

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Monday.

Arrival stood lower today at 48,000 bales compared to 53,000 bales on Saturday.

In The News: Approximately 3.60 crore bales of Kapas has been arrived till date since the beginning of the season out of expected 3.71 crore bales, said Indian Cotton Federation (ICF). Around 95 lakh bales of cotton has been shipped out of export registration of 1 crore.

National Academy of Agricultural Sciences (NAAS) has planned to establish three cells dedicated to improve the public perception regarding BT cotton.

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.

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.

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 weak in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-2.5	939	939	930.5	935.5	1622	-117	1739	-383

Spread	Apr-15		
Spot	142.5	--	--

(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 9 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	10	19390	19410	19250	19360.00B	869	207	5523	-287
Jul-14	30	19620	19630	19480	19590.00A	483	172	2662	118
Oct-14	0	19400	19450	19340	19420	36	7	1229	26
Nov-14	30	18370	18430	18340	18430	19	18	247	1

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-230		
Jun-14			-170	
Jul-14				--

*Updated at 5:30 pm on 9 June 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		9-Jun-14	7-Jun-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5100	5050	50
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	Closed	5390	-
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	NA	NA	-
Fatehabad	B.T. Cotton	5600	5600	Unch
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	NA	-
Gondal	Shankar-6	NA	5005	-
	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	4685	4700	-15
Muktsar	J-34	4715	4720	-5
Fazilika	J-34	4680	4690	-10
Bhatinda	J-34	4695	4715	-20
Mansa	J-34	NA	NA	-
Sirsa	J-34	4620	4620	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4610	4630	-20

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		9-Jun-14	7-Jun-14	
Amravati	Mech-1	3000	2500	500
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	10000	15000	-5000
Rajkot	B.T. Cotton	NA	4750	-
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	NA	NA	-
Gondal	Shankar-6	NA	601	-
Bijapur	Bunny	NA	501	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	589	-
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	85	102	-17
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
				7-Jun-14	6-Jun-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
J-34(202)	26mm	3.5 - 4.9	23	43000	43100	-100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39800	39800	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	41600	41600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43400	43400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	45000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 9/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17386	-3
CCIndex(527)	16255	-11
CCIndex(229)	18177	-9

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

Cotlook Index: As on 6/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	90.15	-50

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

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.53	84.28	NIL
North Delta	80.53	83.03	NIL
South Delta	80.53	83.03	NIL
East TX-OK	76	78.25	NIL
West Texas	76	78	1222
Desert SW	76.53	83.28	NIL
SJ Valley	77.28	87.93	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 6/6/2014

Contract	Open	High	Low	Close	Change
Oct-14	77.01	77.60	76.85	77.50	0.45
Dec-14	77.52	78.2	77.03	78	0.38
Mar-15	77.4	78.62	77.27	78.4	0.5
May-15	78.47	79.54	78.31	79.38	0.49
Jul-15	80.15	80.42	80.15	80.34	0.53

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

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6800	155	6955
Equivalent	40 Kgs	7288	155	7443

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