

**Domestic Fundamentals:**

**Market Outlook:** Cotton market noticed mostly firm on Tuesday.

Arrival stood higher at 98,000 bales today compared to 95,200 bales on Monday.

**In The News:** The revised policy of China for importing cotton has affected India's cotton export drastically. Export of cotton yarn in the month of April has declined by 25% on weak demand and less lucrative export to China, driven by recently announced policy. As per the new policy, which came into effect from April 1<sup>st</sup>, 2014, government has lowered the auction bids of floor price to 17250 from 18000 Yuan per tonne.

Cotton arrivals in India this year stood higher compared to previous year owing good production of crop in the country. Total arrival recorded till April 30, 2014, was 33.575 million running bales of 155-157 kg each compared to 30.2 million bales during the corresponding period last year, thus noticing a increase of 17.79% on Y-o-Y basis.

As concluded by latest data from DGFT, export registration of cotton yarn rose by 33% in current FY. In year 2013-14, contracts of 1,415 million kg of cotton yarn for export were being registered by traders, compared to 1,067 million kg last year.

According to the officials, cotton acreage could boost up in upcoming season on expectation of lower rainfall. Cotton acreage, particularly in south India is likely to rise as it require lesser water than other crops like paddy. Other crop which could see higher cultivation this year is maize. About 5% of rise is expected in cotton area this year.

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.

**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 dwindles 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.

**Outlook**

We expect domestic prices to remain firm in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-2	984.5	988	981	984	536	-582	1358	67

Spread	Apr-15		
Spot	137	--	--

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

\*Updated at 5:00pm, 06 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	1.8	968.8	968.8	968.8	968.8	1	-4	31	-157

Spread	Mar-15		
Spot	152.2		

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

\*Updated at 5:00pm, 06 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	-90	21400	21440	21320	21350	770	-747	5832	-159
Jun-14	-70	21720	21720	21620	21650	392	-281	2727	-81
Jul-14	-80	21930	21950	21860	21880	209	-52	1222	-6

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-300		
Jun-14			-230	
Jul-14				--

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

\*Updated at 5:00pm, 06 May, 2014

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		6-May-14	5-May-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5050	5050	Unch
Khandwa	Mech-1	5175	5200	-25
Khargaon	Mech-1	5175	5200	-25
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5700	5650	50
Rajkot	B.T. Cotton	5605	5575	30
Patan	B.T. Cotton	6300	NA	-
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	NA	5850	-
Fatehabad	B.T. Cotton	5900	5850	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	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5500	5350	150
Gondal	Shankar-6	5445	5375	70
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5609	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5000	5050	-50
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4890	4850	40
Muktsar	J-34	4890	4850	40
Fazilika	J-34	4875	4825	50
Bhatinda	J-34	4900	4860	40
Mansa	J-34	4850	4780	70
Sirsa	J-34	4810	4785	25
Sri-Ganganagar	J-34	4512	4465	47

Hanumangarh	B.T. Cotton	NA	4750	-
Adilabad	>30mm	NA	4456	-
Warangal	>30mm	NA	4529	-
Guntur	>30mm	NA	4534	-
Bhainsa	>30mm	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		6-May-14	5-May-14	
Amravati	Mech-1	34000	34000	Unch
Khandwa	Mech-1	1500	1800	-300
Khargaon	Mech-1	5000	6000	-1000
Mahesana(Kadi)	B.T. Cotton	35000	35000	Unch
Rajkot	B.T. Cotton	4700	5000	-300
Patan	B.T. Cotton	11000	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	170	-
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	1535	1447	88
Bijapur	Bunny	3296	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1460	1727	-267
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	170	170	Unch



May 7<sup>th</sup>, 2014

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
				5-May-14	3-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39500	39000	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40000	39500	500
J-34(202)	26mm	3.5 - 4.9	23	44700	44300	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	40700	400
Shankar-6(105)	29mm	3.5 - 4.9	28	43000	42600	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44300	43900	400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45300	44900	400
DCH-32(107)	34mm	3.0 - 3.8	33	59500	59000	500

## INTERNATIONAL PRICES AND INDICES

### China Cotton Index: As on 06/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17470	Unch
CCIndex(527)	16352	Unch
CCIndex(229)	18351	-6

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

### Cotlook Index: As on 02/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	95.3	Unch

### USDA Cotton Spot Rates: As on 05/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	90.75	93.75	421
North Delta	89.75	92.25	NII
South Delta	89.75	92.25	NII
East TX-OK	84.25	86.5	NII
West Texas	84.25	86.25	214
Desert SW	86.5	93.25	8
SJ Valley	87.25	97.9	NII

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 05/5/2014

Contract	Open	High	Low	Close	Change
<b>May-14</b>	94.35	94.65	94.24	94.62	<b>0.43</b>
<b>Jul-14</b>	94.31	94.77	94.08	94.75	<b>0.43</b>
<b>Oct-14</b>	84.65	84.92	84.65	84.92	<b>0.36</b>
<b>Dec-14</b>	83.87	84.63	83.8	84.53	<b>0.59</b>
<b>Mar-15</b>	83.15	83.51	83.13	83.51	<b>0.26</b>
<b>May-15</b>	83.15	83.43	83.15	83.41	<b>0.26</b>

## Pakistan Cotton Spot rates: As on 5/5/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6500	155	6655
<b>Equivalent</b>	40 Kgs	6966	155	7121

### 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.