

Domestic Fundamentals:

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

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

Arrival stood lower at 124000 bales today as compared to 127000 bales on Friday.

In The News: Besides the china policy of buying cotton, factor that could negatively impact the prices of cotton is the price competitiveness of polyester. During 2013-14, average of Cotlook A index stood 90 cents per pound, whereas it remained about 97 cents per pound in March 14, which is clearly showing a uptrend in prices of cotton. On other hand side polyester has been averaged at 73 cents per pound in China during 2013-14 and in March it dropped down to 66 cents making average of 70 cents per pound.

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.

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 production in China could fall by 10% on Y-o-Y basis in 2014-15 over the concerns of ending of Chinese policy of buying and storing cotton by government.
- 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	-1.5	806.5	807.5	799	802.5	3442	-1622	12373	-609

Spread	Apr-14		
Spot	247.5		

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, 04-04-2014, Friday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-4.8	806.5	806.5	795.9	797.6	280	-180	825	-27

Spread	Apr-14		
Spot	252.4		

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, 04-04-2014, Friday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	40	20310	20370	20300	20340	767	-753	5756	-248
May-14	30	20590	20660	20590	20620	329	-544	3246	166
Jun-14	30	20900	20960	20900	20920	152	45	787	-21
Jul-14	30	21240	21240	21180	21200	79	56	273	77

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-280		
May-14			-300	
Jun-14				-280

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

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		5-Apr-14	4-Apr-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4850	4850	Unch
Khandwa	Mech-1	Closed	NR	-
Khargaon	Mech-1	Closed	NR	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5400	5400	Unch
Rajkot	B.T. Cotton	5275	5250	25
Patan	B.T. Cotton	5560	5605	-45
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5380	5380	Unch
Bhiwani	B.T. Cotton	NR	5500	-
Adampur	B.T. Cotton	5375	5340	35
Fatehabad	B.T. Cotton	5380	5365	15
Dabwali	B.T. Cotton	5300	5300	Unch
Jind	B.T. Cotton	5360	5360	Unch
Uchana (Jind)	B.T. Cotton	5341	5370	-29
Rawatsar (Hanumangarh)	B.T. Cotton	5310	5300	10
Hubli	B.T. Cotton	5189	5080	109
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5150	5150	Unch
Gondal	Shankar-6	4880	5245	-365
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5189	5223	-34
Hubli	D.C.H.	5089	5029	60
Raichur	H-44 Cotton	4950	5125	-175
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4590	4570	20
Muktsar	J-34	4590	4575	15
Fazilika	J-34	4600	4565	35
Bhatinda	J-34	4615	4585	30
Mansa	J-34	4550	4550	Unch

Sirsa	J-34	4480	4455	25
Sri-Ganganagar	J-34	4042	4136	-94
Hanumangarh	B.T. Cotton	4500	4500	Unch
Adilabad	>30mm	4272	4377	-105
Warangal	>30mm	4314	4335	-21
Guntur	>30mm	4430	4403	27
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		5-Apr-14	4-Apr-14	
Amravati	Mech-1	29500	32500	-3000
Khandwa	Mech-1	Closed	NR	-
Khargaon	Mech-1	Closed	NR	-
Mahesana(Kadi)	B.T. Cotton	30000	30000	Unch
Rajkot	B.T. Cotton	7500	850	6650
Patan	B.T. Cotton	14000	12200	1800
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	400	400	Unch
Bhiwani	B.T. Cotton	NR	400	-
Adampur	B.T. Cotton	850	850	Unch
Fatehabad	B.T. Cotton	800	500	300
Dabwali	B.T. Cotton	125	125	Unch
Jind	B.T. Cotton	340	170	170
Uchana (Jind)	B.T. Cotton	1000	1000	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	100	90	10
Hubli	B.T. Cotton	170	22	148
Ahmedabad	Shankar-6	51000	59500	-8500
Gondal	Shankar-6	637	2648	-2011
Bijapur	Bunny	1370	1349	21
Hubli	D.C.H.	4	2	2
Raichur	H-44 Cotton	2625	2807	-182
Abohar	J-34	510	510	Unch
Muktsar	J-34	85	300	-215
Bhatinda	J-34	15300	17000	-1700
Mansa	J-34	425	510	-85


07th April 2014

Sirsa	J-34	1020	1020	Unch
Sri-Ganganagar	J-34	340	425	-85
Hanumangarh	B.T. Cotton	150	150	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Apr-14	3-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	41700	41700	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40200	40400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	42000	-200
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	59000	59300	-300

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 4/4/2014

Index	RMB/Ton	Change
CCIndex(328)	18985	-375
CCIndex(527)	17498	-170
CCIndex(229)	19818	-399

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

Cotlook Index: As on 4/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.70	-0.60

USDA Cotton Spot Rates: As on 04/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.40	92.40	Nil
North Delta	88.40	90.90	Nil
South Delta	88.40	90.90	Nil
East TX-OK	84.00	86.25	Nil
West Texas	84.00	86.00	Nil
Desert SW	85.65	92.40	Nil
SJ Valley	86.40	97.05	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 04/4/2014

Contract	Open	High	Low	Close	Change
May-14	90.93	93.23	90.80	92.40	+1.42
Jul-14	91.22	93.48	91.05	92.67	+1.42
Oct-14	81.95	81.95	81.95	81.95	+0.53
Dec-14	79.42	80.15	79.20	79.92	+0.48
Mar-15	79.85	79.95	79.63	79.85	+0.44
May-15	79.90	79.98	79.90	79.96	+0.33

Pakistan Cotton Spot rates: As on 04/4/2014 (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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