

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Friday.

In The News: Certificated Cotton stocks deliverable against the ICE No. 2 cotton futures contract as of June 19 totaled 427,727 (480-lb) bales, from 420,728 the last session. Source: ICE Market Data

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	6.5	956	969	955	964.50	2730	103	2627	670

Spread	Apr-15		
Spot	114.5	--	--

(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 20 June, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	+30.00	19780	19850	19760	19800.00	662	-737	4114	-122
Jul-14	+40.00	20040	20130	20040	20090.00	635	-834	3184	12
Oct-14	+30.00	19890	19950	19850	19920.00	116	36	1665	23
Nov-14	-	-	-	-	-	-	-71	324	0
Dec-14	-30	18950	18950	18900	18900.00	16	-8	744	-1

Spread	Jun-14	Jul-14	Oct-14	Nov-14	Dec-14
Spot	--				
Jun-14		-290			
Jul-14			170		
Oct-14				-	
Nov-14					-

*Updated at 5:30 pm on 19 June, 2014

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		20-Jun-14	19-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	5250	5300	-50

Rajkot	B.T. Cotton	5395	5465	-70
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	5700	5585	115
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	5125	5125	Unch
Gondal	Shankar-6	5205	5205	Unch
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	5499	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	5000	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	4760	4760	Unch
Muktsar	J-34	4775	4700	75
Fazilika	J-34	4755	4770	-15
Bhatinda	J-34	4770	4770	Unch
Mansa	J-34	NA	NA	-
Sirsa	J-34	4665	4660	5
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4680	NR	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Jun-14	19-Jun-14	
Amravati	Mech-1	10000	20000	-10000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	10000	10000	Unch
Rajkot	B.T. Cotton	4350	4250	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	25500	25500	Unch
Gondal	Shankar-6	1753	1288	465
Bijapur	Bunny	NA	681	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4500	-
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	68	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
				19-Jun-14	18-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	43400	43200	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40600	40600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42300	42300	Unch
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 20/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17368	Unch
CCIndex(527)	16186	-1
CCIndex(229)	18139	-1

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

Cotlook Index: As on 19/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	93.70	0.95

USDA Cotton Spot Rates: As on 19/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.81	84.56	NIL
North Delta	80.81	83.31	NIL
South Delta	80.81	83.31	NIL
East TX-OK	76.75	79.00	51
West Texas	76.75	78.75	199
Desert SW	75.81	82.56	NIL
SJ Valley	76.06	86.71	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 19/6/2014

Contract	Open	High	Low	Close	Change
Jul-14	91.10	91.23	87.80	88.36	-2.79
Oct-14	77.05	77.20	76.31	76.81	-0.39
Dec-14	77.19	77.47	76.15	77.13	-0.06
Mar-15	78.20	78.44	77.34	78.09	-0.13
May-15	79.05	79.25	78.70	79.01	-0.12

Pakistan Cotton Spot rates: As on 19/6/2014 (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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