

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly weak tone on Wednesday. Arrival stood lower today at 72,000 bales compared to 74,000 bales on Tuesday.

**In The News:** According to the traders and market participants cotton acreage is likely to increase by 10-15%, specially in north India in the upcoming season as cotton fetched better prices than others alternatives like Guar.

Export of cotton yarn from India is expected to be around 1,350 million kg. in 2013-14, according to Cotton Textile Export Promotion Council (Texprocil). On the announcement of Chinese cotton policy, domestic mills shown their concerns over the export of the cotton yarn as China is the major importer of the cotton yarn, But due to its quality and price competitiveness, Indian cotton yarn in China is getting attention of the buyers and hence likely to have good export prospects.

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.

### International Fundamentals:

As per the latest report released by USDA, 62% of the sowing has been completed in USA as on May 25. The five year average is though 64%, a little higher than the current figure. Among the fifteen major states, Arizona, Arkansas California, Louisiana and Missouri have completed more than 90% of their plantation. Mississippi North Carolina, South Carolina, Tennessee and Virginia have completed their 70% of their sowing. Sowing in Texas reached the level of 49%, five percent below the five year average

Sowing of cotton in Uzbekistan has been completed, despite the late start due to favorable weather conditions. Germination has been reported in many areas, whereas few areas require replanting.

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.

### 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	4	892	902.5	891	898	1580	-266	3052	-179

Spread	Apr-15		
Spot	144	--	--

(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 28 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-2	905	930	905	930	5	1	11	-5

Spread	Apr-15		
Spot	112	--	--

(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 28 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	130	18920	19040	18800	18990	453	-936	995	-899
Jun-14	90	19220	19350	19100	19300	1856	-563	6294	646
Jul-14	80	19440	19580	19320	19540	498	-124	1842	41

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-310		
Jun-14			-240	
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 28 May, 2014

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		28-May-14	27-May-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	Closed	4900	-
Khandwa	Mech-1	Closed	NA	-
Khargaon	Mech-1	Closed	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5125	5175	<b>-50</b>
Rajkot	B.T. Cotton	5210	5375	<b>-165</b>
Patan	B.T. Cotton	5535	5710	<b>-175</b>
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	5700	5700	<b>Unch</b>
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	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5000	5050	<b>-50</b>
Gondal	Shankar-6	5005	NR	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5360	5340	<b>20</b>
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	5220	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4700	4725	<b>-25</b>
Muktsar	J-34	4680	4725	<b>-45</b>
Fazilika	J-34	4690	4725	<b>-35</b>
Bhatinda	J-34	4735	4740	<b>-5</b>
Mansa	J-34	NA	NA	-
Sirsa	J-34	4630	4670	<b>-40</b>
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4620	4650	<b>-30</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		28-May-14	27-May-14	
Amravati	Mech-1	Closed	30000	-
Khandwa	Mech-1	Closed	NA	-
Khargaon	Mech-1	Closed	NA	-
Mahesana(Kadi)	B.T. Cotton	20000	20000	Unch
Rajkot	B.T. Cotton	4100	4200	-100
Patan	B.T. Cotton	1810	2190	-380
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	44200	47600	-3400
Gondal	Shankar-6	1560	NA	-
Bijapur	Bunny	491	696	-205
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	785	-
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
				27-May-14	26-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39700	39700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40100	40100	Unch
J-34(202)	26mm	3.5 - 4.9	23	43300	43600	-300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39500	39700	-200

Shankar-6(105)	29mm	3.5 – 4.9	28	41000	41500	<b>-500</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43100	43100	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	44600	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	58500	58500	<b>Unch</b>

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 28/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17395	<b>-2</b>
CCIndex(527)	16295	<b>Unch</b>
CCIndex(229)	18222	<b>-6</b>

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

#### Cotlook Index: As on 27/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	90.15	<b>-0.7</b>

#### USDA Cotton Spot Rates: As on 27/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.72	84.47	<b>1936</b>
North Delta	80.72	83.22	<b>NIL</b>
South Delta	80.72	83.22	<b>NIL</b>
East TX-OK	76.50	78.75	<b>NIL</b>
West Texas	76.50	78.50	<b>NIL</b>
Desert SW	76.72	83.47	<b>NIL</b>
SJ Valley	77.47	88.12	<b>NIL</b>

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 27/5/2014

Contract	Open	High	Low	Close	Change
<b>Jul-14</b>	86.50	86.50	84.85	84.97	<b>-1.34</b>
<b>Oct-14</b>	77.99	78.45	77.88	77.89	<b>-1.48</b>
<b>Dec-14</b>	79.47	79.47	77.74	77.86	<b>-1.61</b>
<b>Mar-15</b>	78.2	78.56	77.66	77.88	<b>-1.31</b>
<b>May-15</b>	79.33	79.4	78.86	79.09	<b>-1.16</b>

#### Pakistan Cotton Spot rates: As on 27/5/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6950	155	7105
<b>Equivalent</b>	40 Kgs	7448	155	7603

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