

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly mixed tone on Saturday. Arrival stood lower today at 70,500 bales compared to 72,500 bales on Friday.

**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 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)

\*Market Closed

**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)

\*Market Closed

**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)

\*Market Closed

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

| Centre                 | Variety      | Prices                             |           | Change      |
|------------------------|--------------|------------------------------------|-----------|-------------|
|                        |              | 31-May-14                          | 30-May-14 |             |
|                        | <b>Kapas</b> | <b>(Rs./Qtl)</b>                   |           |             |
| Amravati               | Mech-1       | 4950                               | 5300      | <b>-350</b> |
| Khandwa                | Mech-1       | NA                                 | NA        | -           |
| Khargaon               | Mech-1       | NA                                 | NA        | -           |
|                        | <b>Kapas</b> | <b>(Rs./Qtl.)</b>                  |           |             |
| Mahešana(Kadi)         | B.T. Cotton  | 5250                               | 5100      | <b>150</b>  |
| Rajkot                 | B.T. Cotton  | 5485                               | NR        | -           |
| Patan                  | B.T. Cotton  | NA                                 | NA        | -           |
| 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  | 5650                               | 5710      | <b>-60</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    | 5100                               | 5050      | <b>50</b>   |
| Gondal                 | Shankar-6    | 5125                               | 5505      | <b>-380</b> |
|                        | <b>Kapas</b> | <b>(Rs/Qtl)</b>                    |           |             |
| Bijapur                | Bunny        | NA                                 | 5339      | -           |
| Hubli                  | D.C.H.       | NA                                 | NA        | -           |
| Raichur                | H-44 Cotton  | NA                                 | NA        | -           |
|                        | <b>Lint</b>  | <b>(Rs./Maund of 37.32kg each)</b> |           |             |
| Abohar                 | J-34         | 4700                               | 4690      | <b>10</b>   |
| Muktsar                | J-34         | 4705                               | 4715      | <b>-10</b>  |
| Fazilika               | J-34         | 4700                               | 4705      | <b>-5</b>   |
| Bhatinda               | J-34         | 4715                               | 4710      | <b>5</b>    |
| Mansa                  | J-34         | NA                                 | NA        | -           |
| Sirsa                  | J-34         | 4620                               | 4620      | <b>Unch</b> |
| Sri-Ganganagar         | J-34         | NA                                 | NA        | -           |
| Hanumangarh            | B.T. Cotton  | 4610                               | 4610      | <b>Unch</b> |

**Cotton Arrivals in Key Centers:**

| Centre                 | Variety     | Arrivals (Qtl) |           | Change       |
|------------------------|-------------|----------------|-----------|--------------|
|                        |             | 31-May-14      | 30-May-14 |              |
| Amravati               | Mech-1      | 18000          | 25000     | <b>-7000</b> |
| Khandwa                | Mech-1      | Closed         | NA        | -            |
| Khargaon               | Mech-1      | Closed         | NA        | -            |
|                        |             |                |           |              |
| Mahesana(Kadi)         | B.T. Cotton | 20000          | 15000     | <b>5000</b>  |
| Rajkot                 | B.T. Cotton | 3900           | NR        | -            |
| Patan                  | B.T. Cotton | NA             | NA        | -            |
| Deesa                  | B.T. Cotton | NA             | NA        | -            |
| Fazilika               | B.T. Cotton | NA             | NA        | -            |
| Bhiwani                | B.T. Cotton | NA             | NA        | -            |
| Adampur                | B.T. Cotton | NA             | 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     | <b>Unch</b>  |
| Gondal                 | Shankar-6   | 1947           | 1454      | <b>493</b>   |
|                        |             |                |           |              |
| Bijapur                | Bunny       | NA             | 1026      | -            |
| Hubli                  | D.C.H.      | NA             | 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       | <b>Unch</b>  |
| Sri-Ganganagar         | J-34        | NA             | NA        | -            |
| Hanumangarh            | B.T. Cotton | NA             | NA        | -            |

**Cotton Association of India Spot Rates:**

| Trade Name                            | Staple     | Micronaire | Strength/<br>GPT | Rs. Per<br>Candy | Rs. Per<br>Candy | Change      |
|---------------------------------------|------------|------------|------------------|------------------|------------------|-------------|
|                                       |            |            |                  | 30-May-14        | 29-May-14        |             |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0  | 15               | 39400            | 39400            | <b>Unch</b> |
| Bengal Deshi (SG)(201)                | Below 22mm | 5.0 - 7.0  | 15               | 39800            | 39800            | <b>Unch</b> |

|                     |      |           |    |       |       |             |
|---------------------|------|-----------|----|-------|-------|-------------|
| J-34(202)           | 26mm | 3.5 - 4.9 | 23 | 42900 | 42800 | <b>100</b>  |
| H-4/ MECH-1(105)    | 28mm | 3.5 – 4.9 | 27 | 38900 | 39200 | <b>-300</b> |
| Shankar-6(105)      | 29mm | 3.5 – 4.9 | 28 | 40700 | 40700 | <b>Unch</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 30/5/2014

| Cotlook Indices | Cents/Pound | Change      |
|-----------------|-------------|-------------|
| A-Index         | 90.70       | <b>1.30</b> |

#### USDA Cotton Spot Rates: As on 30/5/2014

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals   |
|-------------|---------------------|---------------------|------------|
|             | cents/lb.           |                     | bales      |
| Southeast   | 83.02               | 85.77               | <b>NIL</b> |
| North Delta | 82.02               | 84.52               | <b>NIL</b> |
| South Delta | 82.02               | 80.00               | <b>NIL</b> |
| East TX-OK  | 77.75               | 79.75               | <b>NIL</b> |
| West Texas  | 77.75               | 84.77               | <b>68</b>  |
| Desert SW   | 78.02               | 89.42               | <b>NIL</b> |
| SJ Valley   | 78.77               | 89.42               | <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 30/5/2014

| Contract      | Open  | High  | Low   | Close | Change       |
|---------------|-------|-------|-------|-------|--------------|
| <b>Oct-14</b> | 86.26 | 86.69 | 85.41 | 86.27 | <b>0.12</b>  |
| <b>Dec-14</b> | 77.75 | 77.75 | 77.00 | 77    | <b>-1</b>    |
| <b>Mar-15</b> | 78.32 | 78.32 | 77.28 | 77.47 | <b>-1</b>    |
| <b>May-15</b> | 78.20 | 78.35 | 77.53 | 77.77 | <b>-0.65</b> |
| <b>Jul-15</b> | 79.20 | 79.20 | 78.74 | 78.89 | <b>-0.6</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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