

Domestic Fundamentals:

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

Prices of cotton are moving flat to mixed amid sluggish trading activities prevailing in the market.

Arrivals are showing sluggish pattern as many of the mandis are closed due to FY'13 ending.

In The News: Department of Agriculture in Karnataka has banned the sale of Bt cotton seeds produced by Maharashtra Hybrid Company (Mahyco) on supply of substandard quality of seeds.

Cotton yarn prices are under pressure as China has revised the buying prices for yarn. One of the reason for the same is the having situation of strong rupee versus dollar. Under the new policy applicable from April 1st 2014, government has lowered the bids from current floor price of 18000 Yuan per ton to 17250 per ton.

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.

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:

- On higher acreage, Brazil is expected to notice remarkable increase of 17% in cotton production on Y-o-Y basis in year 2014-15, as reported by USDA.
- 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.

Outlook

We expect domestic prices to remain range bound with weak biasness amid sluggish demand.

NCDEX Kapas Futures : (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-14								2	0
Apr-14	-10.5	849	852	841	842	6293	-973	13822	-655

	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	-19.4	800	800	790	790	5	4	97.00	-5.00
Apr-14	-6.1	846.5	846.5	839.2	840.1	180	-190	908.00	-6.00

	Mar-14	Apr-14
Spot	260	
Mar-14		50.1
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	-0.73	20440	20500	20310	20340
30-Apr-14	-0.72	20780	20810	20620	20660
30-May-14	-0.66	21050	21090	20900	20940
30-Jun-14	-0.79	21330	21370	21190	21230
31-Jul-14	-0.55	21630	21650	21480	21510

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		28-Mar-14	27-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	5500	5400	100
Rajkot	B.T. Cotton	Closed	Closed	-
Patan	B.T. Cotton	Closed	Closed	-
Deesa	B.T. Cotton	Closed	NA	-
Muktsar	B.T. Cotton	5500	5500	Unch
Fazilika	B.T. Cotton	5200	5371	-171
Bhiwani	B.T. Cotton	5600	5600	Unch
Adampur	B.T. Cotton	5360	5340	20
Fatehabad	B.T. Cotton	5400	5425	-25
Dabwali	B.T. Cotton	5320	5315	5
Jind	B.T. Cotton	5350	5350	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	5300	5300	Unch
Hubli	B.T. Cotton	5090	4995	95
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	Closed	Closed	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5169	5191	-22
Hubli	D.C.H.	4609	4989	-380
Raichur	H-44 Cotton	5075	5040	35
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4570	4570	Unch
Muktsar	J-34	4580	4560	20
Fazilika	J-34	4500	4550	-50
Bhatinda	J-34	4590	4585	5
Mansa	J-34	4550	4550	Unch
Sirsa	J-34	4480	4470	10
Sri-Ganganagar	J-34	4240	4230	10

Hanumangarh	B.T. Cotton	4500	4500	Unch
Adilabad	>30mm	4314	4283	31
Warangal	>30mm	4335	4388	-53
Guntur	>30mm	4419	4430	-11
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		28-Mar-14	27-Mar-14	
Amravati	Mech-1	33000	32000	1000
Khandwa	Mech-1	2400	1500	900
Khargaon	Mech-1	6000	5000	1000
Mahesana(Kadi)	B.T. Cotton	25000	45000	-20000
Rajkot	B.T. Cotton	Closed	Closed	-
Patan	B.T. Cotton	Closed	Closed	-
Deesa	B.T. Cotton	Closed	NA	-
Fazilika	B.T. Cotton	450	400	50
Bhiwani	B.T. Cotton	200	200	Unch
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	1200	600	600
Dabwali	B.T. Cotton	150	225	-75
Jind	B.T. Cotton	150	150	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	150	150	Unch
Hubli	B.T. Cotton	106	182	-76
Ahmedabad	Shankar-6	42500	51000	-8500
Gondal	Shankar-6	Closed	Closed	-
Bijapur	Bunny	1340	1365	-25
Hubli	D.C.H.	2	18	-16
Raichur	H-44 Cotton	2675	2785	-110
Abohar	J-34	850	850	Unch
Muktsar	J-34	340	170	170
Bhatinda	J-34	20740	21250	-510
Mansa	J-34	595	425	170
Sirsa	J-34	1360	850	510

Sri-Ganganagar	J-34	1700	1700	Unch
Hanumangarh	B.T. Cotton	600	500	100

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Mar-14	26-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	42200	42200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40400	40600	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	42000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42400	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43200	43400	-200
DCH-32(107)	34mm	3.0 - 3.8	33	60500	61000	-500

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 28/3/2014

Index	RMB/Ton	Change
CCIndex(328)	19407	-2
CCIndex(527)	17721	-7
CCIndex(229)	20252	Unch

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

Cotlook Index: As on 27/3/2014

Cotlook Indices	Cents/Pound	Change
A-Index	96.40	-2.50

USDA Cotton Spot Rates: As on 27/3/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.06	93.06	NIL
North Delta	89.06	91.56	NIL
South Delta	89.06	91.56	NIL
East TX-OK	84.75	87.00	NIL
West Texas	84.75	86.75	1
Desert SW	85.81	92.56	NIL
SJ Valley	86.56	97.21	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 27/3/2014

Contract	Open	High	Low	Close	Change
May-14	91.60	93.91	91.60	92.56	0.90
Jul-14	91.35	93.52	91.35	92.37	1.01
Oct-14	81.49	81.49	81.49	81.49	0.12
Dec-14	79.33	79.95	79.05	79.45	0.15
Mar-15	79.60	80.00	79.44	79.55	0.10
May-15	79.50	79.53	79.50	79.53	0.02

Pakistan Cotton Spot rates: As on 27/3/2014 (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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