

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly steady tone on Thursday.

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

Arrival stood higher at 150000 bales today compared to 142000 bales on Wednesday.

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	-10.5	802.5	802.5	802.5	802.5	1	1	3	0
Apr-14	-0.5	851	858.5	843	853.5	13422	6362	16327	-341

	Mar-14	Apr-14	
Spot	282.5		
Mar-14		51	
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	-2	790.1	806	790.1	806	5	-10	145.00	-4.00
Apr-14	0.4	851.3	858.6	843.5	854	525	185	828.00	-28.00

	Mar-14	Apr-14	
Spot	279		
Mar-14		48	
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	0.05	20590	20660	20540	20630
30-Apr-14	-0.05	20880	20960	20840	20910
30-May-14	0	21180	21260	21140	21230
30-Jun-14	0.09	21490	21560	21450	21550
31-Jul-14	0.18	21810	21880	21770	21870

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		20-Mar-14	19-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	5500	Unch
Rajkot	B.T. Cotton	5425	5355	70
Patan	B.T. Cotton	5395	5405	-10
Deesa	B.T. Cotton	Closed	Closed	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5370	5350	20
Bhiwani	B.T. Cotton	5500	5500	Unch
Adampur	B.T. Cotton	5375	5370	5
Fatehabad	B.T. Cotton	5380	5400	-20
Dabwali	B.T. Cotton	5300	5290	10
Jind	B.T. Cotton	5400	5450	-50
Rawatsar (Hanumangarh)	B.T. Cotton	5320	5320	Unch
Hubli	B.T. Cotton	4990	4990	Unch
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5300	5250	50
Gondal	Shankar-6	5285	5235	50
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5188	5219	-31
Hubli	D.C.H.	5999	5999	Unch
Raichur	H-44 Cotton	5025	4980	45
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4535	4545	-10
Muktsar	J-34	4540	4540	Unch
Fazilika	J-34	4510	4510	Unch
Bhatinda	J-34	4550	4550	Unch
Mansa	J-34	4515	4525	-10
Sirsa	J-34	4450	4440	10
Sri-Ganganagar	J-34	4160	4221	-61
Hanumangarh	B.T. Cotton	4470	4480	-10

Adilabad	>30mm	4362	4325	37
Warangal	>30mm	4325	4361	-36
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4393	4377	16

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Mar-14	19-Mar-14	
Amravati	Mech-1	35000	35000	Unch
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	20000	20000	Unch
Rajkot	B.T. Cotton	3600	2600	1000
Patan	B.T. Cotton	9385	7335	2050
Deesa	B.T. Cotton	Closed	Closed	-
Fazilika	B.T. Cotton	1000	1200	-200
Bhiwani	B.T. Cotton	300	300	Unch
Adampur	B.T. Cotton	850	680	170
Fatehabad	B.T. Cotton	600	600	Unch
Dabwali	B.T. Cotton	200	150	50
Jind	B.T. Cotton	700	680	20
Rawatsar (Hanumangarh)	B.T. Cotton	150	250	-100
Hubli	B.T. Cotton	-	851	-
Ahmedabad	Shankar-6	68000	69700	-1700
Gondal	Shankar-6	1528	1772	-244
Bijapur	Bunny	793	1146	-353
Hubli	D.C.H.	-	8	-
Raichur	H-44 Cotton	2955	3445	-490
Abohar	J-34	1020	850	170
Muktsar	J-34	510	340	170
Bhatinda	J-34	29750	20400	9350
Mansa	J-34	1020	850	170
Sirsa	J-34	1360	1700	-340
Sri-Ganganagar	J-34	340	2550	-2210
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
				19-Mar-14	18-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	42200	41900	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	40800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42000	42000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	43100	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	61700	61700	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 20/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19428	0
CCIndex(527)	17769	-13
CCIndex(229)	20263	-9

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

Cotlook Index: As on 19/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	98.25	0.75

USDA Cotton Spot Rates: As on 19/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.37	93.37	NIL
North Delta	89.37	91.87	NIL
South Delta	89.37	91.87	NIL
East TX-OK	86.00	88.25	221
West Texas	86.00	88.00	1013
Desert SW	85.87	92.62	NIL
SJ Valley	86.62	97.27	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 19/3/2014

Contract	Open	High	Low	Close	Change
May-14	93.00	93.29	92.48	92.62	-0.31
Jul-14	92.16	92.39	91.58	91.83	-0.25
Oct-14	82.12	82.12	82.12	82.12	-0.21
Dec-14	80.12	80.24	79.75	79.99	-0.25
Mar-15	80.10	80.25	79.94	79.98	-0.21
May-15	79.67	79.80	79.67	79.76	-0.21

Pakistan Cotton Spot rates: As on 19/3/2014 (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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