

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly weak tone on Saturday.

In The News: According to the third advance estimate released by Ministry of Agriculture, cotton output would be around 36.50 million bales (of 170 kg each) in the current season compared to 34.22 million bales previous season.

Export of cotton yarn from India is expected to be around 1,350 million kg valued USD 4.70 billion, for the financial year 2014. During the Initial 10 months alone i.e. April to January, India has exported around 1,082 million kg of cotton yarn valued USD 3.75 billion.

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.

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 steady to weak in near term.

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

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

Spread	Apr-15		
Spot	--	--	--

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

*Market Closed

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

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

Spread	Apr-15		
Spot	--	--	--

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

*Market Closed

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	--	--	--	--	--	--	--	--	--
Jun-14	--	--	--	--	--	--	--	--	--
Jul-14	--	--	--	--	--	--	--	--	--

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)

*Market Closed

DOMESTIC PRICES AND ARRIVALS**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		17-May-14	16-May-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4950	5000	-50
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5300	5400	-100
Rajkot	B.T. Cotton	5525	5415	110
Patan	B.T. Cotton	5825	5905	-80
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	5700	NR	-
Fatehabad	B.T. Cotton	5750	5775	-25
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	5150	5175	-25
Gondal	Shankar-6	NA	NA	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5480	5083	397
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4860	4850	10
Muktsar	J-34	4850	4830	20
Fazilika	J-34	4825	4850	-25
Bhatinda	J-34	4845	4850	-5
Mansa	J-34	NA	NA	-
Sirsa	J-34	4740	4750	-10
Sri-Ganganagar	J-34	4465	4484	-19

Hanumangarh	B.T. Cotton	4810	4750	60
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
		17-May-14	16-May-14	
Amravati	Mech-1	35000	25000	10000
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	20000	25000	-5000
Rajkot	B.T. Cotton	5500	3000	2500
Patan	B.T. Cotton	2230	2560	-330
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	170	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	42500	42500	Unch
Gondal	Shankar-6	NR	NR	-
Bijapur	Bunny	1629	143	1486
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
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 19th, 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
				16-May-14	15-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39500	39500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40000	40000	Unch
J-34(202)	26mm	3.5 - 4.9	23	44200	44100	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40400	40400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42100	42100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43700	43700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	45000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59500	59500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 16/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17427	-1
CCIndex(527)	16325	-1
CCIndex(229)	18283	-7

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

Cotlook Index: As on 16/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	92.55	-0.15

USDA Cotton Spot Rates: As on 16/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.82	88.57	NIL
North Delta	84.82	87.32	NIL
South Delta	84.82	87.32	NIL
East TX-OK	80.00	82.25	NIL
West Texas	80.00	82.00	NIL
Desert SW	81.57	88.32	NIL
SJ Valley	83.32	92.97	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 16/5/2014

Contract	Open	High	Low	Close	Change
Jul-14	90.44	90.84	89.76	89.82	-0.54
Oct-14	82.42	82.42	82.22	82.22	-0.17
Dec-14	82.61	82.80	82.18	82.34	-0.28
Mar-15	82.04	82.04	81.53	81.63	-0.28
May-15	82.22	82.22	81.75	81.75	-0.30

Pakistan Cotton Spot rates: As on 15/5/2014 (in Pakistan Rupees)

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

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