

Domestic Fundamentals:

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

Prices of cotton are moving weak amid concerns of weak world demand and exports.

Arrival stood higher at 124000 bales today as compared to 103000 bales on Wednesday.

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:

- Cotton sowing in Uzbekistan, one of the top cotton producers in the world is likely to be delayed by about two weeks to end of April this year, as predicted by USDA.
- 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.

Outlook

We expect domestic prices to remain weak with range bound movement.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	3	801	811.5	798	806.5	5064	-5388	12982	-54

Spread	Apr-14		
Spot	218.5		

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, 03-04-2014, Thursday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	5.6	799	808.5	795.6	806.5	460	-288	852	-45

Spread	Apr-14		
Spot	218.5		

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, 03-04-2014, Thursday

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	90	20240	20390	20240	20330	1520	6004	2242	6127
May-14	110	20530	20670	20510	20630	873	3080	1159	2936
Jun-14	90	20830	20940	20810	20930	107	808	267	784
Jul-14	40	21120	21220	21120	21220	23	196	93	177

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-300		
May-14			-300	
Jun-14				-290

NB: Spread was done by taking avg. spot prices at Sriganganagar market. Basis = Spot- Near Month Future
*as at 5:00 pm, 03-04-2014, Thursday

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		3-Apr-14	2-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4850	4850	Unch
Khandwa	Mech-1	NA	5200	-
Khargaon	Mech-1	NA	5200	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5400	5400	Unch
Rajkot	B.T. Cotton	5125	5100	25
Patan	B.T. Cotton	5050	5330	-280
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5530	5498	32
Bhiwani	B.T. Cotton	5650	5600	50
Adampur	B.T. Cotton	5315	5330	-15
Fatehabad	B.T. Cotton	5400	5400	Unch
Dabwali	B.T. Cotton	5225	5290	-65
Jind	B.T. Cotton	5350	5400	-50
Uchana (Jind)	B.T. Cotton	5344	5363	-19
Rawatsar (Hanumangarh)	B.T. Cotton	5350	5340	10
Hubli	B.T. Cotton	NA	5019	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5200	5200	Unch
Gondal	Shankar-6	5105	Closed	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5209	5189	20
Hubli	D.C.H.	5209	NA	-
Raichur	H-44 Cotton	NA	4950	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4560	4560	Unch
Muktsar	J-34	4570	4570	Unch
Fazilika	J-34	4570	4590	-20
Bhatinda	J-34	4575	4590	-15
Mansa	J-34	4560	4580	-20
Sirsa	J-34	4450	4465	-15
Sri-Ganganagar	J-34	4211	4221	-10

Hanumangarh	B.T. Cotton	4500	4500	Unch
Adilabad	>30mm	4377	4199	178
Warangal	>30mm	4356	4341	15
Guntur	>30mm	4403	4403	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		3-Apr-14	2-Apr-14	
Amravati	Mech-1	31000	25000	6000
Khandwa	Mech-1	NA	1800	-
Khargaon	Mech-1	NA	6000	-
Mahesana(Kadi)	B.T. Cotton	20000	20000	Unch
Rajkot	B.T. Cotton	4000	4200	-200
Patan	B.T. Cotton	8000	8070	-70
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	500	500	Unch
Bhiwani	B.T. Cotton	300	500	-200
Adampur	B.T. Cotton	850	1020	-170
Fatehabad	B.T. Cotton	600	700	-100
Dabwali	B.T. Cotton	15	40	-25
Jind	B.T. Cotton	680	680	Unch
Uchana (Jind)	B.T. Cotton	1400	2150	-750
Rawatsar (Hanumangarh)	B.T. Cotton	100	70	30
Hubli	B.T. Cotton	138	72	66
Ahmedabad	Shankar-6	68000	68000	Unch
Gondal	Shankar-6	1514	Closed	-
Bijapur	Bunny	1346	866	480
Hubli	D.C.H.	14	NA	-
Raichur	H-44 Cotton	NA	2270	-
Abohar	J-34	680	680	Unch
Muktsar	J-34	170	85	85
Bhatinda	J-34	15300	15300	Unch
Mansa	J-34	510	595	-85
Sirsa	J-34	1020	1020	Unch


04th April 2014

Sri-Ganganagar	J-34	1190	1190	Unch
Hanumangarh	B.T. Cotton	150	200	-50

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Apr-14	1-Apr-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	42000	42200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40400	40500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	42000	42000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43400	43400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59800	60300	-500

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 3/4/2014

Index	RMB/Ton	Change
CCIndex(328)	19360	-15
CCIndex(527)	17668	-5
CCIndex(229)	20217	-8

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

Cotlook Index: As on 2/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	96.05	-1.70

USDA Cotton Spot Rates: As on 02/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	88.51	91.51	Nil
North Delta	87.51	90.01	Nil
South Delta	87.51	90.01	Nil
East TX-OK	83	85.25	Nil
West Texas	83	85	76
Desert SW	84.76	91.51	Nil
SJ Valley	85.51	96.16	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 02/4/2014

Contract	Open	High	Low	Close	Change
May-14	92.09	92.98	91.21	91.51	-0.56
Jul-14	92.64	93.4	91.76	91.97	-0.53
Oct-14	81.75	81.75	81.75	81.75	-0.22
Dec-14	79.79	79.95	79.45	79.71	-0.16
Mar-15	79.53	79.89	79.46	79.72	-0.15
May-15	79.67	80.02	79.67	79.96	0.03

Pakistan Cotton Spot rates: As on 02/4/2014 (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

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