

Domestic Fundamentals:

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

Prices of cotton are moving flat amid concerns of revised China cotton policy and weak domestic demand. Arrival stood weak today as final stocks are getting depleted because farmers have sold the large portion of their produce.

In The News: On lower production prospects, exports of cotton from India during 2014-15 could fall to 7.7 million bales from 10 million bales expected in 2013-14, noticing a decline of 23% as reported by USDA. In coming season India is likely to produce 36 million bales against 37.2 million bales in current season.

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.

A 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.

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.

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	808.5	808.5	797.5	804.5	2714	-728	12386	13

Spread	Apr-14		
Spot	209.5		

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, 07-04-2014, Monday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-1.5	797.5	801.6	793	798.9	92	-188	795	-30

Spread	Apr-14		
Spot	215.1		

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, 07-04-2014, Monday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-40	20430	20500	20370	20420	765	-2	5751	-5
May-14	-30	20720	20790	20660	20710	653	324	3321	75
Jun-14	-30	20990	21080	20950	20990	316	164	818	31
Jul-14	-60	21270	21350	21230	21250	278	199	514	241

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-290		
May-14			-280	
Jun-14				-260

NB: Spread was done by taking avg. spot prices at Sriganganagar market. Basis = Spot- Near Month Future
*as at 5:00 pm, 07-04-2014, Monday

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		7-Apr-14	5-Apr-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4875	4850	25
Khandwa	Mech-1	5150	Closed	-
Khargaon	Mech-1	5100	Closed	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5400	5400	Unch
Rajkot	B.T. Cotton	5070	5275	-205
Patan	B.T. Cotton	5420	5560	-140
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	NA	5380	-
Bhiwani	B.T. Cotton	4500	NR	-
Adampur	B.T. Cotton	5425	5375	50
Fatehabad	B.T. Cotton	5410	5380	30
Dabwali	B.T. Cotton	5200	5300	-100
Jind	B.T. Cotton	5300	5360	-60
Uchana (Jind)	B.T. Cotton	5425	5341	84
Rawatsar (Hanumangarh)	B.T. Cotton	5325	5310	15
Hubli	B.T. Cotton	5250	5189	61
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5200	5150	50
Gondal	Shankar-6	5185	4880	305
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5209	5189	20
Hubli	D.C.H.	5250	5089	161
Raichur	H-44 Cotton	5000	4950	50
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4610	4590	20
Muktsar	J-34	4620	4590	30
Fazilika	J-34	NA	4600	-
Bhatinda	J-34	4640	4615	25
Mansa	J-34	4550	4550	Unch
Sirsa	J-34	4510	4480	30

Sri-Ganganagar	J-34	4136	4042	94
Hanumangarh	B.T. Cotton	4480	4500	-20
Adilabad	>30mm	4314	4272	42
Warangal	>30mm	4341	4314	27
Guntur	>30mm	4403	4430	-27
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-Apr-14	5-Apr-14	
Amravati	Mech-1	31000	29500	15000
Khandwa	Mech-1	1200	Closed	-
Khargaon	Mech-1	5000	Closed	-
Mahesana(Kadi)	B.T. Cotton	40000	30000	10000
Rajkot	B.T. Cotton	NA	7500	-
Patan	B.T. Cotton	5162	14000	-8838
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	400	-
Bhiwani	B.T. Cotton	200	NR	-
Adampur	B.T. Cotton	255	850	-595
Fatehabad	B.T. Cotton	550	800	-250
Dabwali	B.T. Cotton	20	125	-105
Jind	B.T. Cotton	102	340	-238
Uchana (Jind)	B.T. Cotton	1500	1000	500
Rawatsar (Hanumangarh)	B.T. Cotton	250	100	150
Hubli	B.T. Cotton	5250	170	5080
Ahmedabad	Shankar-6	59500	51000	8500
Gondal	Shankar-6	2699	637	2062
Bijapur	Bunny	2097	1370	727
Hubli	D.C.H.	NA	4	-
Raichur	H-44 Cotton	3205	2625	580
Abohar	J-34	510	510	Unch
Muktsar	J-34	119	85	34
Bhatinda	J-34	13600	15300	-1700
Mansa	J-34	425	425	Unch
Sirsa	J-34	425	1020	-595

Sri-Ganganagar	J-34	340	340	Unch
Hanumangarh	B.T. Cotton	NA	150	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Apr-14	4-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	41800	41700	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40200	40200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41800	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	59000	59000	Unch

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 05/4/2014 (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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