

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly weak tone on Thursday. Arrival stood slightly higher today at 72,500 bales compared to 72,000 bales on Wednesday.

In The News: In most of the cotton growing region, sowing is in the final phases and in fewer it would last a few more days. According to the farmers, cotton acreage is likely to increase this year as cotton fetches better remuneration than others crops like Paddy and Oilseeds. Besides this, due to availability of improved varieties, cotton cultivation is less associated with weed and pest attacks and it is less labour intensive. Also the threats of El Nino is also doing favors for cotton, as the fibre crop requires the lesser water than paddy and other Kharif crops. The property of cotton to loosen the soil and make it suitable for other crops is also a reason encouraging farmers to grow cotton instead of paddy, which leaves adverse impact on soil.

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.

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	28	898	927	896	926	3317	1737	2818	-234

Spread	Apr-15		
Spot	135	--	--

(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 29 May, 2014

MCX 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 5:30 pm on 29 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	160	18910	19180	18900	19130	189	-264	831	-164
Jun-14	180	19210	19490	19210	19440	1591	-265	6077	-217
Jul-14	150	19460	19700	19440	19650	649	151	1997	155

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-310		
Jun-14			-210	
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 29 May, 2014

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		29-May-14	28-May-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5100	Closed	-
Khandwa	Mech-1	NA	Closed	-
Khargaon	Mech-1	NA	Closed	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5100	5125	-25
Rajkot	B.T. Cotton	5305	5210	95
Patan	B.T. Cotton	5540	5535	5
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	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	5050	5000	50
Gondal	Shankar-6	4755	5005	-250
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5333	5360	-27
Hubli	D.C.H.	4895	NA	-
Raichur	H-44 Cotton	NA	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4670	4700	-30
Muktsar	J-34	4685	4680	5
Fazilika	J-34	4670	4690	-20
Bhatinda	J-34	4695	4735	-40
Mansa	J-34	NA	NA	-
Sirsa	J-34	4600	4630	-30
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4610	4620	-10

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		29-May-14	28-May-14	
Amravati	Mech-1	8000	Closed	-
Khandwa	Mech-1	NA	Closed	-
Khargaon	Mech-1	NA	Closed	-
Mahesana(Kadi)	B.T. Cotton	10000	20000	-10000
Rajkot	B.T. Cotton	4050	4100	-50
Patan	B.T. Cotton	1046	1810	-764
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	42500	44200	-1700
Gondal	Shankar-6	994	1560	-566
Bijapur	Bunny	1197	491	706
Hubli	D.C.H.	65	NA	-
Raichur	H-44 Cotton	NA	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
				28-May-14	27-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39400	39700	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39800	40100	-200

J-34(202)	26mm	3.5 - 4.9	23	42800	43300	-500
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39200	39500	-300
Shankar-6(105)	29mm	3.5 – 4.9	28	40800	41000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	44600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	58500	58500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 29/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17392	-3
CCIndex(527)	16289	-6
CCIndex(229)	18209	-13

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

Cotlook Index: As on 28/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.50	-0.65

USDA Cotton Spot Rates: As on 28/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.62	84.37	NIL
North Delta	80.62	83.12	NIL
South Delta	80.62	83.12	NIL
East TX-OK	76.50	78.75	NIL
West Texas	76.50	78.50	NIL
Desert SW	76.62	83.37	NIL
SJ Valley	77.37	88.02	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 28/5/2014

Contract	Open	High	Low	Close	Change
Jul-14	85.26	85.77	83.86	84.87	-0.10
Oct-14	77.65	77.75	77.53	77.67	-0.22
Dec-14	77.88	77.97	77	77.72	-0.14
Mar-15	77.8	77.92	77	77.79	-0.09
May-15	78.94	79	78.12	78.94	-0.15

Pakistan Cotton Spot rates: As on 28/5/2014 (in Pakistan Rupees)

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

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