

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Thursday.

Arrival stood higher at 97,000 bales today compared to 93,000 bales on Wednesday.

In The News: Cotton Corporation of India (CCI) has invited bids for export sale of cotton for maximum quantities of 600 bales. Three varieties have been offered namely, S-6 of staple length 28 mm at Rajkot, BB PRM (MOD) of staple length 30 mm at Guntur and BB PRM (MOD) of staple length 30 mm at Rayagada. Variety wise Floor price (US Cents/Pound, CNF Ex-Benapole) quoted are 102.95, 101.55 and 101.25 respectively.

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.

International Fundamentals:

Progress of cotton sowing in Pakistan has noticed good pace amid favorable weather conditions. Sowing has been completed in lower Sindh. In central region of Punjab, sowing has been started whereas it has been delayed by 2-3 in most of the other region.

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	970	973	966.5	969	596	50	1381	6

Spread	Apr-15		
Spot	136	--	--

(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	4	964	964	964	964	1	0	29	-2

Spread	Apr-15		
Spot	141		

(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	-20	20890	20940	20830	20860	1215	-261	5366	-285
Jun-14	-20	21200	21220	21110	21150	756	273	2967	254
Jul-14	-30	21450	21470	21350	21400	188	96	1345	82

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
		8-May-14	7-May-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	5100	5075	25
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	Kapas	(Rs/Qtl)		
Mahesana(Kadi)	B.T. Cotton	5600	5700	-100
Rajkot	B.T. Cotton	5525	5555	-30
Patan	B.T. Cotton	NA	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	5980	5980	Unch
Fatehabad	B.T. Cotton	5950	5950	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	5650	NA	-
Hubli	B.T. Cotton	5310	5310	Unch
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5400	5400	Unch
Gondal	Shankar-6	5300	5345	-45
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5459	5459	Unch
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5100	5100	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4850	4870	-20
Muktsar	J-34	4875	4895	-20
Fazilika	J-34	4880	4880	Unch
Bhatinda	J-34	4880	4900	-20
Mansa	J-34	4660	4785	-125
Sirsa	J-34	4815	4830	-15
Sri-Ganganagar	J-34	4465	4512	-47

Hanumangarh	B.T. Cotton	4810	4815	-5
Adilabad	>30mm	4456	4456	Unch
Warangal	>30mm	4576	4576	Unch
Guntur	>30mm	4545	4545	Unch
Bhainsa	>30mm	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		8-May-14	7-May-14	
Amravati	Mech-1	39500	35000	4500
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	35000	35000	Unch
Rajkot	B.T. Cotton	4700	5300	-600
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	170	340	-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	4	4	Unch
Ahmedabad	Shankar-6	34000	37400	-3400
Gondal	Shankar-6	1616	1317	299
Bijapur	Bunny	3339	3759	-420
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1712	2117	-405
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	170	340	-170
Sri-Ganganagar	J-34	NA	NA	-



Hanumangarh	B.T. Cotton	NA	NA	-
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-May-14	6-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39700	39700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40200	40200	Unch
J-34(202)	26mm	3.5 - 4.9	23	44900	44900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	41300	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	43000	43200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44300	44500	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45300	45500	-200
DCH-32(107)	34mm	3.0 - 3.8	33	59500	59500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 08/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17471	1
CCIndex(527)	16352	-1
CCIndex(229)	18346	-2

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

Cotlook Index: As on 07/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	95.20	-0.6

USDA Cotton Spot Rates: As on 07/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	88.55	91.30	1090
North Delta	87.55	90.05	NII
South Delta	87.55	90.05	NII
East TX-OK	82.00	84.25	109
West Texas	82.00	84.00	158
Desert SW	84.30	91.05	NII
SJ Valley	85.05	95.70	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 07/5/2014



Contract	Open	High	Low	Close	Change
May-14	94.04	94.04	91.84	91.84	-1.86
Jul-14	93.99	94.17	92.27	92.55	-1.43
Oct-14	84.36	84.80	84.29	84.80	+0.80
Dec-14	84.00	84.44	83.61	83.91	-0.21
Mar-15	83.24	83.28	82.75	83.13	-0.11
May-15	83.00	83.00	83.00	83.00	-0.17

Pakistan Cotton Spot rates: As on 7/5/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6600	155	6755
Equivalent	40 Kgs	7073	155	7228

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