

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly mixed tone on Tuesday.

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

Arrival stood lower at 144000 bales today compared to 145000 bales on Monday.

In The News: Suggestion of moderate increase of 1-5% in MSP has been proposed by Commission of Agriculture Costs and Practices (CACP) for the agriculture commodities of Kharif crop season 2014-15. This recommendation has been forwarded to the Ministry of Agriculture, where final decision would be made by the new cabinet after the elections.

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.

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	-23	791	791	791	791	1	-1	2	-1
Apr-14	-17	851	851	838	839.5	12830	5867	14526	-450

	Mar-14	Apr-14
Spot	259	
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	-4.4	804.4	804.4	800	800	7	-4	115.00	-4.00
Apr-14	-11	840.3	847	830	835.9	1055	-294	1175.00	-219.00

	Mar-14	Apr-14
Spot	250	
Mar-14		35.9
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	-2.13	20400	20480	20160	20190
30-Apr-14	-1.96	20730	20850	20460	20510
30-May-14	-2.03	21090	21090	20760	20780
30-Jun-14	-2.04	21320	21320	21050	21080
31-Jul-14	-1.88	21620	21640	21410	21420

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		25-Mar-14	24-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4800	4850	-50
Khandwa	Mech-1	5200	5100	100
Khargaon	Mech-1	5200	5100	100
	Kapas			
Mahešana(Kadi)	B.T. Cotton	5250	5400	-150
Rajkot	B.T. Cotton	5250	5250	Unch
Patan	B.T. Cotton	5500	5605	-105
Deesa	B.T. Cotton	5150	NR	-
Muktsar	B.T. Cotton	5400	5450	-50
Fazilika	B.T. Cotton	5381	NA	-
Bhiwani	B.T. Cotton	5580	5570	10
Adampur	B.T. Cotton	5350	5375	-25
Fatehabad	B.T. Cotton	5380	5370	10
Dabwali	B.T. Cotton	5320	5280	40
Jind	B.T. Cotton	5400	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	5325	5310	15
Hubli	B.T. Cotton	5050	5070	-20
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5250	5300	-50
Gondal	Shankar-6	Closed	Closed	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5189	5609	-420
Hubli	D.C.H.	4669	5669	-1000
Raichur	H-44 Cotton	5050	5050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4550	4590	-40
Muktsar	J-34	4565	4590	-25
Fazilika	J-34	4575	4600	-25
Bhatinda	J-34	4565	4605	-40
Mansa	J-34	4560	4575	-15
Sirsa	J-34	4460	4475	-15
Sri-Ganganagar	J-34	4221	4258	-37
Hanumangarh	B.T. Cotton	4490	4530	-40

Adilabad	>30mm	4361	4361	Unch
Warangal	>30mm	4361	4361	Unch
Guntur	>30mm	4403	4403	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		25-Mar-14	24-Mar-14	
Amravati	Mech-1	32500	32000	500
Khandwa	Mech-1	2000	1800	200
Khargaon	Mech-1	6000	6000	Unch
Mahesana(Kadi)	B.T. Cotton	45000	20000	25000
Rajkot	B.T. Cotton	2500	2500	Unch
Patan	B.T. Cotton	13500	14000	-500
Deesa	B.T. Cotton	1250	Closed	-
Fazilika	B.T. Cotton	700	800	-100
Bhiwani	B.T. Cotton	600	500	100
Adampur	B.T. Cotton	680	510	170
Fatehabad	B.T. Cotton	500	150	350
Dabwali	B.T. Cotton	250	70	180
Jind	B.T. Cotton	201	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	150	150	Unch
Hubli	B.T. Cotton	182	453	-271
Ahmedabad	Shankar-6	85000	93500	-8500
Gondal	Shankar-6	Closed	Closed	-
Bijapur	Bunny	1013	1230	-217
Hubli	D.C.H.	50	54	-4
Raichur	H-44 Cotton	3487	2735	752
Abohar	J-34	510	NA	-
Muktsar	J-34	170	NA	-
Bhatinda	J-34	17000	NA	-
Mansa	J-34	425	340	85
Sirsa	J-34	850	340	510
Sri-Ganganagar	J-34	1700	2550	-850
Hanumangarh	B.T. Cotton	300	200	100

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Mar-14	22-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	42300	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40500	41100	-600
Shankar-6(105)	29mm	3.5 – 4.9	28	42200	42400	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42500	42400	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43300	43300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	61700	62200	-500

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 25/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19414	-3
CCIndex(527)	17739	-7
CCIndex(229)	20252	-5

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

Cotlook Index: As on 24/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	98.60	+1.25

USDA Cotton Spot Rates: As on 24/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	88.13	91.13	NIL
North Delta	87.13	89.63	NIL
South Delta	87.13	89.63	NIL
East TX-OK	83.75	86.00	442
West Texas	83.75	85.75	842
Desert SW	83.88	90.63	NIL
SJ Valley	84.63	95.28	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 24/3/2014

Contract	Open	High	Low	Close	Change
May-14	93.31	93.75	89.84	90.63	-2.68
Jul-14	92.95	93.00	89.71	90.55	-2.15
Oct-14	81.25	81.25	81.25	81.25	-1.15
Dec-14	80.25	80.40	78.78	79.29	-0.96
Mar-15	80.11	80.15	78.60	79.26	-0.70
May-15	79.45	79.45	79.16	79.16	-0.57

Pakistan Cotton Spot rates: As on 24/3/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6550	155	6705
Equivalent	40 Kgs	7020	155	7175

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