

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to mixed tone on Friday.

Prices of cotton are moving a lethargic way amid lackluster demand and weak exports.

Arrival stood lower today at 93,000 bales compared to 110,000 bales on Wednesday.

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	6.5	766	776	764	773	4,507	9399	5,413	11997

Spread	Apr-14		
Spot	237		

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, 11-04-2014, Friday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	8	750	760	745.6	757	171	-139	608	-86

Spread	Apr-14		
Spot	253		

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, 11-04-2014, Friday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	120	19790	19940	19750	19890	1600	319	5129	-765
May-14	110	20070	20240	20030	20160	1220	-26	4272	442
Jun-14	90	20330	20470	20290	20410	348	115	1260	343
Jul-14	80	20640	20710	20530	20660	59	-108	670	51

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-270		
May-14			-250	
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, 11-04-2014, Friday

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Centers:

Centre	Variety	Prices		Change
		11-Apr-14	9-Apr-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	4850	4900	-50
Khandwa	Mech-1	5100	5200	-100
Khargaon	Mech-1	5100	5200	-100
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5350	5450	-100
Rajkot	B.T. Cotton	5050	5200	-150
Patan	B.T. Cotton	5725	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5400	5325	75
Fazilika	B.T. Cotton	5350	5300	50
Bhiwani	B.T. Cotton	5600	5600	Unch
Adampur	B.T. Cotton	5410	5425	-15
Fatehabad	B.T. Cotton	5425	5430	-5
Dabwali	B.T. Cotton	5350	5350	Unch
Jind	B.T. Cotton	NA	5400	-
Uchana (Jind)	B.T. Cotton	NA	5400	-
Rawatsar (Hanumangarh)	B.T. Cotton	5325	5325	Unch
Hubli	B.T. Cotton	NA	5210	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5000	5150	-150
Gondal	Shankar-6	5405	5155	250
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5311	5236	75
Hubli	D.C.H.	NA	4989	-
Raichur	H-44 Cotton	5000	5000	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4575	4590	-15
Muktsar	J-34	4570	4600	-30
Fazilika	J-34	4500	4600	-100
Bhatinda	J-34	4570	4600	-30
Mansa	J-34	4550	4600	-50

Sirsa	J-34	4475	4500	-25
Sri-Ganganagar	J-34	4230	4249	-19
Hanumangarh	B.T. Cotton	4530	4520	10
Adilabad	>30mm	4377	4314	63
Warangal	>30mm	4393	4335	58
Guntur	>30mm	4403	4403	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Prices at Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Apr-14	9-Apr-14	
Amravati	Mech-1	25000	20000	5000
Khandwa	Mech-1	1500	1200	300
Khargaon	Mech-1	5000	5000	Unch
Mahesana(Kadi)	B.T. Cotton	25000	30000	-5000
Rajkot	B.T. Cotton	5500	7500	-2000
Patan	B.T. Cotton	5000	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	400	400	Unch
Bhiwani	B.T. Cotton	NA	200	-
Adampur	B.T. Cotton	340	340	Unch
Fatehabad	B.T. Cotton	1000	800	200
Dabwali	B.T. Cotton	225	120	105
Jind	B.T. Cotton	NA	211	-
Uchana (Jind)	B.T. Cotton	NA	1100	-
Rawatsar (Hanumangarh)	B.T. Cotton	300	200	100
Hubli	B.T. Cotton	NA	22	-
Ahmedabad	Shankar-6	59500	76500	-17000
Gondal	Shankar-6	3153	2630	523
Bijapur	Bunny	2019	1624	395
Hubli	D.C.H.	NA	22	-
Raichur	H-44 Cotton	2550	3735	-1185
Abohar	J-34	340	340	Unch
Muktsar	J-34	102	85	17


12th April 2014

Bhatinda	J-34	11900	17000	-5100
Mansa	J-34	510	510	Unch
Sirsa	J-34	850	510	340
Sri-Ganganagar	J-34	680	850	-170
Hanumangarh	B.T. Cotton	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Apr-14	7-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	41900	42100	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40200	40500	300
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	42100	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42700	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43400	43700	300
DCH-32(107)	34mm	3.0 - 3.8	33	58500	59000	500

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 11/4/2014:

Index	RMB/Ton	Change
CCIndex(328)	18515	-11
CCIndex(527)	17088	0
CCIndex(229)	19343	-50

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

Cotlook Index: As on 10/4/2014:

Cotlook Indices	Cents/Pound	Change
A-Index	93.50	-1.35

USDA Cotton Spot Rates: As on 10/4/2014:

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	86.02	89.02	1436
North Delta	85.02	87.52	0
South Delta	85.02	87.52	0
East TX-OK	81.25	83.50	1749
West Texas	81.25	83.25	1754
Desert SW	82.27	89.02	0
SJ Valley	83.02	93.67	0

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 10/4/2014:

Contract	Open	High	Low	Close	Change
May-14	90.44	91.23	88.98	89.02	-1
Jul-14	91.5	92.35	90.15	90.29	-1.14
Oct-14	80.85	81.66	80.5	81.45	0.22
Dec-14	80.38	80.97	79.95	80.84	0.43
Mar-15	80.38	80.71	79.78	80.68	0.45
May-15	80.59	80.81	80.55	80.81	0.45

Pakistan Cotton Spot rates: As on 10/4/2014 (in Pakistan Rupees):

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6500	155	6655
Equivalent	40 Kgs	6966	155	7121

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.