

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly mixed tone on Monday. Arrival stood lower today at 65,000 bales compared to 70,500 bales on Saturday.

In The News: Cotton Corporation of India (CCI) held e-auction today (02 June, 2014) to sell 4600 bales of cotton from the 2013-14 crop at various branches.

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:

Cotton planting area in Pakistan stood at 4.52 million acres this year till now, 9% lower compared to the previous year during the corresponding period. It has been reported that the area of cotton is replaced by other crops like maize, due to lower remuneration fetched by cotton.

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.

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	-3.5	930	931	922	925	1700	-1617	2724	-94

Spread	Apr-15		
Spot	171	--	--

(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 02 June 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 02 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	-20	19260	19470	19260	19400	1008	819	6234	5403
Jul-14	-20	19610	19710	19550	19660	403	-1188	2294	-3783
Oct-14	-10	19460	19570	19460	19530	81	-568	732	-1265
Nov-14	40	18350	18500	18350	18500	20	-4	247	5

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-260		
Jun-14			130	
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 02 June 2014

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		2-Jun-14	31-May-14	
	Kapas	(Rs./Qtl.)		
Amravati	Mech-1	5000	4950	50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahešana(Kadi)	B.T. Cotton	5200	5250	-50
Rajkot	B.T. Cotton	5480	5485	-5
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	5625	5650	-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	5100	50
Gondal	Shankar-6	NR	5125	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4690	4700	-10
Muktsar	J-34	4680	4705	-25
Fazilika	J-34	4700	4700	Unch
Bhatinda	J-34	4710	4715	-5
Mansa	J-34	NA	NA	-
Sirsa	J-34	4620	4620	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4600	4610	-10

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		2-Jun-14	31-May-14	
Amravati	Mech-1	15000	18000	-3000
Khandwa	Mech-1	NA	Closed	-
Khargaon	Mech-1	NA	Closed	-
Mahesana(Kadi)	B.T. Cotton	15000	20000	-5000
Rajkot	B.T. Cotton	4300	3900	400
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	NA	-
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	NR	1947	-
Bijapur	Bunny	NA	NA	-
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	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
				30-May-14	29-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	39400	39400	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39800	39800	Unch
J-34(202)	26mm	3.5 - 4.9	23	42900	42800	100

H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	38900	39200	-300
Shankar-6(105)	29mm	3.5 – 4.9	28	40700	40700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43000	Unch
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 30/5/2014

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

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

Cotlook Index: As on 30/5/2014

Cotlook Indices	Cents/Pound	Change
A-Index	90.70	1.30

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	NIL
North Delta	82.02	84.52	NIL
South Delta	82.02	80.00	NIL
East TX-OK	77.75	79.75	NIL
West Texas	77.75	84.77	68
Desert SW	78.02	89.42	NIL
SJ Valley	78.77	89.42	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 30/5/2014

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

Pakistan Cotton Spot rates: As on 31/5/2014 (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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