

**Domestic Fundamentals:**

**Market Outlook:** Cotton market noticed mostly mixed tone on Tuesday. Arrival stood lower at 88,000 bales today compared to 95,000 bales on Monday.

**In The News:** According to latest release by Cotton Association of India (CAI), cotton production in India stood 383.50 lakh bales (of 170 kg each) during current season ending September 2014. Production of cotton in Gujarat has been estimated around 120 lakh bales which was 83.25 lakh bales previous season. In Maharashtra, cotton production is estimated 77.25 lakh bales in 2013-14 which was 72.50 lakh bales in 2012-13. Arrivals till 30 April, 2014 stood 341.75 lakh bales.

Cotton arrival in India this season stood 341.75 lakh bales till April, which accounts 90% of the estimated crop for 2013-14, cotton Association of India said in its latest release.

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 prices (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 1<sup>st</sup>, 2014, government has lowered the auction bids of floor price to 17250 from 18000 Yuan per tonne.

**International Fundamentals:**

Production of cotton in China is likely to be around 6.44 million tons, 23000 tons higher, which was projected earlier, as reported by Beijing Cotton Outlook (BCO) in its latest release. China cotton ending stock in 2014-15 is expected to be around 13.42 million tons compared to 13.13 million tons estimated earlier.

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	0	959	964	953.5	957.5	1232	657	1581	-9

Spread	Apr-15		
Spot	112.5	--	--

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

\*Updated at 5:30 pm, 13 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-12.4	945	945	945	945	3	2	20	-9

Spread	Apr-15		
Spot	125		

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

\*Updated at 5:30 pm, 13 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	-120	20550	20590	20330	20340	1393	112	4592	-371
Jun-14	-140	20820	20860	20590	20600	1259	229	3701	415
Jul-14	-130	21060	21100	20850	20870	160	26	1315	-50

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-260		
Jun-14			-270	
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 pm, 13 May, 2014

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		13-May-14	12-May-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5025	5050	-25
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5450	5550	-100
Rajkot	B.T. Cotton	5350	5350	Unch
Patan	B.T. Cotton	5785	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	5960	-
Fatehabad	B.T. Cotton	5850	5850	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	5625	-
Hubli	B.T. Cotton	5390	NR	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	NA	NA	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5466	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5000	NA	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4850	4870	-20
Muktsar	J-34	4885	4875	10
Fazilika	J-34	4850	4830	20
Bhatinda	J-34	4875	4885	-10
Mansa	J-34	4850	4865	-15
Sirsa	J-34	4800	4800	Unch
Sri-Ganganagar	J-34	4512	4522	-10
Hanumangarh	B.T. Cotton	4810	4830	-20

Adilabad	>30mm	4456	4456	Unch
Warangal	>30mm	4566	4566	Unch
Guntur	>30mm	4545	4545	Unch
Bhainsa	>30mm	NR	NR	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		13-May-14	12-May-14	
Amravati	Mech-1	43000	41000	2000
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	30000	35000	-5000
Rajkot	B.T. Cotton	4800	4500	300
Patan	B.T. Cotton	4165	4691	-526
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	255	-
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	16	NR	-
Ahmedabad	Shankar-6	47600	51000	-3400
Gondal	Shankar-6	NR	NR	-
Bijapur	Bunny	2132	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1247	660	587
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
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
				12-May-14	11-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
J-34(202)	26mm	3.5 - 4.9	23	44700	44800	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	40800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42700	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44100	44100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45100	45100	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59500	59500	Unch

## INTERNATIONAL PRICES AND INDICES

### China Cotton Index: As on 13/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17465	Unch
CCIndex(527)	16353	Unch
CCIndex(229)	18323	-2

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

### Cotlook Index: As on 12/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.7	-60

### USDA Cotton Spot Rates: As on 12/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	87.3	90.05	Nil
North Delta	86.3	88.8	Nil
South Delta	86.3	88.8	Nil
East TX-OK	81.25	83.5	Nil
West Texas	81.25	83.25	Nil
Desert SW	83.05	89.8	Nil
SJ Valley	83.8	94.45	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 12/5/2014**

Contract	Open	High	Low	Close	Change
<b>Jul-14</b>	92.38	92.50	90.50	91.30	-1.06
<b>Oct-14</b>	83.31	84.05	83.31	83.59	-0.60
<b>Dec-14</b>	83.66	83.78	82.66	83.57	-0.14
<b>Mar-15</b>	82.67	83.00	82.00	82.85	0.02
<b>May-15</b>	82.46	82.84	82.46	82.84	0.07

**Pakistan Cotton Spot rates: As on 12/5/2014 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6700	155	6855
<b>Equivalent</b>	40 Kgs	7180	155	7335

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