

Domestic Fundamentals:

Market Outlook: Cotton market noticed firm tone.

Arrival stood higher at 89,000 bales today against 87,000 bales reported in previous session.

In The News:

Pakistan has imposed 5% import duty on cotton yarn, in last few weeks high import from India reported.

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	10	823.5	832	817	831	1454	390	2233	-1754

Spread	Apr-14		
Spot	254	--	--

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future
*Updated at 5:30 P.M. on April 28,2014.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-21.3	691.7	697.8	691.7	691.7	23	-1	339	-81

Spread	Apr-14		
Spot	393.3	--	--

NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future
*Updated at 5:30 P.M. on April 28,2014.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-50	20880	20980	20810	20840	336	-354	577	-282
May-14	-80	21200	21300	21120	21140	1769	-937	5907	18
Jun-14	-70	21470	21580	21400	21430	550	-124	2270	121
Jul-14	-30	21700	21800	21660	21670	125	-9	973	69

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-300		
May-14			-290	
Jun-14				-240

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

*Updated at 5:30 P.M. on April 28,2014.

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		28-Apr-14	26-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5050	5100	-50
Khandwa	Mech-1	5300	Closed	-
Khargaon	Mech-1	5300	Closed	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5600	5650	-50
Rajkot	B.T. Cotton	5425	5300	125
Patan	B.T. Cotton	5950	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	5600	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	5900	-
Adampur	B.T. Cotton	5825	NA	-
Fatehabad	B.T. Cotton	5800	5700	100
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	5260	5145	115
	Kapas	(Rs./Qtl)		
Bijapur	Bunny	NA	5559	-
Hubli	D.C.H.	5289	NA	-
Raichur	H-44 Cotton	5220	5050	170
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4785	4790	-5
Muktsar	J-34	4800	4715	85
Fazilika	J-34	4800	4750	50
Bhatinda	J-34	4815	4815	Unch
Mansa	J-34	4725	4725	Unch
Sirsa	J-34	4710	4700	10
Sri-Ganganagar	J-34	4418	4324	94
Hanumangarh	B.T. Cotton	4750	4670	80
Adilabad	>30mm	4456	4377	79
Warangal	>30mm	4482	4456	26
Guntur	>30mm	4456	4435	21
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		28-Apr-14	26-Apr-14	
Amravati	Mech-1	33000	34000	-1000
Khandwa	Mech-1	1200	Closed	-
Khargaon	Mech-1	6000	Closed	-
Mahesana(Kadi)	B.T. Cotton	30000	25000	5000
Rajkot	B.T. Cotton	5100	4200	900
Patan	B.T. Cotton	12900	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	170	NA	-

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	47600	42500	5100
Gondal	Shankar-6	10586	1062	9524
Bijapur	Bunny	NA	3501	-
Hubli	D.C.H.	6	NA	-
Raichur	H-44 Cotton	2340	1795	545
Abohar	J-34	34	43	-9
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	1700	2040	-340
Mansa	J-34	NA	NA	-
Sirsa	J-34	340	255	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
				26-Apr-14	25-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	43800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41300	41300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42900	42900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43600	43600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	44600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	60000	59700	300

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 28/4/2014

Index	RMB/Ton	Change
CCIndex(328)	17698	-108
CCIndex(527)	16458	-88
CCIndex(229)	18601	-106

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 26/4/2014 (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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