

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly firm tone on diminishing arrivals in markets, Thursday.

#### **In The News:**

**According to WASDE (June Report),** World Cotton Supply and Demand 2014/15 Proj. (in Million 480-Pound Bales):-

	2013-14 Est.	2014/15 Proj.	
		May	Jun
<b>Beginning Stocks</b>	90.03	97.91	99.00
<b>Production</b>	118.13	115.46	115.92
<b>Imports</b>	41.07	36.29	35.57
<b>Domestic Use</b>	109.82	111.83	112.29
<b>Exports</b>	41.02	36.29	35.56
<b>Ending Stocks</b>	99	101.66	102.71

And, USA cotton 2014-15 production is increase by 5 lakh bales to 15 million bales. Meanwhile, world trade is expected to lower on lesser import from China and Pakistan.

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.

### 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	11.5	943	958	942	954.5	1892	1887	3455	3444

Spread	Apr-15		
Spot	116.5	--	--

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

\*Updated at 5:00 pm on 12 June 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	10	19490	19580	19440	19510	922	-88	5224	125
Jul-14	0	19710	19800	19670	19730	482	0	2882	86
Oct-14	20	19480	19640	19480	19540	118	17	1421	142
Nov-14	0	18600	18750	18600	18670	5	-5	246	0

Spread	May-14	Jun-14	Jul-14	Aug-14
Spot	--			
May-14		-220		
Jun-14			190	
Jul-14				--

\*Updated at 5:00 pm on 12 June 2014

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

Centre	Variety	Prices		Change
		12-Jun-14	11-Jun-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5050	5050	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5355	5410	-55
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	5625	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	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	5235	4925	310
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5291	5289	2
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5151	5121	30
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4700	4690	10
Muktsar	J-34	4690	4685	5
Fazilika	J-34	4685	4700	-15
Bhatinda	J-34	4710	4710	Unch
Mansa	J-34	NA	NA	-
Sirsa	J-34	4615	4615	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4630	4620	100

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		12-Jun-14	11-Jun-14	
Amravati	Mech-1	7000	6000	1000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4400	4300	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	270	1036	-766
Bijapur	Bunny	877	1082	-205
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	307	292	15
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
				11-Jun-14	10-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	42900	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39900	39800	100
Shankar-6(105)	29mm	3.5 – 4.9	28	41700	41600	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43400	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45100	45000	100
DCH-32(107)	34mm	3.0 - 3.8	33	59500	59500	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 12/6/2014**

Index	RMB/Ton	Change
CCIndex(328)	17379	-1
CCIndex(527)	16236	-6
CCIndex(229)	18162	-5

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

**Cotlook Index: As on 11/6/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	91.15	1.70

**USDA Cotton Spot Rates: As on 11/6/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.26	85.01	NIL
North Delta	81.26	83.76	NIL
South Delta	81.26	83.76	NIL
East TX-OK	76.75	79.00	NIL
West Texas	76.75	78.75	NIL
Desert SW	77.26	84.01	NIL
SJ Valley	78.01	88.66	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 11/6/2014**

Contract	Open	High	Low	Close	Change
<b>Oct-14</b>	76.32	77.1	76.32	77.1	0.17
<b>Dec-14</b>	77.15	77.49	76.5	77.19	-0.06
<b>Mar-15</b>	78.61	78.72	77.6	78.02	-0.6
<b>May-15</b>	79.59	79.6	78.54	78.88	-0.74
<b>Jul-15</b>	80.37	80.5	79.29	79.67	-0.8

**Pakistan Cotton Spot rates: As on 11/6/2014 (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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