

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Saturday.

Arrival stood unchanged at 42,500 bales today compared to 42,500 bales yesterday.

In The News: According to Ministry of Agriculture, Kharif sowing area has crossed 95 lakh hectares as reported on 20 June, 2014. The planting of cotton is in progress, around 20 lakh hectares of cotton has been planted all over India.

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.

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:

New cotton season (2014-15) has been started in Pakistan, where some raw cotton is being sourced to ginning factories in Punjab. According to the ginners, factories are likely to start operation during the week to start supply of new cotton crop to textile mills.

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 steady to firm 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
		21-Jun-14	20-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	5300	5250	50
Rajkot	B.T. Cotton	5555	5395	160
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	5700	-100
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	5370	5205	-165
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5300	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	4735	4760	-25
Muktsar	J-34	4770	4775	-5
Fazilika	J-34	4755	4755	Unch
Bhatinda	J-34	4760	4770	-10
Mansa	J-34	NA	NA	-
Sirsa	J-34	4660	4665	-5
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4680	4680	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		21-Jun-14	20-Jun-14	
Amravati	Mech-1	20000	10000	10000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	12500	10000	2500
Rajkot	B.T. Cotton	4100	4350	-250
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	1361	1753	-392
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4600	NA	-
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	85	68	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
				20-Jun-14	19-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	43400	Unch
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 20/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	91.45	-2.25

USDA Cotton Spot Rates: As on 20/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	82.49	85.24	NIL
North Delta	81.49	83.99	NIL
South Delta	81.49	83.99	NIL
East TX-OK	77.25	79.50	NIL
West Texas	77.25	79.25	NIL
Desert SW	76.49	83.24	NIL
SJ Valley	76.74	87.39	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 20/6/2014

Contract	Open	High	Low	Close	Change
Jul-14	87.94	88.77	87.06	88.16	-0.20
Oct-14	76.60	77.73	76.24	77.49	0.68
Dec-14	77.15	77.30	76.40	77.08	-0.05
Mar-15	78.15	78.34	77.50	78.15	0.06
May-15	79.06	79.10	78.55	78.99	-0.02

Pakistan Cotton Spot rates: As on 20/6/2014 (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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