

**Domestic Fundamentals:**

**Market Outlook:** Cotton market noticed mixed tone.

Arrival stood lower at 99,000 bales today against 101,000 bales reported in previous session.

**In The News:**

Commencement of Cotton planting in Pakistan reported in several regions.

China cotton yarn import during March month was up to 16.11% at 178,000 tonne from last month and down 10.72% from same corresponding period in last year. In this calendar year, China import totalled 448,188 tonne against 411,547 tonne during same period in 2013.

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	-3	820	826	816	818.5	885	-178	5390	-1200

Spread	Apr-14		
Spot	251.5		

**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, 23-04-2014.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-16.8	744	755	730	735	34	-64	448	-59

Spread	Apr-14		
Spot	335		

**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, 23-04-2014.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	+80.00	20650	20860	20650	20770	1489	-136	1368	-845
May-14	+100.00	20980	21180	20960	21100	3624	936	5527	161
Jun-14	+100.00	21260	21460	21260	21380	929	223	1786	85
Jul-14	+120.00	21580	21700	21580	21630	478	329	753	-52

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-330		
May-14			-280	
Jun-14				-250

**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, 23-04-2014.

**DOMESTIC PRICES AND ARRIVALS****Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		23-Apr-14	22-Apr-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4950	4950	Unch
Khandwa	Mech-1	5200	NA	-
Khargaon	Mech-1	5200	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5350	5330	20
Patan	B.T. Cotton	5695	5705	-10
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5600	5400	200
Fazilika	B.T. Cotton	5600	5415	185
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	5700	NA	-
Fatehabad	B.T. Cotton	5600	5600	Unch
Dabwali	B.T. Cotton	5450	5450	Unch
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-

Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	5370	5299	71
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	5115	5115	Unch
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Bijapur	Bunny	5529	5559	-30
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5100	NA	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4735	4700	35
Muktsar	J-34	4735	4610	125
Fazilika	J-34	4700	4670	30
Bhatinda	J-34	4750	4720	30
Mansa	J-34	NA	NA	-
Sirsa	J-34	4640	4600	40
Sri-Ganganagar	J-34	4324	4296	28.20
Hanumangarh	B.T. Cotton	4650	4620	30
Adilabad	>30mm	4377	4377	Unch
Warangal	>30mm	4451	4451	Unch
Guntur	>30mm	4403	4403	Unch
Bhainsa	>30mm	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		23-Apr-14	22-Apr-14	
Amravati	Mech-1	33000	32000	1000
Khandwa	Mech-1	1500	NA	-
Khargaon	Mech-1	6000	NA	-
Mahesana(Kadi)	B.T. Cotton	30000	40000	-10000
Rajkot	B.T. Cotton	4500	4400	100
Patan	B.T. Cotton	16477	10959	5518
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	60	100	-40
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	255	NA	-
Fatehabad	B.T. Cotton	NA	100	-
Dabwali	B.T. Cotton	240	300	-60
Jind	B.T. Cotton	NA	NA	-

Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	972	768	204
Ahmedabad	Shankar-6	42500	42500	Unch
Gondal	Shankar-6	1074	1110	-36
Bijapur	Bunny	2895	2470	425
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1925	NA	-
Abohar	J-34	119	170	-51
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	4250	5100	-850
Mansa	J-34	NA	NA	-
Sirsa	J-34	340	340	Unch
Sri-Ganganagar	J-34	NA	340	-
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
				22-Apr-14	21-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	37800	37800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38300	38300	Unch
J-34(202)	26mm	3.5 - 4.9	23	42900	42600	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40900	40600	300
Shankar-6(105)	29mm	3.5 - 4.9	28	42500	42200	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43200	42900	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44200	43900	300
DCH-32(107)	34mm	3.0 - 3.8	33	59200	58900	300

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 23/4/2014**

Index	RMB/Ton	Change
CCIndex(328)	18058	-109
CCIndex(527)	16733	-48
CCIndex(229)	18933	-110

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

**Cotlook Index: As on 22/4/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	93.00	-0.85

**USDA Cotton Spot Rates: As on 22/4/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.25	92.25	Unch
North Delta	88.25	90.75	Unch
South Delta	88.25	90.75	Unch
East TX-OK	84	86.25	905
West Texas	84	86	968
Desert SW	85.75	92.5	Unch
SJ Valley	85	95.65	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	89.66	91.16	89.66	91.01	1.32
Jul-14	92.21	93.49	92.15	93.25	1.04
Oct-14	81.98	82.7	81.52	82.57	0.34
Dec-14	81.92	82.62	81.92	82.49	0.5
Mar-15	81.53	82.1	81.46	81.92	0.31
May-15	81.62	81.72	81.62	81.72	0.15

**Pakistan Cotton Spot rates: As on 21/4/2014 (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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