

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to firm tone on Tuesday. Arrival stood lower at 34,000 bales today compared to 42,500 bales yesterday.

In The News: Expectation of Below-than-normal rainfall is threatening farmers about yield loss in cotton. 60 percent farmers in Adilabad have sown cotton in dry lands. Last year almost 41 cm rainfall was recorded during June whereas currently it around 5 cm. The actual rainfall required for cotton is 60-70 cm.

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.

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	3	981.5	989.5	977	987.5	3023	-1615	4638	-22

Spread	Apr-15		
Spot	119.5	--	--

(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 24 June, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	90	20050	20240	19970	20200	18041	1245	-1748	90
Jul-14	100	20360	20550	20260	20520	16036	2068	-1769	100
Oct-14	210	20210	20520	20170	20510	18780	403	-1249	210
Nov-14	-40	19300	19330	19210	19310	18917	77	-247	-40
Dec-14	50	19210	19270	19110	19270	18359	136	-685	50

Spread	Jun-14	Jul-14	Oct-14	Nov-14	Dec-14
Spot	--				
Jun-14		-290			
Jul-14			90		
Oct-14				960	
Nov-14					100

*Updated on 5:30 pm on 24 June, 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		24-Jun-14	23-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	5400	5300	100
Rajkot	B.T. Cotton	5535	5545	-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	5550	Unch
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	5200	Unch
Gondal	Shankar-6	5260	5205	55
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	5527	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	5350	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4760	4740	20
Muktsar	J-34	4760	4770	-10
Fazilika	J-34	4775	4755	20
Bhatinda	J-34	4755	4760	-5
Mansa	J-34	NA	NA	-
Sirsa	J-34	4690	4660	30
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4700	4660	40

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		24-Jun-14	23-Jun-14	
Amravati	Mech-1	24000	22000	2000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	10000	6000	4000
Rajkot	B.T. Cotton	4000	4250	-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	1226	824	402
Bijapur	Bunny	NA	718	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	670	-
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
				23Jun-14	21Jun-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	40900	40400	500
Shankar-6(105)	29mm	3.5 – 4.9	28	42500	42100	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43800	43400	400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44700	44300	400
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 24/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17358	-2
CCIndex(527)	16180	Unch
CCIndex(229)	18083	-5

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

Cotlook Index: As on 23/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	91.45	Unch

USDA Cotton Spot Rates: As on 23/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	83.2	85.95	NIL
North Delta	82.2	84.7	NIL
South Delta	82.2	84.7	NIL
East TX-OK	77.75	80	82
West Texas	77.75	79.75	NIL
Desert SW	77.2	83.95	NIL
SJ Valley	77.45	88	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 23/6/2014

Contract	Open	High	Low	Close	Change
Jul-14	88.1	88.58	84.16	87.52	-0.64
Oct-14	77.65	78.3	77.14	78.2	0.71
Dec-14	77.08	77.9	76.68	77.68	0.6
Mar-15	78.22	78.9	77.78	78.78	0.63
May-15	79	79.63	78.75	79.52	0.53

Pakistan Cotton Spot rates: As on 23/6/2014 (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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