

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly steady tone on Friday.

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

Arrival stood lower at 146000 bales today compared to 140000 bales on Thursday.

**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:

- In China, cotton imports during February down by 35% to 246001 tonne as compared with same period in last month. Moreover, total cotton import during this calendar year was also down by 35.6% to 538438 tonne in comparison with corresponding period in previous year -Customs.
- 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	9	811.5	811.5	811.5	811.5	1	0	2	-1
Apr-14	23.5	850	884	849	878	22901	9479	14724	-1603

	Mar-14	Apr-14
Spot	268.5	
Mar-14		66.5

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	+18.60	797	821.9	790.2	820	37	32	130.00	-15.00
Apr-14	+17.90	853.5	879.9	849.5	872.5	1350	825	1102.00	274.00

	Mar-14	Apr-14
Spot	260	
Mar-14		52.5
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	+70.00	20620.00	20810.00	20560.00	20700.00
30-Apr-14	+60.00	20910.00	21120.00	20840.00	20980.00
30-May-14	+30.00	21180.00	21400.00	21160.00	21260.00
30-Jun-14	+10.00	21520.00	21690.00	21470.00	21560.00
31-Jul-14	+20.00	21810.00	22000.00	21810.00	21890.00

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

Centre	Variety	Prices		Change
		21-Mar-14	20-Mar-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4850	4850	Unch
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	5400	5500	-100
Rajkot	B.T. Cotton	5400	5425	-25
Patan	B.T. Cotton	5455	5395	60
Deesa	B.T. Cotton	Closed	Closed	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5360	5370	-10
Bhiwani	B.T. Cotton	5500	5500	Unch
Adampur	B.T. Cotton	5380	5375	5
Fatehabad	B.T. Cotton	5380	5380	Unch
Dabwali	B.T. Cotton	5300	5300	Unch
Jind	B.T. Cotton	5420	5400	20
Rawatsar (Hanumangarh)	B.T. Cotton	5320	5320	Unch
Hubli	B.T. Cotton	5020	4990	30
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5250	5300	-50
Gondal	Shankar-6	5285	5285	Unch
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5188	5188	Unch
Hubli	D.C.H.	5609	5999	-390
Raichur	H-44 Cotton	5011	5025	-14
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4555	4535	20
Muktsar	J-34	4560	4540	20
Fazilika	J-34	4560	4510	50
Bhatinda	J-34	4570	4550	20
Mansa	J-34	4530	4515	15
Sirsa	J-34	4450	4450	Unch
Sri-Ganganagar	J-34	4211	4160	51
Hanumangarh	B.T. Cotton	4460	4470	-10

Adilabad	>30mm	4361	4362	-1
Warangal	>30mm	4325	4325	Unch
Guntur	>30mm	4377	4377	Unch
Bhainsa	>30mm	4393	4393	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		21-Mar-14	20-Mar-14	
Amravati	Mech-1	32500	35000	-2500
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	40000	20000	20000
Rajkot	B.T. Cotton	4450	3600	850
Patan	B.T. Cotton	9700	9385	315
Deesa	B.T. Cotton	Closed	Closed	-
Fazilika	B.T. Cotton	1000	1000	Unch
Bhiwani	B.T. Cotton	200	300	-100
Adampur	B.T. Cotton	850	850	Unch
Fatehabad	B.T. Cotton	500	600	-100
Dabwali	B.T. Cotton	200	200	Unch
Jind	B.T. Cotton	500	700	-200
Rawatsar (Hanumangarh)	B.T. Cotton	60	150	-90
Hubli	B.T. Cotton	268	851	-583
Ahmedabad	Shankar-6	59500	68000	-8500
Gondal	Shankar-6	1528	1528	Unch
Bijapur	Bunny	793	793	Unch
Hubli	D.C.H.	14	8	6
Raichur	H-44 Cotton	2900	2955	-55
Abohar	J-34	850	1020	-170
Muktsar	J-34	340	510	-170
Bhatinda	J-34	21250	29750	-8500
Mansa	J-34	850	1020	-170
Sirsa	J-34	1360	1360	Unch
Sri-Ganganagar	J-34	1700	340	1360
Hanumangarh	B.T. Cotton	350	800	-450

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Mar-14	19-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38500	38000	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39000	38500	500
J-34(202)	26mm	3.5 - 4.9	23	42200	42200	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40900	40800	100
Shankar-6(105)	29mm	3.5 – 4.9	28	42200	42000	200
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	62000	61700	300

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 21/3/2014**

Index	RMB/Ton	Change
CCIndex(328)	19422	-6
CCIndex(527)	17762	-7
CCIndex(229)	20258	-5

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

**Cotlook Index: As on 20/3/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	97.80	-0.45

**USDA Cotton Spot Rates: As on 20/3/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.93	92.93	1235
North Delta	88.93	91.43	NIL
South Delta	88.93	91.43	NIL
East TX-OK	85.50	87.75	167
West Texas	85.50	87.50	8
Desert SW	85.43	92.18	NIL
SJ Valley	86.18	96.83	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 20/3/2014**

Contract	Open	High	Low	Close	Change
<b>May-14</b>	92.46	92.96	91.82	92.18	<b>-0.44</b>
<b>Jul-14</b>	91.62	92.24	91.25	91.77	<b>-0.06</b>
<b>Oct-14</b>	82.08	82.08	82.08	82.08	<b>-0.04</b>
<b>Dec-14</b>	79.88	80.00	79.50	79.98	<b>-0.01</b>
<b>Mar-15</b>	79.75	79.98	79.75	79.93	<b>-0.05</b>
<b>May-15</b>	79.80	79.80	79.80	79.80	<b>+0.04</b>

**Pakistan Cotton Spot rates: As on 20/3/2014 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6650	155	6805
<b>Equivalent</b>	40 Kgs	7127	155	7282

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