

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone.

Arrival stood higher at 94,000 bales today against 91,000 bales reported in previous session.

In The News:

On Tuesday, China's State reserve sold 29,564 tonne of cotton to mills, further leads the total cotton sales to 1,352,788 tonne from November 2013. The 635,047 tonne of cotton was sold since April 1.

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.

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	--				--		--		

(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	--		

(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
May-14	-50	21200	21230	21120	21170	1286	782	6253	5925
Jun-14	-30	21470	21510	21410	21450	588	-1163	2194	-3992
Jul-14	-50	21740	21760	21670	21690	46	-695	1012	-1123

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		--		
Jun-14			--	
Jul-14				--

(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 30, 2014.

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		30-Apr-14	29-Apr-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	5000	Closed	-
Khandwa	Mech-1	5300	Closed	-
Khargaon	Mech-1	5300	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	Closed	5750	-

Rajkot	B.T. Cotton	Closed	5500	-
Patan	B.T. Cotton	Closed	NA	-
Deesa	B.T. Cotton	Closed	NA	-
Muktsar	B.T. Cotton	Closed	NA	-
Fazilika	B.T. Cotton	Closed	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	5800	5800	Unch
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	Closed	5300	-
Gondal	Shankar-6	Closed	5275	-
Kapas		(Rs/Qtl)		
Bijapur	Bunny	5739	5609	130
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Lint		Rs./Maund (of 37.32kg each)		
Abohar	J-34	Closed	4700	-
Muktsar	J-34	Closed	4780	-
Fazilika	J-34	Closed	NR	-
Bhatinda	J-34	Closed	4810	-
Mansa	J-34	Closed	4725	-
Sirsa	J-34	4720	4715	5
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4750	4750	Unch
Adilabad	>30mm	NR	4456	-
Warangal	>30mm	NR	4482	-
Guntur	>30mm	NR	4456	-
Bhainsa	>30mm	NR	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		30-Apr-14	29-Apr-14	
Amravati	Mech-1	34000	Closed	-
Khandwa	Mech-1	1500	Closed	-
Khargaon	Mech-1	1500	Closed	-

Mahesana(Kadi)	B.T. Cotton	Closed	20000	-
Rajkot	B.T. Cotton	Closed	5000	-
Patan	B.T. Cotton	Closed	NA	-
Deesa	B.T. Cotton	Closed	NA	-
Fazilika	B.T. Cotton	Closed	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	Closed	47600	-
Gondal	Shankar-6	Closed	1431	-
Bijapur	Bunny	2878	3183	-305
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Abohar	J-34	Closed	NA	-
Muktsar	J-34	Closed	NA	-
Bhatinda	J-34	Closed	NA	-
Mansa	J-34	Closed	NA	-
Sirsa	J-34	170	340	-170
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
				29-Apr-14	28-Apr-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	43900	43900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41300	41600	-300

May 1, 2014

Shankar-6(105)	29mm	3.5 – 4.9	28	42500	42600	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43800	43800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44800	44800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59500	-500

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30/4/2014

Index	RMB/Ton	Change
CCIndex(328)	17518	-9
CCIndex(527)	16353	-3
CCIndex(229)	18399	-56

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

Cotlook Index: As on 29/4/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.30	-0.9

USDA Cotton Spot Rates: As on 29/4/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.06	93.06	888
North Delta	89.06	91.56	Nil
South Delta	89.06	91.56	Nil
East TX-OK	84.00	86.25	Nil
West Texas	84.00	86.00	1786
Desert SW	85.81	92.56	Nil
SJ Valley	86.56	97.21	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 29/4/2014

Contract	Open	High	Low	Close	Change
May-14	92.59	94.45	92.50	94.26	+1.88
Jul-14	92.36	94.29	91.98	94.06	+1.83
Oct-14	83.15	83.62	83.15	83.62	+0.75
Dec-14	82.68	83.45	82.46	83.42	+0.68
Mar-15	82.21	82.78	81.96	82.76	+0.49
May-15	82.56	82.67	82.56	82.67	+0.46

Pakistan Cotton Spot rates: As on 29/4/2014 (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

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.