

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Thursday.

In The News: India is expected to become largest producer of cotton by 2022, says “The Agricultural Outlook, 2013-2022”. As per this recently release report, production of cotton in China is likely to decline by 17% whereas India will increase its production by 25%. The report mentioned above is collaborative effort of Organization of Economic Co-operation and Development (OECD) and Food and Agriculture Organization (FAO) of United Nations (UN).

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.

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 | -0.5 | 925 | 936.5 | 925 | 934.00 | 396 | -923 | 2543 | 16 |

| | | | |
|--------|--------|----|----|
| Spread | Apr-15 | | |
| Spot | 176 | -- | -- |

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

*Updated at 5:00 pm on 22 May, 2014

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|------|------|-----|-------|--------|--------|----|--------|
| Apr-15 | - | - | - | - | - | - | -1 | 18 | 0 |

| | | | |
|--------|--------|----|----|
| Spread | Apr-15 | | |
| Spot | - | -- | -- |

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

*Updated at 5:00 pm on 22 May, 2014

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|--------|-------|-------|-------|----------|--------|--------|------|--------|
| May-14 | +40.00 | 19730 | 19870 | 19730 | 19800.00 | 360 | -1130 | 2984 | -66 |
| Jun-14 | +50.00 | 20050 | 20160 | 20050 | 20090.00 | 540 | -1669 | 4581 | 104 |
| Jul-14 | +20.00 | 20330 | 20430 | 20310 | 20340 | 207 | -406 | 1508 | 24 |

| | | | | |
|--------|--------|--------|--------|--------|
| 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)

*Updated at 5:00 pm on 22 May, 2014

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

| Centre | Variety | Prices | | Change |
|------------------------|--------------|------------------------------------|-----------|--------|
| | | 22-May-14 | 21-May-14 | |
| | Kapas | (Rs./Qtl.) | | |
| Amravati | Mech-1 | 4950 | 5000 | -50 |
| Khandwa | Mech-1 | NR | 5000 | - |
| Khargaon | Mech-1 | NR | 5000 | - |
| | Kapas | (Rs./Qtl.) | | |
| Mahešana(Kadi) | B.T. Cotton | 5250 | 5300 | -50 |
| Rajkot | B.T. Cotton | 5550 | 5555 | -5 |
| Patan | B.T. Cotton | 6450 | 6255 | 195 |
| 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 | 5750 | 5725 | 25 |
| Fatehabad | B.T. Cotton | 5725 | 5725 | 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 | NA | - |
| Hubli | B.T. Cotton | NA | NA | - |
| | Kapas | (Rs./Qtl.) | | |
| Ahmedabad | Shankar-6 | 5200 | 5150 | 50 |
| Gondal | Shankar-6 | NA | NA | - |
| | Kapas | (Rs/Qtl) | | |
| Bijapur | Bunny | NA | 5379 | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | 5300 | 5060 | 240 |
| | Lint | (Rs./Maund of 37.32kg each) | | |
| Abohar | J-34 | 4790 | 4795 | -5 |
| Muktsar | J-34 | 4800 | 4800 | Unch |
| Fazilika | J-34 | 4825 | 4800 | 25 |
| Bhatinda | J-34 | 4810 | 4815 | -5 |
| Mansa | J-34 | NA | NA | - |
| Sirsa | J-34 | 4740 | 4730 | 10 |
| Sri-Ganganagar | J-34 | NA | NA | - |
| Hanumangarh | B.T. Cotton | 4700 | 4750 | -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 |
|------------------------|-------------|----------------|-----------|--------|
| | | 22-May-14 | 21-May-14 | |
| Amravati | Mech-1 | 40000 | 39000 | 1000 |
| Khandwa | Mech-1 | NR | 200 | - |
| Khargaon | Mech-1 | NR | 3000 | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | 15000 | 15000 | Unch |
| Rajkot | B.T. Cotton | 4200 | 4000 | 200 |
| Patan | B.T. Cotton | 1540 | 2160 | -620 |
| Deesa | B.T. Cotton | NA | NA | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Bhiwani | B.T. Cotton | NA | NA | - |
| Adampur | B.T. Cotton | 340 | 255 | 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 | 47600 | Unch |
| Gondal | Shankar-6 | NR | NR | - |
| | | | | |
| Bijapur | Bunny | NA | 1263 | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | 732 | 730 | 2 |
| | | | | |
| 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 |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
| | | | | 21-May-14 | 20-May-14 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 39900 | 39900 | Unch |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 40400 | 40400 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 44200 | 44200 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 40100 | 40100 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 42000 | 42000 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 43500 | 43500 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 44800 | 44800 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 59000 | 59000 | Unch |

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 21/5/2014

| Index | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 17420 | -2 |
| CCIndex(527) | 16323 | -2 |
| CCIndex(229) | 18276 | -7 |

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

Cotlook Index: As on 21/5/2014

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 92.15 | Unch |

USDA Cotton Spot Rates: As on 21/5/2014

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | bales |
| Southeast | 85.29 | 88.04 | 1758 |
| North Delta | 84.29 | 86.79 | NIL |
| South Delta | 84.29 | 86.79 | NIL |
| East TX-OK | 80.00 | 82.25 | 37 |
| West Texas | 80.00 | 82.00 | 331 |
| Desert SW | 81.04 | 87.79 | NIL |
| SJ Valley | 81.79 | 92.44 | 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 21/5/2014

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Jul-14 | 89.00 | 90.63 | 88.93 | 89.29 | 0.29 |
| Oct-14 | 81.55 | 81.89 | 81.55 | 81.65 | 0.11 |
| Dec-14 | 81.90 | 82.71 | 81.72 | 81.88 | -0.04 |
| Mar-15 | 81.48 | 81.65 | 81.17 | 81.37 | -0.02 |
| May-15 | 81.79 | 81.97 | 81.61 | 81.97 | 0.25 |

Pakistan Cotton Spot rates: As on 21/5/2014 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|-------------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 6900 | 155 | 7055 |
| Equivalent | 40 Kgs | 7395 | 155 | 7550 |

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