

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone amid diminishing arrivals, Wednesday. Arrival stood unchanged today at 63,000 bales compared to 63,000 bales on Tuesday.

In The News: The consumption in India increased to 4.8 million tons in 2012/13, witnessing a growth of 12% due to revision of Chinese cotton policy and it's expected to grow by 7% to 5.4 million tons in 2014/15. India cotton export is forecasted to fall to level of 1.1 million tons in 2014/15, noticing a decline of 21%.

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:

World cotton trade is expected to notice timid sentiments in coming season. The volume of cotton traded worldwide is expected to decline to 8.1 million tons, noticing a fall of 8%, said International cotton advisory committee (ICAC). Reason for the same is fall in shipment to China which was 5.3 million tons in 2011/12 and expected 2.1 million tons in 2014/15. World consumption on other hand is projected to increase by 3% to 24.2 million tons in 2014/15.

As per the weekly crop data released by USDA on June 01, 2014, 74% of the cotton planting has been completed in USA (15 Major states), a week earlier it was 62%. The planting this year is little lower than the previous year during the corresponding period, which stood 79%. The five year average is 81%, which is far higher than the current planting pace in USA.

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.

Outlook

We expect domestic prices to remain firm to steady in near term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	2	940	950	939	945.5	1799	-1749	3548	221

Spread	Apr-15		
Spot	158.5	--	--

(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 04 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	140	19550	19750	19550	19690	1099	-756	5866	-207
Jul-14	170	19790	19990	19790	19940	390	-425	2438	97
Oct-14	210	19580	19760	19580	19760	89	-118	1078	125
Nov-14	170	18650	18760	18650	18760	2	-5	247	-1

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-250		
Jun-14			180	
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 04 June 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		4-Jun-14	3-Jun-14	
	Kapas	(Rs/Qtl)		
Amravati	Mech-1	5000	5000	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	5200	5250	-50
Rajkot	B.T. Cotton	5520	5500	20
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4695	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	5600	5680	-80
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	4495	-
	Kapas	(Rs/Qtl)		
Ahmedabad	Shankar-6	5200	5150	50
Gondal	Shankar-6	5180	NR	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5339	5320	19
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	4700	4690	10
Muktsar	J-34	4695	4700	-5
Fazilika	J-34	4700	4700	Unch
Bhatinda	J-34	4720	4710	10
Mansa	J-34	NA	NA	-
Sirsa	J-34	4620	4615	5
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4620	4600	20

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		4-Jun-14	3-Jun-14	
Amravati	Mech-1	4000	4000	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	15000	Unch
Rajkot	B.T. Cotton	4200	4400	-200
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	100	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	2	-
Ahmedabad	Shankar-6	40800	42500	-1700
Gondal	Shankar-6	1225	NR	-
Bijapur	Bunny	1239	2168	-929
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	102	170	-68
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
				3-Jun-14	2-Jun-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	39900	39900	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	40400	40400	Unch

J-34(202)	26mm	3.5 - 4.9	23	43000	43000	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39600	39400	200
Shankar-6(105)	29mm	3.5 – 4.9	28	41400	41200	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43200	43000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44800	44600	200
DCH-32(107)	34mm	3.0 - 3.8	33	58500	58500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 4/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17390	Unch
CCIndex(527)	16278	Unch
CCIndex(229)	18200	Unch

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

Cotlook Index: As on 3/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	91.05	0.35

USDA Cotton Spot Rates: As on 3/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	84.11	86.86	NIL
North Delta	83.11	85.61	NIL
South Delta	83.11	85.61	NIL
East TX-OK	78.00	80.25	368
West Texas	78.00	80.00	1526
Desert SW	79.11	85.86	NIL
SJ Valley	79.86	90.51	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 3/6/2014

Contract	Open	High	Low	Close	Change
Oct-14	77.50	78.10	77.23	77.23	Unch
Dec-14	78.25	78.74	77.75	78.10	+0.04
Mar-15	78.25	78.93	77.87	78.12	-0.22
May-15	79.22	79.77	78.93	79.03	-0.41
Jul-15	80.19	80.64	79.90	79.97	-0.40

Pakistan Cotton Spot rates: As on 3/6/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6850	155	7005
Equivalent	40 Kgs	7341	155	7496

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