

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone on Tuesday.

Arrival stood unchanged today at 48,000 bales compared to 48,000 bales on Monday.

**In The News:** Cotton acreage in India, the second largest grower in the world, could surge for the first time after 2011, on expectation of higher returns. According to the market participants, cotton area is likely to expand to 12 million hectares in the coming season, noticing a growth of 3.4% compared to the previous year. Global prices which reached a two year high in March are encouraging farmers and other stakeholders to prefer cotton over the other crops. Expectation of El Nino is also a reason farmers are willing to plant cotton instead of other crops which requires more water than fiber crop.

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 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:

According to the latest weekly crop progress released by USDA, 89% of cotton sowing is completed in United States (in major 15 states planted 98% of the 2013 cotton acreage) as on 8 June, 2014. Last year the figure for same was 87% during the corresponding period, slightly lower than the current crop progress. A five year average stands 91%, higher by 2% compared to the current planting figures.

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.

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	939	946	937	938.5	1721	99	1622	-18

Spread	Apr-15		
Spot	139.5	--	--

(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 10 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	70	19310	19470	19270	19330	1271	402	5257	-266
Jul-14	60	19590	19720	19510	19550	823	340	2755	93
Oct-14	30	19440	19540	19410	19410	87	51	1237	8
Nov-14	70	18480	18550	18450	18450	6	-13	246	-1

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-220		
Jun-14			140	
Jul-14				--

\*Updated at 5:30 pm on 10 June 2014

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		10-Jun-14	9-Jun-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5050	5100	<b>-50</b>
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	NA	5200	-
Rajkot	B.T. Cotton	5500	Closed	-
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	5650	5600	<b>50</b>
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	NA	NA	-
Gondal	Shankar-6	4810	NA	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5339	5339	<b>Unch</b>
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4811	5125	<b>-314</b>
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4685	4685	<b>Unch</b>
Muktsar	J-34	4695	4715	<b>-20</b>
Fazilika	J-34	4685	4680	<b>5</b>
Bhatinda	J-34	4700	4695	<b>5</b>
Mansa	J-34	NA	NA	-
Sirsa	J-34	4615	4620	<b>-5</b>
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4610	4610	<b>Unch</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		10-Jun-14	9-Jun-14	
Amravati	Mech-1	4000	3000	1000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	10000	-
Rajkot	B.T. Cotton	4200	NA	-
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	895	NA	-
Bijapur	Bunny	1050	1541	-491
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	332	572	-240
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	85	85	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
				9-Jun-14	7-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	43000	Unch
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	59500	59000	500

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 10/6/2014**

Index	RMB/Ton	Change
CCIndex(328)	17383	-3
CCIndex(527)	16242	-13
CCIndex(229)	18168	-9

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

**Cotlook Index: As on 9/6/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	89.55	-0.60

**USDA Cotton Spot Rates: As on 9/6/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.30	84.05	2193
North Delta	80.30	82.80	NIL
South Delta	80.30	82.80	NIL
East TX-OK	75.75	78.00	308
West Texas	75.75	77.75	999
Desert SW	76.3	83.05	NIL
SJ Valley	77.05	87.70	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 9/6/2014**

Contract	Open	High	Low	Close	Change
Oct-14	77.57	77.57	76.56	76.98	-0.52
Dec-14	77.78	77.8	76.88	77.29	-0.71
Mar-15	78.75	78.75	77.45	78.02	-0.38
May-15	79.9	79.9	78.43	79.11	-0.27
Jul-15	79.71	80.11	79.3	80.11	-0.23

**Pakistan Cotton Spot rates: As on 9/6/2014 (in Pakistan Rupees)**

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

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