

Domestic Fundamentals:

Market Outlook: Cotton market noticed flat tone.

In The News:

According to the Maharashtra Agriculture State Department, cotton sown area till June 27 down by 37% to 542384 hectares against 854968 hectares sowed in corresponding period during last year.

Cotton sowing in India is around 48% lower than the last year due to delayed monsoon as reported on June 25 by Directorate of Cotton Development. Estimated area sown for cotton in India stood 29.07 lakh hectares as on June 25 compared to 55.77 lakh hectares last year during the same period.

According to Gujarat Agriculture Department cotton planting in state was 5.35 lakh hectares as on date mentioned compared to 11.25 lakh hectares last year during the same period.

The Union Government has announced MSP of Kharif crops (season 2014-15), including cotton on June 25. The MSP of cotton has been raised to Rs. 3750 per quintal for medium staple and Rs. 4000 for long staple, which were Rs. 3700 and Rs. 4050 respectively last year.

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.

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 tone 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)

*Updated on 5:30 pm on 27 June, 2014

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
		28-Jun-14	27-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	5450	5500	-50
Rajkot	B.T. Cotton	5610	5590	20
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	5800	5625	175
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	5300	-100
Gondal	Shankar-6	5380	5500	-120
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5690	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	4750	4760	-10
Muktsar	J-34	4755	4755	Unch
Fazilika	J-34	4760	4750	10
Bhatinda	J-34	4770	4770	Unch
Mansa	J-34	NA	NA	-
Sirsa	J-34	4705	4690	15
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4710	4700	10

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		28-Jun-14	27-Jun-14	
Amravati	Mech-1	21000	22000	-1000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	4000	6000	-2000
Rajkot	B.T. Cotton	3000	3900	-900
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	1377	1328	49
Bijapur	Bunny	235	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	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
				27-Jun-14	26-Jun-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
J-34(202)	26mm	3.5 - 4.9	23	43600	43700	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	41100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44000	44000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44900	44900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 27/6/2014

Index	RMB/Ton	Change
CCIndex(328)	17337	-13
CCIndex(527)	16177	-1
CCIndex(229)	18062	-10

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

Cotlook Index: As on 27/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.30	-0.40

USDA Cotton Spot Rates: As on 27/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	79.30	82.05	NIL
North Delta	78.30	80.80	NIL
South Delta	78.30	80.80	NIL
East TX-OK	73.50	75.75	1
West Texas	73.50	75.50	8
Desert SW	73.30	80.05	NIL
SJ Valley	73.55	84.20	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 27/6/2014

Contract	Open	High	Low	Close	Change
Jul-14	81.27	81.41	80.70	80.89	0.52
Oct-14	73.46	74.81	73.46	74.30	0.18
Dec-14	74.68	75.20	74.20	74.85	0.22
Mar-15	75.90	76.25	75.50	76.20	0.30
May-15	76.68	77.40	76.66	77.28	0.18

Pakistan Cotton Spot rates: As on 27/6/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6650	155	6805
Equivalent	40 Kgs	7127	155	7282

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