

Domestic Fundamentals:

Market Outlook: Cotton market noticed firm tone.

Arrival stood lower at 93,000 bales today against 92,000 bales reported in previous session.

In The News:

At ICE, cotton dwindle on weak economic dat in USA and China, raised concerns for fiber demand.

Tajikistan cotton export decline by 64% to USD 32.6 million during the January-March period in this year as compared with same corresponding period in last year.

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:

- Commencement of Cotton planting in Pakistan reported in several regions.
- 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.

- USA Cotton planting completed by 9% during the week ended on April 20, behind the five year average of 12%- USDA.
- 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.
- 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.
- 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	5.5	813	825	813	820.5	1064	179	3987	-1403

Spread	Apr-14		
Spot	249.5	--	--

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future
Last Updates at 5:30PM on 25/4/2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-16.8	732.9	732.9	717.9	717.9	24	-10	420	-28

Spread	Apr-14		
Spot	352.10	--	--

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future
Last Updates at 5:30PM on 25/4/2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	120	20740	20900	20740	20800	690	-799	859	-509
May-14	130	21100	21220	21050	21130	2706	-918	5889	362
Jun-14	130	21350	21490	21350	21420	674	-255	2149	363
Jul-14	160	21690	21730	21630	21650	134	-344	904	151

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	3567.568			
Apr-14		-330		
May-14			-290	
Jun-14				-230

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future
Last Updates at 5:30PM on 25/4/2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		25-Apr-14	24-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5050	4950	100
Khandwa	Mech-1	5300	5200	100
Khargaon	Mech-1	5300	5200	100
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5625	5500	125
Rajkot	B.T. Cotton	5390	5350	40
Patan	B.T. Cotton	5625	5695	-70
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	5600	-
Fazilika	B.T. Cotton	NA	5600	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	5800	5700	100
Fatehabad	B.T. Cotton	5650	5600	50
Dabwali	B.T. Cotton	NA	5450	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	5370	-

	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	5245	5115	130
	Kapas	(Rs./Qtl)		
Bijapur	Bunny	5559	5529	30
Hubli	D.C.H.	5009	NA	-
Raichur	H-44 Cotton	5150	5100	50
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4775	4735	40
Muktsar	J-34	4750	4735	15
Fazilika	J-34	4760	4700	60
Bhatinda	J-34	4790	4750	40
Mansa	J-34	NA	NA	-
Sirsa	J-34	4675	4640	35
Sri-Ganganagar	J-34	4324	4324	Unch
Hanumangarh	B.T. Cotton	4670	4650	20
Adilabad	>30mm	4377	4377	Unch
Warangal	>30mm	4456	4451	5.24
Guntur	>30mm	4435	4403	31.45
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		25-Apr-14	24-Apr-14	
Amravati	Mech-1	34000	33000	1000
Khandwa	Mech-1	900	1500	-600
Khargaon	Mech-1	5000	6000	-1000
Mahesana(Kadi)	B.T. Cotton	25000	30000	-5000
Rajkot	B.T. Cotton	4400	4500	-100
Patan	B.T. Cotton	14000	16477	-2477
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	60	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	255	255	Unch
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	240	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-

Hubli	B.T. Cotton	NA	972	-
Ahmedabad	Shankar-6	42500	42500	Unch
Gondal	Shankar-6	867	1074	-207
Bijapur	Bunny	3194	2895	299
Hubli	D.C.H.	26	NA	-
Raichur	H-44 Cotton	1447	1925	-478
Abohar	J-34	42.5	119	-76.5
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	3400	4250	-850
Mansa	J-34	NA	NA	-
Sirsa	J-34	340	340	Unch
Sri-Ganganagar	J-34	NA	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
				23-Apr-14	22-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	43300	42900	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	40900	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42500	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43400	43200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44400	44200	200
DCH-32(107)	34mm	3.0 - 3.8	33	59200	59200	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 24/4/2014

Index	RMB/Ton	Change
CCIndex(328)	17806	-137
CCIndex(527)	16546	-90
CCIndex(229)	18707	-131

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

Cotlook Index: As on 24/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.70	-0.30

USDA Cotton Spot Rates: As on 24/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.2	92.2	NIL
North Delta	88.2	90.7	NIL
South Delta	88.2	90.7	NIL
East TX-OK	83.25	85.5	NIL
West Texas	83.25	85.25	227
Desert SW	85.7	92.45	NIL
SJ Valley	84.95	95.6	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 24/4/2014

Contract	Open	High	Low	Close	Change
May-14	92.98	92.99	91.3	92.66	-0.24
Jul-14	92.73	93.52	92.4	93.2	0.56
Oct-14	82.5	82.88	82.5	82.88	0.67
Dec-14	82.07	82.85	82.03	82.77	0.41
Mar-15	81.8	82.19	81.76	82.14	0.35
May-15	82.05	82.05	82.05	82.05	0.34

Pakistan Cotton Spot rates: As on 24/4/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	644	155	6555
Equivalent	40 Kgs	6859	155	7014

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