

Domestic Fundamentals:

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

Prices of cotton are fluctuating with bearish biasness amid selling pressure in the market.

Arrival stood unchanged at 144000 bales today compared to 144000 bales on Tuesday.

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	0	0	0	0	0	0	-1	2	0
Apr-14	16	845	858	845	856	8725	-4105	14524	-2

	Mar-14	Apr-14
Spot	--	
Mar-14		--
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	10.1	795	811	795	811	12	5	103.00	-12.00
Apr-14	13.4	847.5	853.3	843	850	694	-361	1030.00	-145.00

	Mar-14	Apr-14
Spot	239	
Mar-14		39
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	1.58	20350	20570	20350	20520
30-Apr-14	1.66	20810	20900	20700	20860
30-May-14	1.68	21070	21170	21030	21140
30-Jun-14	1.66	21400	21450	21320	21440
31-Jul-14	1.4	21730	21750	21640	21750

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		26-Mar-14	25-Mar-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4800	4800	Unch
Khandwa	Mech-1	5200	5200	Unch
Khargaon	Mech-1	5200	5200	Unch
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5400	5250	150
Rajkot	B.T. Cotton	Closed	5250	-
Patan	B.T. Cotton	5545	5500	45
Deesa	B.T. Cotton	5125	5150	-25
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	NR	5381	-
Bhiwani	B.T. Cotton	5580	5580	Unch
Adampur	B.T. Cotton	5325	5350	-25
Fatehabad	B.T. Cotton	5400	5380	20
Dabwali	B.T. Cotton	5310	5320	-10
Jind	B.T. Cotton	5396	5400	-4
Rawatsar (Hanumangarh)	B.T. Cotton	5270	5325	-55
Hubli	B.T. Cotton	4999	5050	-51
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	Closed	Closed	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5409	5189	220
Hubli	D.C.H.	NA	4669	-
Raichur	H-44 Cotton	5075	5050	25
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4560	4550	10
Muktsar	J-34	4560	4565	-5
Fazilika	J-34	NR	4575	-
Bhatinda	J-34	4580	4565	15
Mansa	J-34	4550	4560	-10
Sirsa	J-34	4460	4460	Unch
Sri-Ganganagar	J-34	4230	4221	9

Hanumangarh	B.T. Cotton	NR	4490	-
Adilabad	>30mm	4298	4361	-63
Warangal	>30mm	4387	4361	26
Guntur	>30mm	4403	4403	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		26-Mar-14	25-Mar-14	
Amravati	Mech-1	33000	32500	500
Khandwa	Mech-1	2000	2000	Unch
Khargaon	Mech-1	6000	6000	Unch
Mahesana(Kadi)	B.T. Cotton	35000	45000	-10000
Rajkot	B.T. Cotton	Closed	2500	-
Patan	B.T. Cotton	14000	13500	500
Deesa	B.T. Cotton	1500	1250	250
Fazilika	B.T. Cotton	NR	700	-
Bhiwani	B.T. Cotton	500	600	-100
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	600	500	100
Dabwali	B.T. Cotton	150	250	-100
Jind	B.T. Cotton	196	201	-5
Rawatsar (Hanumangarh)	B.T. Cotton	200	150	50
Hubli	B.T. Cotton	48	182	-134
Ahmedabad	Shankar-6	51000	85000	-34000
Gondal	Shankar-6	Closed	Closed	-
Bijapur	Bunny	998	1013	-15
Hubli	D.C.H.	NA	50	-
Raichur	H-44 Cotton	2912	3487	-575
Abohar	J-34	680	510	170
Muktsar	J-34	170	170	Unch
Bhatinda	J-34	25500	17000	8500
Mansa	J-34	340	425	-85
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	1700	1700	Unch
Hanumangarh	B.T. Cotton	NR	300	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Mar-14	24-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38500	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	39000	-500
J-34(202)	26mm	3.5 - 4.9	23	41800	42300	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40400	40500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	42200	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42500	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43200	43300	-100
DCH-32(107)	34mm	3.0 - 3.8	33	61000	61700	-700

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 26/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19411	-3
CCIndex(527)	17730	-9
CCIndex(229)	20254	2

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 25/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	91.61	94.61	NIL
North Delta	90.61	93.11	NIL
South Delta	90.61	93.11	NIL
East TX-OK	87.25	89.5	745
West Texas	81.25	89.25	NIL
Desert SW	87.36	94.11	NIL
SJ Valley	88.11	98.76	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 25/3/2014

Contract	Open	High	Low	Close	Change
May-14	90.83	94.63	89.90	94.11	3.48
Jul-14	90.70	94.55	89.88	93.54	2.99
Oct-14	82.44	82.44	82.21	82.21	0.96
Dec-14	79.35	80.44	79.00	80.30	1.01
Mar-15	79.06	80.20	79.05	79.96	0.70
May-15	79.91	79.91	79.66	79.67	0.51

Pakistan Cotton Spot rates: As on 25/3/2014 (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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