

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed steady to firm tone on Friday.

Arrival stood unchanged today at 72,500 bales compared to 72,500 bales on Thursday.

**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	4	944	944	929.5	937.5	2168	-1149	2818	0

Spread	Apr-15		
Spot	123.5	--	--

(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 30 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 30 May, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-14	-550	19570	19630	19130	19130	788	599	220	-611
Jun-14	-130	19760	19840	19690	19720	1747	156	6192	115
Jul-14	-100	19990	20060	19930	19980	615	-34	2321	324

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-590		
Jun-14			-260	
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 30 May, 2014

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		30-May-14	29-May-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5300	5100	200
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5100	5100	Unch
Rajkot	B.T. Cotton	NR	5305	-
Patan	B.T. Cotton	NA	5540	-
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	5710	5700	10
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	5050	5050	Unch
Gondal	Shankar-6	NA	4755	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5339	5333	6
Hubli	D.C.H.	NA	4895	-
Raichur	H-44 Cotton	NA	NA	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4690	4670	20
Muktsar	J-34	4715	4685	30
Fazilika	J-34	4705	4670	35
Bhatinda	J-34	4710	4695	15
Mansa	J-34	NA	NA	-
Sirsa	J-34	4620	4600	20
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4610	4610	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		30-May-14	29-May-14	
Amravati	Mech-1	25000	8000	17000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	10000	5000
Rajkot	B.T. Cotton	NR	4050	-
Patan	B.T. Cotton	NA	1046	-
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	42500	Unch
Gondal	Shankar-6	1454	994	460
Bijapur	Bunny	1026	1197	-171
Hubli	D.C.H.	NA	65	-
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
				29-May-14	28-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39400	39400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39800	39800	Unch
J-34(202)	26mm	3.5 - 4.9	23	42800	42800	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39200	39200	Unch

Shankar-6(105)	29mm	3.5 – 4.9	28	40700	40800	<b>-100</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43000	<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 30/5/2014

Index	RMB/Ton	Change
CCIndex(328)	17392	<b>Unch</b>
CCIndex(527)	16289	<b>Unch</b>
CCIndex(229)	18201	<b>-8</b>

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

#### Cotlook Index: As on 29/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.40	<b>-0.10</b>

#### USDA Cotton Spot Rates: As on 29/5/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.90	85.65	<b>NIL</b>
North Delta	81.90	84.40	<b>NIL</b>
South Delta	81.90	84.40	<b>NIL</b>
East TX-OK	77.75	80.00	<b>NIL</b>
West Texas	77.75	79.75	<b>NIL</b>
Desert SW	77.90	84.65	<b>NIL</b>
SJ Valley	78.65	89.30	<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 29/5/2014

Contract	Open	High	Low	Close	Change
<b>Oct-14</b>	78.32	78.32	78.32	78.32	<b>0.65</b>
<b>Dec-14</b>	77.77	78.61	77.35	78.38	<b>0.66</b>
<b>Mar-15</b>	77.70	78.59	77.54	78.42	<b>0.63</b>
<b>May-15</b>	78.86	79.49	78.72	79.49	<b>0.55</b>
<b>Jul-15</b>	79.88	80.49	79.88	80.44	<b>0.45</b>

#### Pakistan Cotton Spot rates: As on 29/5/2014 (in Pakistan Rupees)

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

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