

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone on diminishing arrivals in markets, Wednesday. Arrival stood unchanged today at 48,000 bales compared to 48,000 bales on Tuesday.

In The News: Cotton output in India estimated higher at 388.25 lakh bales (of 170 kg each) for season 2013-14, said Cotton Association of India (CAI). Maharashtra is reported with output of 79.25 lakh bales in the current season compared to 72.50 in previous season whereas production in Gujarat stood 120.80 lakh bales in 2013-14 against 83.30 lakh bales in previous season. What causes the cotton production to increase in India is the boosted yield derived by the favorable weather condition and BT cotton.

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.

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.

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 firm to steady in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	4	944	952	940	947	2065	344	1721	275

Spread	Apr-15		
Spot	131	--	--

(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 11 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	60	19470	19610	19410	19490	1010	-261	5099	-158
Jul-14	60	19690	19840	19640	19730	482	-341	2796	41
Oct-14	70	19590	19730	19530	19620	101	14	1279	42
Nov-14	200	18720	18720	18700	18700	10	4	246	0

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-240		
Jun-14			110	
Jul-14				--

*Updated at 5:30 pm on 11 June 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		11-Jun-14	10-Jun-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5050	5050	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5410	5500	-90
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	5625	5650	-25
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	4925	4810	115
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5289	5339	-50
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5121	4811	310
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4690	4685	5
Muktsar	J-34	4685	4695	-10
Fazilika	J-34	4700	4685	15
Bhatinda	J-34	4710	4700	10
Mansa	J-34	NA	NA	-
Sirsa	J-34	4615	4615	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4620	4610	10

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Jun-14	10-Jun-14	
Amravati	Mech-1	6000	4000	2000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4300	4200	100
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	1036	895	141
Bijapur	Bunny	1082	1050	32
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	292	332	-40
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
				10-Jun-14	9-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	42900	43000	-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	59500	59500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 11/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17380	-3
CCIndex(527)	16242	Unch
CCIndex(229)	18167	-1

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

Cotlook Index: As on 10/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.45	-0.10

USDA Cotton Spot Rates: As on 10/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.05	85.80	NIL
North Delta	82.05	84.55	NIL
South Delta	82.05	84.55	NIL
East TX-OK	77.50	79.75	NIL
West Texas	77.50	79.50	NIL
Desert SW	78.05	84.80	NIL
SJ Valley	78.80	89.45	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 10/6/2014

Contract	Open	High	Low	Close	Change
Oct-14	76.54	77.16	76.54	76.93	-0.05
Dec-14	77.29	77.65	77.01	77.25	-0.04
Mar-15	77.99	78.85	77.84	78.62	0.6
May-15	79.08	79.88	79.03	79.62	0.51
Jul-15	80.13	80.8	80	80.47	0.36

Pakistan Cotton Spot rates: As on 10/6/2014 (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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