

Domestic Fundamentals:

Market Outlook: Cotton market noticed firm tone.

Arrival stood lower at 87,000 bales today against 93,000 bales reported in previous session.

In The News:

On Friday, China's State reserve sold 29707 tonne of cotton to mills, further leads the total cotton sales to 1,257,715 tonne from November 2013. The 580,292 tonne of cotton was sold since April 1. The remaining government cotton inventory is around 12.3 million tonne-Cotlook.

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 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.
- 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	--	--	--	--	--	--	--	--	--

Spread	Apr-14		
Spot	--	--	--

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

*

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	--	--	--	--	--	--	--	--	--

Spread	Apr-14		
Spot	--	--	--

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

*

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	--	--	--	--	--	--	--	--	--
May-14	--	--	--	--	--	--	--	--	--
Jun-14	--	--	--	--	--	--	--	--	--
Jul-14	--	--	--	--	--	--	--	--	--

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--	--	--	--
Apr-14	--	--	--	--
May-14	--	--	--	--
Jun-14	--	--	--	--

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

*

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

Centre	Variety	Prices		Change
		26-Apr-14	25-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5100	5050	50
Khandwa	Mech-1	Closed	5300	-
Khargaon	Mech-1	Closed	5300	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5650	5625	25
Rajkot	B.T. Cotton	5300	5390	-90
Patan	B.T. Cotton	NA	5625	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5600	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	5900	NA	-
Adampur	B.T. Cotton	NA	5800	-
Fatehabad	B.T. Cotton	5700	5650	50

Dabwali	B.T. Cotton	NA	NA	-
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	NA	-
Kapas		(Rs./Qtl.)		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	5145	5245	-100
Kapas		(Rs/Qtl)		
Bijapur	Bunny	5559	5559	Unch
Hubli	D.C.H.	NA	5009	-
Raichur	H-44 Cotton	5050	5150	-100
Lint		(Rs./Maund of 37.32kg each)		
Abohar	J-34	4790	4775	15
Muktsar	J-34	4715	4750	-35
Fazilika	J-34	4750	4760	-10
Bhatinda	J-34	4815	4790	25
Mansa	J-34	4725	NA	-
Sirsa	J-34	4700	4675	25
Sri-Ganganagar	J-34	4324	4324	Unch
Hanumangarh	B.T. Cotton	4670	4670	Unch
Adilabad	>30mm	4377	4377	Unch
Warangal	>30mm	4456	4456	Unch
Guntur	>30mm	4435	4435	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		26-Apr-14	25-Apr-14	
Amravati	Mech-1	34000	34000	Unch
Khandwa	Mech-1	Closed	900	-
Khargaon	Mech-1	Closed	5000	-
Mahesana(Kadi)	B.T. Cotton	25000	25000	Unch
Rajkot	B.T. Cotton	4200	4400	-200
Patan	B.T. Cotton	NA	14000	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-

Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	255	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	NA	-
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	NA	-
Ahmedabad	Shankar-6	42500	42500	Unch
Gondal	Shankar-6	1062	867	195
Bijapur	Bunny	3501	3194	307
Hubli	D.C.H.	NA	26	-
Raichur	H-44 Cotton	1795	1447	348
Abohar	J-34	43	42.5	0.5
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	2040	3400	-1360
Mansa	J-34	NA	NA	-
Sirsa	J-34	255	340	-85
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
				25-Apr-14	23-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	43800	43300	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41300	41100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42900	42700	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43600	43400	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	44400	200
DCH-32(107)	34mm	3.0 - 3.8	33	59700	59200	500

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 25/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.2	0.5

USDA Cotton Spot Rates: As on 25/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.25	92.25	5
North Delta	88.25	90.75	NIL
South Delta	88.25	90.75	NIL
East TX-OK	83.25	85.5	1605
West Texas	83.25	85.25	282
Desert SW	85	91.75	NIL
SJ Valley	85.75	96.4	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	93.11	92.6	92.95	0.29
Jul-14	93.2	93.43	92.21	93.25	0.05
Oct-14	82.85	82.85	82.85	82.85	-0.03
Dec-14	82.63	82.79	81.95	82.71	-0.06
Mar-15	81.65	82.18	81.53	82.18	0.04
May-15	82.11	82.11	82.11	82.11	0.06

Pakistan Cotton Spot rates: As on 25/4/2014 (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

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.