

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Thursday.

In The News: Cotton sowing in north India is running in final phase. According to the farmers almost 90-95% of cotton sowing has been completed. It should be noted that farmers are moving towards cotton from other crops like Guar.

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.

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 steady to firm in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	5	938.5	949	937.5	943	1739	-60	1799	26

Spread	Apr-15		
Spot	149	--	--

(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 05 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	-10	19470	19510	19400	19430	662	-437	5810	-56
Jul-14	10	19700	19730	19630	19680	311	-79	2544	106
Oct-14	-10	19450	19530	19450	19480	29	-60	1203	125
Nov-14	-200	18400	18400	18400	18400	1	-1	246	-1

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-250		
Jun-14			200	
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 05 June 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		5-Jun-14	4-Jun-14	
	Kapas	(Rs./Qtl.)		
Amravati	Mech-1	5000	5000	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5200	5200	Unch
Rajkot	B.T. Cotton	5460	5520	-60
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	4695	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	5523	5600	-77
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	NA	5200	-
Gondal	Shankar-6	5005	5180	-175
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5349	5339	10
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4715	4700	15
Muktsar	J-34	4705	4695	10
Fazilika	J-34	4715	4700	15
Bhatinda	J-34	4720	4720	Unch
Mansa	J-34	NA	NA	-
Sirsa	J-34	4620	4620	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4625	4620	5

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		5-Jun-14	4-Jun-14	
Amravati	Mech-1	5000	4000	1000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	10000	15000	-5000
Rajkot	B.T. Cotton	4450	4200	250
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	100	-
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	NA	40800	-
Gondal	Shankar-6	554	1225	-671
Bijapur	Bunny	913	1239	-326
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	102	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
				4-Jun-14	3-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	43100	43000	100

H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39800	39600	200
Shankar-6(105)	29mm	3.5 – 4.9	28	41600	41400	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43400	43200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	44800	200
DCH-32(107)	34mm	3.0 - 3.8	33	58500	58500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 5/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17390	Unch
CCIndex(527)	16271	-7
CCIndex(229)	18197	-3

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

Cotlook Index: As on 4/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	91.90	0.85

USDA Cotton Spot Rates: As on 4/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.83	85.58	NIL
North Delta	81.83	84.33	NIL
South Delta	81.83	84.33	NIL
East TX-OK	76.75	79.00	NIL
West Texas	76.75	78.75	NIL
Desert SW	77.83	84.58	NIL
SJ Valley	78.58	89.23	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 4/6/2014

Contract	Open	High	Low	Close	Change
Oct-14	76.90	76.96	76.70	76.96	-0.27
Dec-14	78.10	78.33	77.22	77.88	-0.22
Mar-15	78.04	78.26	77.51	78.16	+0.04
May-15	79.10	79.18	78.61	79.18	+0.15
Jul-15	80.04	80.07	79.60	79.97	Unch

Pakistan Cotton Spot rates: As on 4/6/2014 (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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