

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Friday.

In The News: As per Reuter, Certificated Cotton stocks deliverable against the ICE No. 2 cotton futures contract as of May 22 totaled 429,081(480-lb) bales, from 411,182 bales the previous session.

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	-17	931	932.5	911	914.00	2098	1282	2918	372

Spread	Apr-15		
Spot	193	--	--

(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 23 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-	-	-	-	-	-	-	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 23 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	-130	19700	19730	19510	19540.00	1168	-1718	2714	-308
Jun-14	-120	19980	20020	19800	19830.00	1991	-155	4840	129
Jul-14	-150	20270	20270	20040	20050.00	470	-61	1665	156

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 23 May, 2014

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		23-May-14	22-May-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4900	4950	-50
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	Kapas	(Rs./Qtl.)		
Mahešana(Kadi)	B.T. Cotton	5400	5250	150
Rajkot	B.T. Cotton	5535	5550	-15
Patan	B.T. Cotton	6085	6450	-365
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	NR	5725	-
Fatehabad	B.T. Cotton	5750	5725	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	5200	-50
Gondal	Shankar-6	NA	NA	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5499	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	5300	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4780	4790	-10
Muktsar	J-34	4800	4800	Unch
Fazilika	J-34	4880	4825	55
Bhatinda	J-34	4795	4810	-15
Mansa	J-34	NA	NA	-
Sirsa	J-34	4740	4740	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NR	4700	-
Adilabad	>30mm	NA	NA	-
Warangal	>30mm	NA	NA	-
Guntur	>30mm	NA	NA	-



Bhainsa	>30mm	NA	NA	-
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		23-May-14	22-May-14	
Amravati	Mech-1	27000	40000	-13000
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	25000	15000	10000
Rajkot	B.T. Cotton	4300	4200	100
Patan	B.T. Cotton	2160	1540	620
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NR	340	-
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	1514	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	732	-
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
				22-May-14	21-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 22/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17409	-11
CCIndex(527)	16310	-13
CCIndex(229)	18253	-23

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

Cotlook Index: As on 22/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	92.35	0.20

USDA Cotton Spot Rates: As on 22/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.28	87.03	3864
North Delta	83.28	85.78	1320
South Delta	83.28	85.78	NIL
East TX-OK	79.25	81.50	150
West Texas	79.25	81.25	311
Desert SW	79.53	86.28	NIL
SJ Valley	80.28	90.93	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 22/5/2014

Contract	Open	High	Low	Close	Change
Jul-14	89.29	90.66	87.76	87.78	-1.51
Oct-14	81.63	81.63	80.92	80.92	-0.73
Dec-14	81.88	82.68	80.70	80.73	-1.15
Mar-15	81.53	81.97	80.20	80.26	-1.11
May-15	82.10	82.40	80.94	80.99	-0.98

Pakistan Cotton Spot rates: As on 22/5/2014 (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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