

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone on Wednesday. Arrival stood lower at 43,700 bales today compared to 43,800 bales yesterday.

In The News: CCI invited bids for selling 12800 bales of cotton through E-auction at various states today. It offered 600 bales of H-4 at Rajasthan, 7000 bales of S-6 at Gujarat, 2300 bales of BB at Maharashtra, 2300 bales of BB at Andhra Pradesh, 300 bales of MECH at Orissa and 300 bales of BB at Karnataka for sale.

Delayed monsoon and lower arrival has boosted the cotton prices in most of the markets. Currently good demand is being noticed in the market and supply is lagging due to season ending.

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.

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:

Due to rain in Texas, the largest cotton growing region of USA, the price of cotton plummet down as the state raises the prospects of higher production on widespread precipitation. The most active December contract hit about a 3 month low of US cents 76.50 last week following a government report forecasting that US cotton stock will hit a 6 year high of 4.3 million bales (of 480 pound each) and world stock would rise to the level of 102.7 million bales by the end of season 2014-15.

According to the latest survey report released by China Cotton Association (CCA), planting area of cotton in the country is expected to fall by 12.6 percent on year on year basis to 4.08 million hectares in 2014.

Cotton imports to China fell by 14.6% to 191,500 metric tons in May compared to April this year. China is likely to end its cotton stockpiling policy and hence importing less.

Outlook

We expect domestic prices to remain firm in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	4	960	966	954.5	963	2,713	3932	3,102	3472

Spread	Apr-15		
Spot	134	--	--

(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 18 June, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	-20	19980	19990	19860	19920	964	-893	4632	-112
Jul-14	-20	20230	20260	20140	20190	1172	12	3083	76
Oct-14	-30	19970	20040	19960	19980	99	-291	1651	53
Nov-14	140	19010	19150	19010	19150	14	0	284	39
Dec-14	90	18830	18960	18830	18920	21	-15	734	32

Spread	Jun-14	Jul-14	Oct-14	Nov-14	Dec-14
Spot	--				
Jun-14		-270			
Jul-14			210		
Oct-14				830	
Nov-14					230

*Updated at 5:30 pm on 18 June, 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		18-Jun-14	17-Jun-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5100	5100	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5350	5250	100
Rajkot	B.T. Cotton	5485	5360	125
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	5615	-15
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	5200	5125	75
Gondal	Shankar-6	5155	5255	-100
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5481	5419	62
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5250	5225	25
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	4750	4745	5
Muktsar	J-34	4730	4710	20
Fazilika	J-34	NR	4740	-
Bhatinda	J-34	4770	4760	10
Mansa	J-34	NA	NA	-
Sirsa	J-34	4650	4640	10
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4650	4660	-10

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		18-Jun-14	17-Jun-14	
Amravati	Mech-1	4000	20000	-16000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	8000	8000	Unch
Rajkot	B.T. Cotton	4100	2800	1300
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	25500	25500	Unch
Gondal	Shankar-6	1347	1274	73
Bijapur	Bunny	867	864	3
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	453	417	36
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	102	85	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
				17-Jun-14	16-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	43200	43100	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40500	40300	200
Shankar-6(105)	29mm	3.5 – 4.9	28	42200	42000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43700	43700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44800	44800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 18/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17373	-3
CCIndex(527)	16195	Unch
CCIndex(229)	18143	-3

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

Cotlook Index: As on 17/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	91.70	Unch

USDA Cotton Spot Rates: As on 17/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	80.94	83.69	NIL
North Delta	79.94	82.44	NIL
South Delta	79.94	82.44	NIL
East TX-OK	75.75	78.00	NIL
West Texas	75.75	77.75	NIL
Desert SW	74.94	81.69	NIL
SJ Valley	75.19	85.84	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 17/6/2014

Contract	Open	High	Low	Close	Change
Jul-14	87.65	90.37	87.62	90.06	2.41
Oct-14	76.66	77.41	75.55	75.94	-0.73
Dec-14	77.12	77.46	76.10	76.32	-0.80
Mar-15	78.23	78.39	77.23	77.44	-0.79
May-15	78.75	78.88	78.17	78.50	-0.38

Pakistan Cotton Spot rates: As on 17/6/2014 (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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2014 Indian Agribusiness Systems Pvt. Ltd.