14	-4	856.5	861.5	847.5	852.5	7060	-3050	16668	56

	Mar-14	Apr-14
Spot	--	
Mar-14		--
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	1.9	808	808	808	808	15	-7	149.00	-10.00
Apr-14	-3.3	855.5	860	848.5	852.9	340	-183	856.00	-8.00

	Mar-14	Apr-14
Spot	263	
Mar-14		44.9
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	0.24	20600	20650	20560	20620
30-Apr-14	0.29	20910	20960	20860	20920
30-May-14	0.28	21210	21260	21160	21220
30-Jun-14	0.37	21480	21560	21440	21520
31-Jul-14	0.32	21730	21830	21730	21830

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		19-Mar-14	18-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4850	4850	Unch
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	5500	5400	100
Rajkot	B.T. Cotton	5355	5405	-50
Patan	B.T. Cotton	5405	5335	70
Deesa	B.T. Cotton	Closed	Closed	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5350	5320	30
Bhiwani	B.T. Cotton	5500	5580	-80
Adampur	B.T. Cotton	5370	5350	20
Fatehabad	B.T. Cotton	5400	5380	20
Dabwali	B.T. Cotton	5290	5280	10
Jind	B.T. Cotton	5450	5450	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	5320	5400	-80
Hubli	B.T. Cotton	4990	5040	-50
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	5235	5185	50
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5219	5172	47
Hubli	D.C.H.	5999	5819	180
Raichur	H-44 Cotton	4980	5125	-145
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4545	4530	15
Muktsar	J-34	4540	4530	10
Fazilika	J-34	4510	4505	5
Bhatinda	J-34	4550	4545	5
Mansa	J-34	4525	4530	-5
Sirsa	J-34	4440	4440	Unch
Sri-Ganganagar	J-34	4221	4193	28
Hanumangarh	B.T. Cotton	4480	4450	30

Adilabad	>30mm	4325	4325	Unch
Warangal	>30mm	4361	4393	-32
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4377	4393	-16

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		19-Mar-14	18-Mar-14	
Amravati	Mech-1	35000	35000	Unch
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	20000	35000	-15000
Rajkot	B.T. Cotton	2600	2200	400
Patan	B.T. Cotton	7335	4680	2655
Deesa	B.T. Cotton	Closed	Closed	-
Fazilika	B.T. Cotton	1200	400	800
Bhiwani	B.T. Cotton	300	300	Unch
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	600	800	-200
Dabwali	B.T. Cotton	150	50	100
Jind	B.T. Cotton	680	680	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	250	150	100
Hubli	B.T. Cotton	851	1609	-758
Ahmedabad	Shankar-6	69700	68000	1700
Gondal	Shankar-6	1772	1339	433
Bijapur	Bunny	1146	1157	-11
Hubli	D.C.H.	8	36	-28
Raichur	H-44 Cotton	3445	2062	1383
Abohar	J-34	850	680	170
Muktsar	J-34	340	340	Unch
Bhatinda	J-34	20400	25500	-5100
Mansa	J-34	850	680	170
Sirsa	J-34	1700	3400	-1700
Sri-Ganganagar	J-34	2550	1700	850
Hanumangarh	B.T. Cotton	1000	800	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 19/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19428	-9
CCIndex(527)	17782	-9
CCIndex(229)	20272	-6

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

Cotlook Index: As on 18/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	97.50	-0.40

USDA Cotton Spot Rates: As on 18/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.68	93.68	44
North Delta	89.68	92.18	NIL
South Delta	89.68	92.18	NIL
East TX-OK	86.50	88.75	1419
West Texas	86.50	88.50	1230
Desert SW	86.18	92.93	NIL
SJ Valley	86.93	97.58	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 18/3/2014

Contract	Open	High	Low	Close	Change
May-14	91.85	92.97	91.85	92.93	+0.90
Jul-14	90.93	92.15	90.93	92.08	+0.95
Oct-14	82.10	82.33	82.10	82.33	+0.20
Dec-14	79.90	80.24	79.70	80.24	+0.24
Mar-15	79.90	80.19	79.75	80.19	+0.21
May-15	79.78	79.97	79.58	79.97	+0.42

Pakistan Cotton Spot rates: As on 18/3/2014 (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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