

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed steady to firm tone amid lower arrivals on Tuesday. Arrival stood lower today at 63,000 bales compared to 65,000 bales on Monday.

**In The News:** MSP of Kharif crop 2014-15, including cotton would be announced on June 15. A moderate hike of Rs. 50 per quintal in MSP of cotton is reportedly suggested by Agriculture Commission.

India now holds the second rank in global textiles export, beating its competitors like Italy, Germany and Bangladesh, as per the recent data released by UN Comtrade. China is the leading global textile and apparel exporter followed by India, whose share stood 17.5% in year 2013 in world export of textile.

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.

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%.

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:

Global cotton inventory is expected to surge to the level of 21 million tones by the end of crop season 2014-15, said International cotton advisory committee (ICAC).According to the committee global trade is likely to decline sharply on lower demand from China.

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

## 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 03 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	25.5	925	952	925	948	3548	1848	1700	409

Spread	Apr-15		
Spot	148	--	--

(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 03 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	360	19380	19670	19370	19660	1855	847	6073	-161
Jul-14	340	19610	19900	19610	19890	815	412	2341	47
Oct-14	290	19500	19710	19470	19680	207	126	953	221
Nov-14	240	18530	18670	18530	18670	7	-13	248	1

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-230		
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 03 June 2014

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		3-Jun-14	2-Jun-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5000	5000	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5250	5200	50
Rajkot	B.T. Cotton	5500	5480	20
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	5680	5625	55
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	5150	5150	Unch
Gondal	Shankar-6	NR	NR	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5320	NA	-
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	4690	4690	Unch
Muktsar	J-34	4700	4680	20
Fazilika	J-34	4700	4700	Unch
Bhatinda	J-34	4710	4710	Unch
Mansa	J-34	NA	NA	-
Sirsa	J-34	4615	4620	-5
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4600	4600	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		3-Jun-14	2-Jun-14	
Amravati	Mech-1	4000	15000	<b>-11000</b>
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	15000	<b>Unch</b>
Rajkot	B.T. Cotton	4400	4300	<b>100</b>
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	<b>Unch</b>
Gondal	Shankar-6	NR	NR	-
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	<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/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Jun-14	30-May-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39400	<b>500</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	39800	<b>600</b>

J-34(202)	26mm	3.5 - 4.9	23	43000	42900	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39400	38900	500
Shankar-6(105)	29mm	3.5 – 4.9	28	41200	40700	500
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 3/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17390	-2
CCIndex(527)	16278	-11
CCIndex(229)	18200	-1

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

#### Cotlook Index: As on 2/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	90.70	Unch

#### USDA Cotton Spot Rates: As on 2/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.23	85.98	NIL
North Delta	82.23	84.73	NIL
South Delta	82.23	84.73	NIL
East TX-OK	78.00	80.25	NIL
West Texas	78.00	80.00	NIL
Desert SW	78.23	84.98	NIL
SJ Valley	78.98	89.36	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 2/6/2014

Contract	Open	High	Low	Close	Change
Oct-14	77.07	77.23	76.68	77.23	0.1
Dec-14	77.28	78.25	76.87	78.06	0.59
Mar-15	77.63	78.41	77.22	78.34	0.57
May-15	78.8	79.44	78.35	79.44	0.55
Jul-15	79.55	80.37	79.37	80.37	0.52

#### Pakistan Cotton Spot rates: As on 2/6/2014 (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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