

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to mixed tone on Wednesday. Prices of cotton are escalating weak amid weak trading activities in the market. Arrival stood lower at 103000 bales today as compared to 105000 bales on Tuesday.

In The News: As per the latest estimates by ICF (Indian Cotton Federation), cotton production in India would be around in 37.6 million bales (each of 170 kg.) in season 2013-14, which was estimated to be around 36.1 million bales in January.

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.

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:

- Global cotton ending stock, according to International Cotton Advisory Committee (ICAC) is likely to be around 21.04 million tons in 2014-15, nearly 5% higher of the ending stock expected in 2013-14, which would be around 20.04 million tons as reported by ICAC.
- USA is expected to see increase in acreage of upland cotton by 7% this season to 11.1 million acres. Last year area under cultivation of upland was 10.9 million acres. At the same time acreage of Pima cotton is likely to decline to 158000 acres, facing a fall of 21% on year on year basis.
- UAE (United Arab Emirates) became the major export destination of Indian made fabric (MMF) with increase of 35% in its export during April-January 2013-14. India has exported MMF worth of \$429 million to UAE during period mentioned, while USA stood the second largest export destination after UAE with export worth of \$352 million.

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
Apr-14	-14	819	823.5	800	805	10452	2732	13036	545

Spread	Apr-14		
Spot	215		

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

*as at 5:00 pm, 02-04-2014, Wednesday

MCX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-14.9	817	820	797.5	802	748	468	897	-48

Spread	Apr-14		
Spot	218		

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

*as at 5:00 pm, 02-04-2014, Wednesday

MCX Cotton Futures Closed (29 mm Variety):

Contract	% Change	Open	High	Low	Close
30-Apr-14	-0.59	20410	20460	20280	20320
30-May-14	-0.48	20670	20730	20550	20590
30-Jun-14	-0.67	21010	21030	20850	20860
31-Jul-14	-0.66	21310	21320	21150	21160

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		2-Apr-14	1-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4850	4800	50
Khandwa	Mech-1	5200	Closed	-
Khargaon	Mech-1	5200	Closed	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5400	5400	Unch
Rajkot	B.T. Cotton	5100	Closed	-
Patan	B.T. Cotton	5330	Closed	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5400	5300	100
Fazilika	B.T. Cotton	5498	5411	87
Bhiwani	B.T. Cotton	5600	5625	-25
Adampur	B.T. Cotton	5330	5375	-45
Fatehabad	B.T. Cotton	5400	5415	-15
Dabwali	B.T. Cotton	5290	5175	115
Jind	B.T. Cotton	5400	5460	-60
Uchana (Jind)	B.T. Cotton	5363	5430	-67
Rawatsar (Hanumangarh)	B.T. Cotton	5340	5320	20
Hubli	B.T. Cotton	5019	4993	26
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5200	5200	Unch
Gondal	Shankar-6	Closed	Closed	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5189	5189	Unch
Hubli	D.C.H.	NA	5139	-
Raichur	H-44 Cotton	4950	5035	-85
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4560	4580	-20
Muktsar	J-34	4570	4585	-15
Fazilika	J-34	4590	4595	-5
Bhatinda	J-34	4590	4610	-20
Mansa	J-34	4580	4590	-10
Sirsa	J-34	4465	4475	-10
Sri-Ganganagar	J-34	4221	4230	-9

Hanumangarh	B.T. Cotton	4500	NR	-
Adilabad	>30mm	4199	4314	-115
Warangal	>30mm	4341	4335	6

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		2-Apr-14	1-Apr-14	
Amravati	Mech-1	25000	27000	-2000
Khandwa	Mech-1	1800	Closed	-
Khargaon	Mech-1	6000	Closed	-
Mahesana(Kadi)	B.T. Cotton	20000	20000	Unch
Rajkot	B.T. Cotton	4200	Closed	-
Patan	B.T. Cotton	8070	Closed	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	500	600	-100
Bhiwani	B.T. Cotton	500	600	-100
Adampur	B.T. Cotton	1020	680	340
Fatehabad	B.T. Cotton	700	800	-100
Dabwali	B.T. Cotton	40	50	-10
Jind	B.T. Cotton	680	731	-51
Uchana (Jind)	B.T. Cotton	2150	2100	50
Rawatsar (Hanumangarh)	B.T. Cotton	70	100	-30
Hubli	B.T. Cotton	72	96	-24
Ahmedabad	Shankar-6	68000	54400	13600
Gondal	Shankar-6	Closed	Closed	-
Bijapur	Bunny	866	524	342
Hubli	D.C.H.	NA	4	-
Raichur	H-44 Cotton	2270	690	1580
Abohar	J-34	680	850	-170
Muktsar	J-34	85	170	-85
Bhatinda	J-34	15300	20400	-5100
Mansa	J-34	595	680	-85
Sirsa	J-34	1020	850	170
Sri-Ganganagar	J-34	1190	1190	Unch



Hanumangarh	B.T. Cotton	200	NR	-
-------------	-------------	-----	----	---

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Mar-14	28-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	40400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43200	43200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	60500	60500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 2/4/2014:

Index	RMB/Ton	Change
CCIndex(328)	19375	-28
CCIndex(527)	17673	-32
CCIndex(229)	20225	-20

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

Cotlook Index: As on 1/4/2014:

Cotlook Indices	Cents/Pound	Change
A-Index	97.75	-0.35

USDA Cotton Spot Rates: As on 1/4/2014:

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.07	92.07	Nil
North Delta	88.07	90.57	Nil
South Delta	88.07	90.57	Nil
East TX-OK	83.50	85.75	346
West Texas	83.50	85.50	172
Desert SW	85.32	92.07	Nil
SJ Valley	86.07	96.72	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 1/4/2014:

Contract	Open	High	Low	Close	Change
May-14	93.03	93.23	91.82	92.07	-1.45
Jul-14	92.91	93.08	92.06	92.50	-1.05
Oct-14	81.97	81.97	81.97	81.97	-0.17
Dec-14	79.55	79.95	79.02	79.87	-0.13
Mar-15	79.2	79.87	79.05	79.87	0.01
May-15	79.15	79.93	79.05	79.93	0.12

Pakistan Cotton Spot rates: As on 1/4/2014 (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.