

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Saturday.

In The News: As per Reuter, Certificated Cotton stocks deliverable against the ICE No. 2 cotton futures contract as of May 23 totaled 431,160 (480-lb) bales, from 411,182 in 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	-	-	-	-	-	-	-	-	-

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

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

*Updated at 5:00 pm on 23 May, 2014

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		24-May-14	23-May-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4950	4900	50
Khandwa	Mech-1	Closed	NR	-
Khargaon	Mech-1	Closed	NR	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5300	5400	-100
Rajkot	B.T. Cotton	5390	5535	-145
Patan	B.T. Cotton	5910	6085	-175
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	NR	-
Fatehabad	B.T. Cotton	5775	5750	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	5150	Unch
Gondal	Shankar-6	5030	NA	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	5499	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5075	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4765	4780	-15
Muktsar	J-34	4770	4800	-30
Fazilika	J-34	4770	4880	-110
Bhatinda	J-34	4785	4795	-10
Mansa	J-34	NA	NA	-
Sirsa	J-34	4720	4740	-20
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NR	NR	-
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
		24-May-14	23-May-14	
Amravati	Mech-1	30000	27000	3000
Khandwa	Mech-1	Closed	NR	-
Khargaon	Mech-1	Closed	NR	-
Mahesana(Kadi)	B.T. Cotton	20000	25000	-5000
Rajkot	B.T. Cotton	5100	4300	800
Patan	B.T. Cotton	1980	2160	-180
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NR	NR	-
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	1350	NR	-
Bijapur	Bunny	NA	1514	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	440	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
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
				23-May-14	22-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	39900	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40400	500
J-34(202)	26mm	3.5 - 4.9	23	44100	44200	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40000	40100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	42000	42000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43300	43500	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	44800	-200
DCH-32(107)	34mm	3.0 - 3.8	33	58700	59000	-300

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 23/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17402	-7
CCIndex(527)	16307	-3
CCIndex(229)	18242	-11

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

Cotlook Index: As on 23/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	90.85	-1.5

USDA Cotton Spot Rates: As on 23/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.81	85.86	NIL
North Delta	81.81	84.31	528
South Delta	81.81	84.31	NIL
East TX-OK	77.75	80.00	NIL
West Texas	77.75	79.75	259
Desert SW	78.06	84.81	NIL
SJ Valley	78.81	89.46	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 23/5/2014

Contract	Open	High	Low	Close	Change
Jul-14	87.90	88.17	85.26	86.31	-1.47
Oct-14	80.00	80.00	78.25	79.37	-1.55
Dec-14	80.79	81.00	78.41	79.47	-1.26
Mar-15	80.48	80.54	78.10	79.19	-1.07
May-15	80.69	80.75	79.05	80.25	-0.74

Pakistan Cotton Spot rates: As on 23/5/2014 (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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