

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly flat tone on Saturday.

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

Arrival stood lower at 147000 bales today compared to 146000 bales on Friday.

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	3.5	815	815	815	815	1	0	2	0
Apr-14	-13	879	885	857.5	863.5	14511	-8390	14945	221

	Mar-14	Apr-14
Spot	270	
Mar-14		48.5

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	-12.4	816	816	803	808	3	-34	128.00	-2.00
Apr-14	-19.7	873.4	873.9	848	851.7	1587	237	1301.00	199.00

	Mar-14	Apr-14
Spot	277	
Mar-14		43.7
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	-40	20760	20810	20670	20690
30-Apr-14	-30	21070	21110	20950	20980
30-May-14	-40	21340	21390	21250	21260
30-Jun-14	+10	21600	21670	21560	21610
31-Jul-14	+10	21980	21980	21890	21940

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		22-Mar-14	21-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	5400	5400	Unch
Rajkot	B.T. Cotton	5425	5400	25
Patan	B.T. Cotton	5605	5455	150
Deesa	B.T. Cotton	Closed	Closed	-
Muktsar	B.T. Cotton	5450	5400	50
Fazilika	B.T. Cotton	5360	5360	Unch
Bhiwani	B.T. Cotton	5600	5500	100
Adampur	B.T. Cotton	5375	5380	-5
Fatehabad	B.T. Cotton	5400	5380	20
Dabwali	B.T. Cotton	5300	5300	Unch
Jind	B.T. Cotton	5450	5420	30
Rawatsar (Hanumangarh)	B.T. Cotton	5320	5320	Unch
Hubli	B.T. Cotton	5040	5020	20
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5275	5250	25
Gondal	Shankar-6	5285	5285	Unch
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5199	5188	11
Hubli	D.C.H.	5769	5609	160
Raichur	H-44 Cotton	5050	5011	39
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4555	4555	Unch
Muktsar	J-34	4585	4560	25
Fazilika	J-34	4560	4560	Unch
Bhatinda	J-34	4605	4570	35
Mansa	J-34	4530	4530	Unch
Sirsa	J-34	4475	4450	25
Sri-Ganganagar	J-34	4258	4211	47


24th March 2014

Hanumangarh	B.T. Cotton	4530	4460	70
Adilabad	>30mm	4371	4361	10
Warangal	>30mm	4361	4325	36
Guntur	>30mm	4466	4377	89
Bhainsa	>30mm	4403	4393	10

Cotton Association of India Spot Rates:

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

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 21/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	97.35	-0.45

USDA Cotton Spot Rates: As on 21/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.81	93.81	933
North Delta	89.81	92.31	NIL
South Delta	89.81	92.31	NIL
East TX-OK	86.5	88.75	281
West Texas	86.5	88.5	23
Desert SW	86.56	93.31	NIL
SJ Valley	87.31	97.96	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 21/3/2014

Contract	Open	High	Low	Close	Change
May-14	92.05	93.60	92.05	93.31	1
Jul-14	91.84	92.90	91.72	92.70	1
Oct-14	82.40	82.40	82.40	82.40	0.32
Dec-14	79.95	80.35	79.90	80.25	0
Mar-15	79.88	80	79.65	79.96	0.03
May-15	79.59	79.73	79.59	79.73	-0.07

Pakistan Cotton Spot rates: As on 21/3/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6600	155	6755
Equivalent	40 Kgs	7073	155	7228

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2014 Indian Agribusiness Systems Pvt Ltd.