

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Wednesday.

Arrival stood lower at 93,000 bales today compared to 98,000 bales on Tuesday.

In The News: Cotton export from India is likely to rise to 8.8 million bales (480-lbs) in 2013-14, which was earlier expected to be around 8 million bales, according to USDA.

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 1st, 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:

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	-7.5	978.5	983	975	975	546	1375	-7.5	978.5

Spread	Apr-15		
Spot	146	--	--

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

*Updated at 5:00pm, 07 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	--	--	--	--	--	--	--	--	--

Spread	Mar-15		
Spot	--		

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

*Updated at 5:00pm, 07 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	-160	21240	21290	21050	21080	1476	706	5651	-181
Jun-14	-170	21540	21590	21350	21370	483	91	2713	-14
Jul-14	-150	21790	21800	21590	21620	92	-117	1263	41

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-290		
Jun-14			-250	
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, 07 May, 2014

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		7-May-14	6-May-14	
	Kapas	(Rs./Qtl.)		
Amravati	Mech-1	5075	5050	25
Khandwa	Mech-1	NA	5175	-
Khargaon	Mech-1	NA	5175	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5700	5700	Unch
Rajkot	B.T. Cotton	5555	5605	-50
Patan	B.T. Cotton	NA	6300	-
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	5980	NA	-
Fatehabad	B.T. Cotton	5950	5900	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	5400	5500	-100
Gondal	Shankar-6	5345	5445	-100
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	5609	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5100	5000	100
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4870	4890	-20
Muktsar	J-34	4895	4890	5
Fazilika	J-34	4880	4875	5
Bhatinda	J-34	4900	4900	Unch
Mansa	J-34	4785	4850	-65
Sirsa	J-34	4830	4810	20

Sri-Ganganagar	J-34	4512	4512	Unch
Hanumangarh	B.T. Cotton	4815	NA	-
Adilabad	>30mm	NA	NA	-
Warangal	>30mm	NA	NA	-
Guntur	>30mm	NA	NA	-
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-May-14	6-May-14	
Amravati	Mech-1	35000	34000	1000
Khandwa	Mech-1	NA	1500	-
Khargaon	Mech-1	NA	5000	-
Mahesana(Kadi)	B.T. Cotton	35000	35000	Unch
Rajkot	B.T. Cotton	5300	4700	600
Patan	B.T. Cotton	NA	11000	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	340	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	37400	47600	-10200
Gondal	Shankar-6	1317	1535	-218
Bijapur	Bunny	NA	3296	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2117	1460	657
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-



May 8th, 2014

Sirsa	J-34	340	170	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
				6-May-14	5-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39700	39500	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40200	40000	200
J-34(202)	26mm	3.5 - 4.9	23	44900	44700	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41300	41100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	43200	43000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44500	44300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45300	200
DCH-32(107)	34mm	3.0 - 3.8	33	59500	59500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 07/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17470	Unch
CCIndex(527)	16353	1
CCIndex(229)	18348	-3

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

Cotlook Index: As on 06/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	95.80	0.50

USDA Cotton Spot Rates: As on 06/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.98	92.73	188
North Delta	88.98	91.48	NII
South Delta	88.98	91.48	NII
East TX-OK	83.5	85.75	690
West Texas	83.5	85.5	751
Desert SW	85.73	92.48	NII
SJ Valley	86.48	97.13	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 06/5/2014

Contract	Open	High	Low	Close	Change
May-14	94	94.19	92.71	93.70	-0.92
Jul-14	94.74	94.74	93.77	93.98	-0.77
Oct-14	85	85.00	84.25	84.72	-0.20
Dec-14	84.4	84.58	83.9	84.12	-0.41
Mar-15	83.3	83.41	83	83.24	-0.27
May-15	83	83.17	82.82	83.17	-0.24

Pakistan Cotton Spot rates: As on 6/5/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6550	155	6705
Equivalent	40 Kgs	7020	155	7175

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