

Domestic Fundamentals:

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

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.

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	-7	933.5	938	925.5	928	1706	-147	2225	327

Spread	Apr-15		
Spot	187	--	--

(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 on 20 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	-10	19760	19800	19690	19710	840	-456	3541	-392
Jun-14	20	20040	20090	19950	20000	970	-575	4396	144
Jul-14	40	20250	20320	20230	20250	133	-169	1477	-21

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 5:30 pm on 20 May, 2014

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		20-May-14	19-May-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4950	5000	-50
Khandwa	Mech-1	5000	5000	Unch
Khargaon	Mech-1	5000	5000	Unch
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4900	5025	-125
Rajkot	B.T. Cotton	5605	5495	110
Patan	B.T. Cotton	6005	6220	-215
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	5725	-25
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	5200	5200	Unch
Gondal	Shankar-6	NA	NA	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5463	5503	-40
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5150	5250	-100
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4810	4830	-20
Muktsar	J-34	4800	4835	-35
Fazilika	J-34	4810	4900	-90
Bhatinda	J-34	4830	4850	-20
Mansa	J-34	NA	NA	-
Sirsa	J-34	4740	4740	Unch
Sri-Ganganagar	J-34	4442	4465	-24

Hanumangarh	B.T. Cotton	4750	4800	-50
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
		20-May-14	19-May-14	
Amravati	Mech-1	38000	34000	4000
Khandwa	Mech-1	600	200	400
Khargaon	Mech-1	4000	4000	Unch
Mahesana(Kadi)	B.T. Cotton	15000	30000	-15000
Rajkot	B.T. Cotton	3100	3000	100
Patan	B.T. Cotton	3688	1745	1943
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	255	170	85
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	42500	5100
Gondal	Shankar-6	NR	NR	-
Bijapur	Bunny	1153	1870	-717
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	920	698	222
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	-
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-May-14	17-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39500	400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40000	400
J-34(202)	26mm	3.5 - 4.9	23	44300	44200	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40100	40300	-200
Shankar-6(105)	29mm	3.5 – 4.9	28	42000	42000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43700	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44800	45000	-200
DCH-32(107)	34mm	3.0 - 3.8	33	59500	59500	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 19/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17425	-2
CCIndex(527)	16325	Unch
CCIndex(229)	18283	Unch

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

Cotlook Index: As on 19/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	92.45	-0.10

USDA Cotton Spot Rates: As on 19/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	85.15	87.90	NIL
North Delta	84.15	86.65	NIL
South Delta	84.15	86.65	NIL
East TX-OK	79.25	81.50	62
West Texas	79.25	81.25	1315
Desert SW	80.90	87.65	NIL
SJ Valley	81.65	92.30	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 19/5/2014

Contract	Open	High	Low	Close	Change
Jul-14	89.80	89.93	89.12	89.15	-0.67
Oct-14	81.76	81.76	81.76	81.76	-0.46
Dec-14	82.60	82.60	81.68	82.05	-0.29
Mar-15	81.59	81.65	81.00	81.45	-0.18
May-15	81.45	81.70	81.45	81.65	-0.10

Pakistan Cotton Spot rates: As on 19/5/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6850	155	7005
Equivalent	40 Kgs	7341	155	7496

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