

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to firm tone on Wednesday.

In The News: Cotton Corporation of India (CCI) sold 4600 bales of cotton through e-auction today.

According to market participant cotton sowing in Gujarat is around 52% lower on Year on Year basis as reported today.

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.

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 firm to steady in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-2.5	978.5	987.5	975	977	2972	-51	3023	14

Spread	Apr-15		
Spot	139	--	--

(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 25 June, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	-10	19980	20170	19980	20010	1122	-19078	1382	137
Jul-14	-10	20300	20500	20290	20330	2005	-18515	5162	3094
Oct-14	120	20300	20560	20300	20410	475	-20035	1927	1524
Nov-14	50	19330	19380	19250	19250	92	-19218	570	493
Dec-14	10	19210	19230	19100	19100	83	-19187	1037	901

Spread	Jun-14	Jul-14	Oct-14	Nov-14	Dec-14
Spot	--				
Jun-14		-320			
Jul-14			-80		
Oct-14				1160	
Nov-14					150

*Updated on 5:30 pm on 25 June, 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		25-Jun-14	24-Jun-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5100	5100	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahešana(Kadi)	B.T. Cotton	5400	5400	Unch
Rajkot	B.T. Cotton	5580	5535	45
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	5580	5550	30
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	5250	5200	50
Gondal	Shankar-6	5380	5260	120
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5599	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5380	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4770	4760	10
Muktsar	J-34	4760	4760	Unch
Fazilika	J-34	4740	4775	-35
Bhatinda	J-34	4760	4755	5
Mansa	J-34	NA	NA	-
Sirsa	J-34	4690	4690	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NR	4700	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		25-Jun-14	24-Jun-14	
Amravati	Mech-1	26000	24000	2000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	5000	10000	-5000
Rajkot	B.T. Cotton	3900	4000	-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	1350	1226	124
Bijapur	Bunny	857	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	655	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	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
				24-Jun-14	23-Jun-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40200	39900	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	40400	300

J-34(202)	26mm	3.5 - 4.9	23	43700	43400	300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40900	40900	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	42500	42500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43800	43800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44700	44700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 25/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17352	-6
CCIndex(527)	16180	Unch
CCIndex(229)	18080	-3

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

Cotlook Index: As on 24/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	91.45	Unch

USDA Cotton Spot Rates: As on 24/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	81.55	84.30	NIL
North Delta	80.55	83.05	NIL
South Delta	80.55	83.05	NIL
East TX-OK	76.00	78.25	NIL
West Texas	76.00	78.00	NIL
Desert SW	75.55	82.30	NIL
SJ Valley	75.80	86.45	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 24/6/2014

Contract	Open	High	Low	Close	Change
Jul-14	84.36	85.30	81.33	81.81	-5.71
Oct-14	78.12	78.12	76.45	76.55	-1.65
Dec-14	77.55	77.68	76.38	76.49	-1.19
Mar-15	78.50	78.64	77.63	77.73	-1.05
May-15	79.38	79.38	78.45	78.66	-0.86

Pakistan Cotton Spot rates: As on 24/6/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6750	155	6905
Equivalent	40 Kgs	7234	155	7389

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