

Domestic Fundamentals:

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

Prices of cotton are fluctuating in range amid weak sentiments and sluggish trading activities.

Arrival stood higher today at 110,000 bales compared to 94,000 bales on Tuesday.

In The News: Area under cotton cultivation is likely to increase to 11.8 million hectares in season 2014-15 from 11.7 million hectares in season 2013-14, as per the USDA latest estimates.

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.

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	-4	798	799.5	789	794	5413	2699	11997	-389

Spread	Apr-14		
Spot	246		

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, 09-04-2014, Wednesday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-3.3	785.1	786.8	777.5	783	310	218	694	-101

Spread	Apr-14		
Spot	257		

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, 09-04-2014, Wednesday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	80	20340	20430	20300	20410	1281	516	5894	143
May-14	90	20620	20710	20580	20700	1246	593	3830	509
Jun-14	80	20900	20980	20870	20970	233	-83	917	99
Jul-14	100	21160	21230	21120	21220	167	-111	619	105

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-290		
May-14			-270	
Jun-14				-250

NB: Spread was done by taking avg. spot prices at Sriganganagar market. Basis = Spot- Near Month Future
*as at 5:00 pm, 09-04-2014, Wednesday

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Centers:

Centre	Variety	Prices		Change
		9-Apr-14	7-Apr-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4900	4875	25
Khandwa	Mech-1	5200	5150	50
Khargaon	Mech-1	5200	5100	100
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5450	5400	50
Rajkot	B.T. Cotton	5200	5070	130
Patan	B.T. Cotton	NA	5220	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4600	4620	-20
Fazilika	B.T. Cotton	5300	NA	-
Bhiwani	B.T. Cotton	4500	4500	Unch
Adampur	B.T. Cotton	5425	5425	Unch
Fatehabad	B.T. Cotton	5430	5410	20
Dabwali	B.T. Cotton	5350	5200	150
Jind	B.T. Cotton	5400	5300	100
Uchana (Jind)	B.T. Cotton	5400	5425	-25
Rawatsar (Hanumangarh)	B.T. Cotton	5325	5325	Unch
Hubli	B.T. Cotton	5210	5250	-40
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5150	5200	-50
Gondal	Shankar-6	5155	5185	-30
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5236	5209	27
Hubli	D.C.H.	4989	5250	-261
Raichur	H-44 Cotton	5000	5000	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4590	4610	-20
Muktsar	J-34	4600	4620	-20
Fazilika	J-34	4600	NA	-
Bhatinda	J-34	4600	4640	-40

Mansa	J-34	4600	4550	50
Sirsa	J-34	4500	4510	-10
Sri-Ganganagar	J-34	4249	4136	113
Hanumangarh	B.T. Cotton	4520	4480	40
Adilabad	>30mm	4314	4314	Unch
Warangal	>30mm	4335	4341	-6
Guntur	>30mm	4403	4403	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals at Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		9-Apr-14	7-Apr-14	
Amravati	Mech-1	20000	31000	-11000
Khandwa	Mech-1	1200	1200	Unch
Khargaon	Mech-1	5000	5000	Unch
Mahesana(Kadi)	B.T. Cotton	30000	40000	-10000
Rajkot	B.T. Cotton	7500	NA	-
Patan	B.T. Cotton	NA	5162	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	400	NA	-
Bhiwani	B.T. Cotton	200	200	Unch
Adampur	B.T. Cotton	340	255	85
Fatehabad	B.T. Cotton	800	550	250
Dabwali	B.T. Cotton	120	20	100
Jind	B.T. Cotton	211	102	109
Uchana (Jind)	B.T. Cotton	1100	1500	-400
Rawatsar (Hanumangarh)	B.T. Cotton	200	250	-50
Hubli	B.T. Cotton	22	5250	-5228
Ahmedabad	Shankar-6	76500	59500	17000
Gondal	Shankar-6	2630	2699	-69
Bijapur	Bunny	1624	2097	-473
Hubli	D.C.H.	22	NA	-
Raichur	H-44 Cotton	3735	3205	530

Abohar	J-34	340	510	-170
Muktsar	J-34	85	119	-34
Bhatinda	J-34	17000	13600	3400
Mansa	J-34	510	425	85
Sirsa	J-34	510	425	85
Sri-Ganganagar	J-34	850	340	510
Hanumangarh	B.T. Cotton	0	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Apr-14	5-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	42100	41800	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40500	40200	300
Shankar-6(105)	29mm	3.5 - 4.9	28	42100	41800	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42700	42400	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43700	43400	300
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 9/4/2014

Index	RMB/Ton	Change
CCIndex(328)	18668	-289
CCIndex(527)	17207	-283
CCIndex(229)	19509	-281

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

Cotlook Index: As on 8/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.85	-1.75

USDA Cotton Spot Rates: As on 08/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	88.79	91.79	Nil
North Delta	87.79	90.29	Nil
South Delta	87.79	90.29	Nil
East TX-OK	83.25	85.50	315
West Texas	83.25	85.25	88

11th April 2014

Desert SW	85.04	91.79	Nil
SJ Valley	85.79	96.44	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 08/4/2014

Contract	Open	High	Low	Close	Change
May-14	90.62	92.44	90.57	91.79	1.17
Jul-14	91.15	92.95	91.15	92.41	1.24
Oct-14	81.6	81.6	81.6	81.6	0.44
Dec-14	79.92	80.24	79.8	80.17	0.33
Mar-15	79.89	79.95	79.86	79.94	0.13
May-15	80.1	80.15	80.1	80.15	0.16

Pakistan Cotton Spot rates: As on 07/4/2014 (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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