

Domestic Fundamentals:

Market Outlook: Cotton market noticed firm tone on Saturday on lower arrivals and expected lesser rainfall.

In The News:

According to the Ministry of Agriculture(GOI), area planted under kharif cotton 2014-15 reported up to 1.734 million hectare compared to the 1.58 million hectare in last year.

Threat of lesser rain this year due to El Nino is prompting farmers to grow more hybrid seeds, which need lesser water and gives better yield.

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
Beginning Stocks	90.03	97.91	99.00
Production	118.13	115.46	115.92
Imports	41.07	36.29	35.57
Domestic Use	109.82	111.83	112.29
Exports	41.02	36.29	35.56
Ending Stocks	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.

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	--	--	--	--	--	--	--	--	--

Spread	Apr-15		
Spot	--	--	--

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

*Market Closed

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	--	--	--	--	--	--	--	--	--
Jul-14	--	--	--	--	--	--	--	--	--
Oct-14	--	--	--	--	--	--	--	--	--
Nov-14	--	--	--	--	--	--	--	--	--
Dec-14	--	--	--	--	--	--	--	--	--

Spread	Jun-14	Jul-14	Oct-14	Nov-14	Dec-14
Spot	--				
Jun-14		--			
Jul-14			--		
Oct-14				--	
Nov-14					--

*Market Closed

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		14-Jun-14	13-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	5370	5275	95
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	5625	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	5180	5155	25
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	5302	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	5151	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4720	4700	20
Muktsar	J-34	4700	4695	5
Fazilika	J-34	4700	4685	15
Bhatinda	J-34	4730	4725	5
Mansa	J-34	NA	NA	-
Sirsa	J-34	4620	4615	5
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4630	4630	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Jun-14	13-Jun-14	
Amravati	Mech-1	12000	12000	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	3000	4250	-1250
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	2068	1371	697
Bijapur	Bunny	NA	292	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	307	-
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
				13-Jun-14	14-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	40000	39900	100
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41700	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43600	43500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45200	45100	100
DCH-32(107)	34mm	3.0 - 3.8	33	59500	59500	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 13/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17377	-2
CCIndex(527)	16193	-43
CCIndex(229)	18153	-9

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

Cotlook Index: As on 13/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	90.45	Unch

USDA Cotton Spot Rates: As on 13/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.73	86.48	NIL
North Delta	82.73	85.23	NIL
South Delta	82.73	85.23	NIL
East TX-OK	78.00	80.25	160
West Texas	78.00	80.00	NIL
Desert SW	78.73	85.48	NIL
SJ Valley	79.48	90.13	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 13/6/2014

Contract	Open	High	Low	Close	Change
Oct-14	77.73	77.78	77.42	77.75	0.02
Dec-14	77.9	77.9	77.23	77.75	-0.08

Mar-15	78.29	78.99	78.11	78.88	0.17
May-15	79.25	79.49	79.25	79.49	0.17
Jul-15	80.15	80.15	79.97	80.06	0.24

Pakistan Cotton Spot rates: As on 13/6/2014 (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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