

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone on Monday.

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:

Tanzania farmers and stakeholders, along with Tanzania Cotton Growers Association (TACOGA), Tanzania Cotton Association (TCA) and Tanzania Cotton Board (TCB) have set the cotton MSP at TSH 750 (USD 0.446)/kg for new marketing season beginning June 18, 2014.

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.

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	16	959.5	984.5	959.5	979.5	4638	1925	2713	946
Spread	Apr-15								
Spot	129.5				--		--		

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

\*Updated on 5:30 pm on 23 June, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	270	19750	20100	19650	20050	2418	1454	2993	-1639
Jul-14	280	20120	20420	19910	20350	2846	1674	3837	754
Oct-14	340	19970	20290	19940	20210	368	269	1652	1
Nov-14	310	19300	19380	19300	19360	9	-5	324	40
Dec-14	380	18920	19320	18920	19290	95	74	821	87
Spread	Jun-14	Jul-14	Oct-14	Nov-14	Dec-14				
Spot	--								
Jun-14		-300							
Jul-14			140						
Oct-14				850					
Nov-14					70				

\*Updated on 5:30 pm on 23 June, 2014

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		23-Jun-14	21-Jun-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5100	5100	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	5300	5300	Unch
Rajkot	B.T. Cotton	5545	5555	-10
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	5550	5600	-50
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	5200	5125	75
Gondal	Shankar-6	5205	5370	-165
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5527	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5350	5300	50
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4740	4735	5
Muktsar	J-34	4770	4770	Unch
Fazilika	J-34	4755	4755	Unch
Bhatinda	J-34	4760	4760	Unch
Mansa	J-34	NA	NA	-
Sirsa	J-34	4660	4660	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4660	4680	-20

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		23-Jun-14	21-Jun-14	
Amravati	Mech-1	22000	20000	2000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	6000	12500	-6500
Rajkot	B.T. Cotton	4250	4100	150
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	824	1361	-537
Bijapur	Bunny	718	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	670	4600	-3930
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
				21Jun-14	20-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	40400	40600	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	42100	42300	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43400	43700	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44800	-500
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 23/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17360	-8
CCIndex(527)	16180	-6
CCIndex(229)	18088	-51

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 21/6/2014 (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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