

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone.

Arrival stood lower at 101,000 bales today against 104,000 bales reported in previous session.

In The News:

According to the USDA report, Australian cotton lint production down by 4.4% to 900,000 tonne (or 4.1 million bales) in 2014-15 from 940,000 tonne produced in 2013-14. Meanwhile, cotton seed production dwindle to 1,200,000 tonne as compared with 1330,000 tonne produced in previous year. Cotton plantings in Australia are forecast to fall to 380,000 hectares in 2014-15 from 392,000 hectare in previous year. Australia exports around 95 percent of its raw cotton, with three quarters sold to China. In 2014-15, exports are expected to decline by 8% to 9 lakh tonne against the 9.75 lakh tonne exported in 2013-14. In April 2014, Australia and Japan signed an Economic Partnership Agreement (AJEPA) which allow zero tariffs in the Japanese market.

On Tuesday, China's State reserve sold 27,231 tonne of cotton to mills, further leads the total cotton sales to 1,228,008 tonne from November 2013. The 510,268 tonne of cotton was sold since April 1. The remaining government cotton inventory is around 12.37 million tonne-Cotlook.

USA Cotton planting completed by 9% during the week ended on April 20, behind the five year average of 12%- USDA.

In India, cotton crop arrivals stood down 4% to 295.16 lakh bales as on 14 April, 2014 as compared with the 308.5 lakh bales of total arrivals reported in same period during previous year.

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:

- China's cotton import in March down by 58% to 222,088 tonne on M-O-M basis; and country imported 760,522 tonne of cotton(44% down) during this calendar year.
- Indian cotton yarn export registration contracts in march totaled 111.738 million kg, up from 103.124 million kg in previous month. The total 1414.523 million kg ,up by 33% on in the fiscal year 2013-14 (year on year basis) -DGFT.
- In 2014-15, cotton planted area in China is likely to fall by 12% to 4.1 Million Hectare against the 10.5% less area expected in previous month-China Cotton Association.
- 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 range bound movement.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	12	812	821	805	819.5	1063	-6833	6590	-1126

Spread	Apr-14		
Spot	246.5		

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, 22-04-2014.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-14	776.7	779.9	756.2	760.4	98	-132	507	-119

Spread	Apr-14		
Spot	305.6		

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, 22-04-2014.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	+210.00	20470	20630	20420	20630	1625	-535	2213	-954
May-14	+220.00	20770	20950	20720	20950	2688	-754	5366	431
Jun-14	+260.00	21030	21220	21000	21220	706	348	1701	190
Jul-14	+240.00	21250	21430	21230	21430	149	98	805	76

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	3646.475			
Apr-14		-320		
May-14			-270	
Jun-14				-210

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, 22-04-2014.

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		22-Apr-14	21-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4950	5000	-50
Khandwa	Mech-1	NR	5200	-
Khargaon	Mech-1	NR	5200	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5500	5400	100
Rajkot	B.T. Cotton	5330	5350	-20
Patan	B.T. Cotton	5705	5800	-95
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5400	5400	Unch
Fazilika	B.T. Cotton	5415	5400	15
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NR	NA	-
Fatehabad	B.T. Cotton	5600	5600	Unch
Dabwali	B.T. Cotton	5450	5300	150

Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	5299	5349	-50
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5250	5200	50
Gondal	Shankar-6	5115	5035	80
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5559	5459	100
Hubli	D.C.H.	NA	5349	-
Raichur	H-44 Cotton	NA	5000	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4700	4670	30
Muktsar	J-34	4610	4660	-50
Fazilika	J-34	4670	4650	20
Bhatinda	J-34	4720	4685	35
Mansa	J-34	NR	NA	-
Sirsa	J-34	4600	4570	30
Sri-Ganganagar	J-34	4296	NA	-
Hanumangarh	B.T. Cotton	4620	4600	20
Adilabad	>30mm	4377	4377	Unch
Warangal	>30mm	4451	4419	32
Guntur	>30mm	4403	4351	52
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		22-Apr-14	21-Apr-14	
Amravati	Mech-1	32000	29000	3000
Khandwa	Mech-1	NR	1200	-
Khargaon	Mech-1	NR	6000	-
Mahesana(Kadi)	B.T. Cotton	40000	25000	15000
Rajkot	B.T. Cotton	4400	4200	200
Patan	B.T. Cotton	10959	9870	1089
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	100	4650	-4550
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NR	NA	-

Fatehabad	B.T. Cotton	100	100	Unch
Dabwali	B.T. Cotton	300	400	-100
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	768	34	734
Ahmedabad	Shankar-6	42500	51000	-8500
Gondal	Shankar-6	1110	NA	-
Bijapur	Bunny	2470	3336	-866
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	1832	-
Abohar	J-34	170	170	Unch
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	5100	8500	-3400
Mansa	J-34	NR	NA	-
Sirsa	J-34	340	425	-85
Sri-Ganganagar	J-34	340	NA	-
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
				21-Apr-14	19-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	37800	37500	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38300	38000	300
J-34(202)	26mm	3.5 - 4.9	23	42600	42300	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40600	40200	400
Shankar-6(105)	29mm	3.5 - 4.9	28	42200	41800	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42900	42500	400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43900	43500	400
DCH-32(107)	34mm	3.0 - 3.8	33	58900	58500	400

China Cotton Index: As on 21/4/2014

Index	RMB/Ton	Change
CCIndex(328)	18311	-85
CCIndex(527)	16867	-46
CCIndex(229)	19185	-55

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

Cotlook Index: As on 17/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.85	+1

USDA Cotton Spot Rates: As on 21/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	88.21	91.21	Unch
North Delta	87.21	89.71	Unch
South Delta	87.21	89.71	Unch
East TX-OK	83.00	85.25	Unch
West Texas	83.00	85	Unch
Desert SW	84.71	91.46	Unch
SJ Valley	83.96	94.61	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 21/4/2014

Contract	Open	High	Low	Close	Change
May-14	90.3	90.80	89.35	89.69	-0.48
Jul-14	92.5	92.75	91.55	92.21	-0.13
Oct-14	82.23	82.23	82.23	82.23	-0.17
Dec-14	81.79	82	81.63	81.99	0.05
Mar-15	81.55	81.64	81.3	81.61	-0.03
May-15	81.39	81.57	81.21	81.57	-0.18

Pakistan Cotton Spot rates: As on 19/4/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6400	155	6555
Equivalent	40 Kgs	6859	155	7014

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