

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone.

In The News:

The Cabinet Committee on Economic Affairs of Indian Government hike Minimum Support Prices (MSP) for cotton for 2014-15 season

Variety	MSP for 2013-14 season	MSP for 2014-15 season	Increase
Medium Staple	3700	3750	50
Long Staple	4000	4050	50

All India cotton arrival remain flat at 35000 bales during last two days.

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	-4	977	978.5	967	972.5	3166	194	2972	-166

Spread	Apr-15		
Spot	144.5	--	--

(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 26 June, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-14	-70	19940	19990	19850	19880	659	-463	1067	-315
Jul-14	-80	20220	20320	20170	20190	1438	-567	5473	311
Oct-14	-110	20280	20340	20180	20190	425	-50	2155	228
Nov-14	-70	19150	19150	19050	19060	102	10	663	93
Dec-14	-70	19030	19030	18880	18890	105	22	1131	94

Spread	Jun-14	Jul-14	Oct-14	Nov-14	Dec-14
Spot	--				
Jun-14		-310			
Jul-14			0		
Oct-14				1130	
Nov-14					170

*Updated on 5:30 pm on 26 June, 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		26-Jun-14	25-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	5500	5400	100
Rajkot	B.T. Cotton	5585	5580	5
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	5580	20
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	5300	5250	50
Gondal	Shankar-6	5350	5380	-30
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	5599	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5350	5380	-30
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4750	4770	-20
Muktsar	J-34	4760	4760	Unch
Fazilika	J-34	4760	4740	20
Bhatinda	J-34	4780	4760	20
Mansa	J-34	NA	NA	-
Sirsa	J-34	4690	4690	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4700	NR	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		26-Jun-14	25-Jun-14	
Amravati	Mech-1	29000	26000	3000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	5000	5000	Unch
Rajkot	B.T. Cotton	3800	3900	-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	1268	1350	-82
Bijapur	Bunny	NA	857	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	842	655	187
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
				25-Jun-14	24-Jun-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	40200	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40700	200
J-34(202)	26mm	3.5 - 4.9	23	43700	43700	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	40900	100
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42500	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43900	43800	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44800	44700	100
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 26/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17350	-2
CCIndex(527)	16178	-2
CCIndex(229)	18072	-8

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

Cotlook Index: As on 25/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	90.60	-0.85

USDA Cotton Spot Rates: As on 25/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	79.9	82.65	NIL
North Delta	78.90	81.4	NIL
South Delta	78.9	81.4	NIL
East TX-OK	74.25	76.5	NIL
West Texas	74.25	76.25	NIL
Desert SW	73.90	80.65	NIL
SJ Valley	74.15	84.8	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 25/6/2014

Contract	Open	High	Low	Close	Change
Jul-14	82.89	83.75	81.25	81.80	-0.01
Oct-14	76.24	76.24	74.55	74.90	-1.65
Dec-14	76.47	76.81	75.03	75.26	-1.23
Mar-15	77.95	77.98	76.15	76.48	-1.25
May-15	78.85	78.85	77.36	77.66	-1

Pakistan Cotton Spot rates: As on 25/6/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6700	155	6855
Equivalent	40 Kgs	7180	155	7335

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2014 Indian Agribusiness Systems Pvt. Ltd.