

Domestic Fundamentals:

Market Outlook: Cotton market noticed firm tone.

Arrival stood higher at 91,000 bales today against 89,000 bales reported in previous session.

In The News:

According to the China cotton Research Institute, cotton planting progress stood at 40.7% by April 15 , slightly behind 42.6% in last year.

China's cotton import decline by 44.3% to 761,000 tonne during January - March,2014 against last year. China import cotton with a average price of 12000 yuan per tonne, up 4.5% on Y-O-Y -Cncotton.

In Tajikistan, 80% of cotton planting(targeted) completed as on April 27,2014. Farmer seeded cotton on 159,500 Ha. against the targeted 199,451 Ha. Meanwhile, cotton production in 2013 is down by 6% to 392,811 tonne. 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.

According USDA, cotton import in Indonesia is expected to surge by 4% to 2.7 million bales (each of 480 pounds) during 2014-15.

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.

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.
- 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	6.5	825	834	817	827.5	1230	-224	726	-1507

Spread	Apr-14		
Spot	272.5	--	--

(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 29, 2014.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	+20.90	710	718.8	677.5	718.80	61	38	275	-64

Spread	Apr-14		
Spot	381.2	--	--

(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 29, 2014.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-14	-160	20810	20810	20510	20650	504	168	328	-249
May-14	-150	21050	21090	20930	20950	1751	-18	6186	279
Jun-14	-130	21360	21360	21220	21240	741	191	2135	-135
Jul-14	-130	21590	21590	21460	21490	138	13	990	17

Spread	Apr-14	May-14	Jun-14	Jul-14
Spot	--			
Apr-14		-300		
May-14			-290	
Jun-14				-250

(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 29, 2014.

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		29-Apr-14	28-Apr-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	Closed	5050	-
Khandwa	Mech-1	Closed	5300	-
Khargaon	Mech-1	Closed	5300	-

	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5750	5600	150
Rajkot	B.T. Cotton	5500	5425	75
Patan	B.T. Cotton	NA	5950	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	5800	5825	-25
Fatehabad	B.T. Cotton	5800	5800	Unch
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	5300	5250	50
Gondal	Shankar-6	5275	5260	15
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5609	NA	-
Hubli	D.C.H.	NA	5289	-
Raichur	H-44 Cotton	NA	5220	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4700	4785	-85
Muktsar	J-34	4780	4800	-20
Fazilika	J-34	NR	4800	-
Bhatinda	J-34	4810	4815	-5
Mansa	J-34	4725	4725	Unch
Sirsa	J-34	4715	4710	5
Sri-Ganganagar	J-34	NA	4418	-
Hanumangarh	B.T. Cotton	4750	4750	Unch
Adilabad	>30mm	4456	4456	Unch
Warangal	>30mm	4482	4482	Unch
Guntur	>30mm	4456	4456	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		29-Apr-14	28-Apr-14	
Amravati	Mech-1	Closed	33000	-
Khandwa	Mech-1	Closed	1200	-
Khargaon	Mech-1	Closed	6000	-
Mahesana(Kadi)	B.T. Cotton	20000	30000	-10000
Rajkot	B.T. Cotton	5000	5100	-100
Patan	B.T. Cotton	NA	12900	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	170	170	Unch
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	47600	Unch
Gondal	Shankar-6	1431	10586	-9155
Bijapur	Bunny	3183	NA	-
Hubli	D.C.H.	NA	6	-
Raichur	H-44 Cotton	NA	2340	-
Abohar	J-34	NA	34	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	1700	-
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
				28-Apr-14	26-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	37800	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38300	200
J-34(202)	26mm	3.5 - 4.9	23	43900	43800	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41600	41300	300
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42900	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43800	43600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44800	44600	200
DCH-32(107)	34mm	3.0 - 3.8	33	59500	60000	-500

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 29/4/2014

Index	RMB/Ton	Change
CCIndex(328)	17527	-171
CCIndex(527)	16356	-102
CCIndex(229)	18455	-146

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

Cotlook Index: As on 28/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	94.20	Unch

USDA Cotton Spot Rates: As on 28/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	88.23	91.23	Nil
North Delta	87.23	89.73	Nil
South Delta	87.23	89.73	Nil
East TX-OK	82.25	84.5	354
West Texas	82.25	84.25	511
Desert SW	84	90.73	Nil
SJ Valley	85	95.38	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 28/4/2014

Contract	Open	High	Low	Close	Change
May-14	92.91	92.91	92.1	92.38	-1
Jul-14	93.26	93.53	91.78	92.23	-1.02
Oct-14	82.87	82.87	82.87	82.87	0.02
Dec-14	82.72	82.89	82.46	82.74	0.03
Mar-15	82.21	82.32	82	82.27	0.09
May-15	82.21	82.21	82.21	82.21	0.1

Pakistan Cotton Spot rates: As on 28/4/2014 (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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