

Domestic Fundamentals:

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

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

Arrival stood lower at 145000 bales today compared to 147000 bales on Saturday.

In The News: Export of cotton from India is picking uptrend amid exchange rate stability. China is showing good demand for Indian cotton. Pakistan, Bangladesh, Vietnam and Indonesia have also reported higher demand

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.

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.

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	812.5	815	812.5	815	2	1	3	1
Apr-14	-4.5	861	865.5	855.5	857	6963	-7548	14976	31

	Mar-14	Apr-14
Spot	235	
Mar-14		42
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	806.9	811	800	811	11	8	119.00	-9.00
Apr-14	-4.2	850	852.5	844.4	847.5	1349	-238	1394.00	93.00

	Mar-14	Apr-14
Spot	239	
Mar-14		36.5
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	-0.39	20720	20740	20600	20610
30-Apr-14	-0.38	21000	21020	20890	20900
30-May-14	-0.28	21260	21310	21190	21200
30-Jun-14	-0.46	21560	21570	21500	21510
31-Jul-14	-0.5	21910	21910	21800	21830

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		24-Mar-14	22-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4850	4850	Unch
Khandwa	Mech-1	5100	Closed	-
Khargaon	Mech-1	5100	Closed	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5400	5400	Unch
Rajkot	B.T. Cotton	5250	5425	-175
Patan	B.T. Cotton	5605	5605	Unch
Deesa	B.T. Cotton	NR	Closed	-
Muktsar	B.T. Cotton	4590	5450	-860
Fazilika	B.T. Cotton	NA	5360	-
Bhiwani	B.T. Cotton	5570	5600	-30
Adampur	B.T. Cotton	5375	5375	Unch
Fatehabad	B.T. Cotton	5370	5400	-30
Dabwali	B.T. Cotton	5280	5300	-20
Jind	B.T. Cotton	NA	5450	-
Rawatsar (Hanumangarh)	B.T. Cotton	5310	5320	-10
Hubli	B.T. Cotton	NA	5040	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5300	5275	25
Gondal	Shankar-6	Closed	5285	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5609	5199	410
Hubli	D.C.H.	NA	5769	-
Raichur	H-44 Cotton	5050	5050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4590	4555	35
Muktsar	J-34	4590	4585	5
Fazilika	J-34	4600	4560	40
Bhatinda	J-34	4605	4605	Unch
Mansa	J-34	4575	4530	45

Sirsa	J-34	4475	4475	Unch
Sri-Ganganagar	J-34	4258	4258	Unch
Hanumangarh	B.T. Cotton	4530	4530	Unch
Adilabad	>30mm	4361	4371	-10
Warangal	>30mm	4361	4361	Unch
Guntur	>30mm	4403	4466	-63
Bhainsa	>30mm	NA	4403	-

Cotton Arrivals at Key Spot Market:

Centre	Variety	Arrivals (Qtl)		Change
		24-Mar-14	22-Mar-14	
Amravati	Mech-1	32000	32000	Unch
Khandwa	Mech-1	1800	Closed	-
Khargaon	Mech-1	6000	Closed	-
Mahesana(Kadi)	B.T. Cotton	20000	30000	-10000
Rajkot	B.T. Cotton	2500	3000	-500
Patan	B.T. Cotton	2878	13000	-10122
Deesa	B.T. Cotton	Closed	Closed	-
Fazilika	B.T. Cotton	NR	800	-
Bhiwani	B.T. Cotton	500	800	-300
Adampur	B.T. Cotton	510	1020	-510
Fatehabad	B.T. Cotton	150	1200	-1050
Dabwali	B.T. Cotton	70	250	-180
Jind	B.T. Cotton	600	600	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	150	300	-150
Hubli	B.T. Cotton	-	104	-
Ahmedabad	Shankar-6	93500	93500	Unch
Gondal	Shankar-6	-	-	-
Bijapur	Bunny	1230	1309	-79
Hubli	D.C.H.	-	56	-
Raichur	H-44 Cotton	2735	3930	-1195
Abohar	J-34	-	850	-
Muktsar	J-34	-	340	-
Bhatinda	J-34	-	25500	-


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Mansa	J-34	340	850	-510
Sirsa	J-34	340	1700	-1360
Sri-Ganganagar	J-34	2550	2550	Unch
Hanumangarh	B.T. Cotton	200	1500	-1300

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Mar-14	21-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	42300	42200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	40900	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42400	42200	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43300	43100	200
DCH-32(107)	34mm	3.0 - 3.8	33	62200	62000	200

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 22/3/2014 (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

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