

Domestic Fundamentals:

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

Prices of cotton are moving weak amid revised cotton policy of China and weak demand.

Arrival stood higher at 105,000 bales today compared to 98,000 bales on Saturday.

Most of the market and mandis remained closed today, following “*Hanuman Jayanti*”

In The News: Pakistan government and other cotton stakeholder are willing to impose import duty on cotton yarn imported from India. However the final decision requires the mandate of others and final decision on this is yet to come. As officials said, they are not willing to ban the cotton yarn imports from India though they wish to impose duty to save the interest of their textile stakeholders.

According to latest estimates by Cotton Association of India (CAI), cotton output in India will be around 381.25 lakh bales (each of 170 Kgs.) in current season (Oct'13-Sep'14).

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 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.

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.

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	-12	791	795	775	781	4529	4066	9219	29

Spread	Apr-14		
Spot	264		

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

*as at 5:30 pm, 15-04-2014, Tuesday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-2.8	771.6	771.6	760.4	768	188	184	602	-2

Spread	Apr-14		
Spot	277		

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

*as at 5:30 pm, 15-04-2014, Tuesday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	90	20140	20210	20080	20190	1533	1199	4688	-454
May-14	80	20380	20440	20300	20420	1438	1141	4404	30
Jun-14	90	20630	20680	20540	20670	238	167	1447	94
Jul-14	100	20830	20900	20690	20890	95	94	697	4

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-230		
May-14			-250	
Jun-14				-220

NB: Spread was done by taking avg. spot prices at Rajkot-B.T. Cotton market. Basis = Spot- Near Month Future

*as at 5:30 pm, 15-04-2014, Tuesday

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		15-Apr-14	14-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	NA	4850	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	NA	5225	-
Patan	B.T. Cotton	NA	5825	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	5370	5355	15
Bhiwani	B.T. Cotton	5580	5625	-45
Adampur	B.T. Cotton	5400	5375	25
Fatehabad	B.T. Cotton	5450	5410	40
Dabwali	B.T. Cotton	5360	5340	20
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	5510	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	5195	NA	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	NA	5050	-
Gondal	Shankar-6	NA	5005	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5193	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5100	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4590	4570	20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	4595	4590	5
Bhatinda	J-34	4595	4575	20
Mansa	J-34	NA	NA	-
Sirsa	J-34	4485	4470	15

Sri-Ganganagar	J-34	4230	4230	Unch
Hanumangarh	B.T. Cotton	NA	4530	-
Adilabad	>30mm	4357	4357	Unch
Warangal	>30mm	4393	4393	Unch
Guntur	>30mm	4403	4403	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		15-Apr-14	14-Apr-14	
Amravati	Mech-1	NA	8000	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	20000	-5000
Rajkot	B.T. Cotton	NA	8200	-
Patan	B.T. Cotton	NA	13000	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	250	250	Unch
Bhiwani	B.T. Cotton	NA	200	-
Adampur	B.T. Cotton	340	255	85
Fatehabad	B.T. Cotton	600	600	Unch
Dabwali	B.T. Cotton	240	180	60
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	500	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	254	NA	-
Ahmedabad	Shankar-6	NA	34000	-
Gondal	Shankar-6	NA	2725	-
Bijapur	Bunny	1722	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2167	NA	-
Abohar	J-34	340	170	170
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	11900	NA	-
Mansa	J-34	425	NA	-
Sirsa	J-34	680	510	170


16th April 2014

Sri-Ganganagar	J-34	510	510	Unch
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
				14-Apr-14	11-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	37500	37500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
J-34(202)	26mm	3.5 - 4.9	23	41700	41600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39800	39900	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	41400	41500	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	43100	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	58000	58000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 15/4/2014

Index	RMB/Ton	Change
CCIndex(328)	18498	-9
CCIndex(527)	17033	-25
CCIndex(229)	19310	-8

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

Cotlook Index: As on 14/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	92.2	Unch

USDA Cotton Spot Rates: As on 14/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	87.91	90.91	204
North Delta	86.91	89.41	Unch
South Delta	86.91	89.41	Unch
East TX-OK	83.00	85.25	911
West Texas	83.00	85.00	469
Desert SW	84.16	90.91	Unch
SJ Valley	84.91	95.56	Unch

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 14/4/2014

Contract	Open	High	Low	Close	Change
May-14	90	91.67	89.52	90.91	1.89
Jul-14	90.71	92.91	90.71	92.28	1.83
Oct-14	81.48	82.39	81.48	82.39	0.55
Dec-14	81.2	81.64	80.8	81.37	-0.1
Mar-15	81.13	81.4	80.8	81.12	-0.16
May-15	81.24	81.57	81.04	81.26	-0.11

Pakistan Cotton Spot rates: As on 14/4/2014 (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

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