

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone on Tuesday.

Arrival stood lower at 34,200 bales today compared to 35,300 bales yesterday.

In The News: The deficit rainfall this year has created havoc among the farmers of Vidarbha region of Maharashtra. Farmers who had sowed cotton are now in fear of crop loss as scanty rainfall is expected this year. According to a report monsoon is likely to set in Maharashtra around July 05, delayed by around five weeks.

According to Ministry of Agriculture, Kharif sowing has reached to 131 lakh hectares as on 27 June, 2014. Cotton sowing is in progress, around 29.07 lakh hectares of cotton has been sown so far.

According to Maharashtra Agriculture State Department, cotton sowed area till June 27 was down by 37% to 5.42 lakh hectares against 8.54 lakh hectares sown last year during corresponding 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 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:

According to the market participants, new cotton crop is not in good condition in China, the largest producer of cotton. The daily temperature remained lower by 6-10 degree Celsius during 20-26 June compared to previous year during the corresponding period.

Cotton prices in international market are tumbling down on lackluster trading activities. The most active December'14 contract on ICE has witnessed around 30 month lowest open interest on June 27. Cotlook A index fell to 89.30 cents/pound on June 27, lower by 2.15 points on weekly basis. The cotton market is now awaiting the USDA planting report and world demand and supply report.

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.

Outlook

We expect domestic prices to remain steady to weak in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-13.5	987.5	988.5	973.5	974.5	3635	53	3582	-284

Spread	Apr-15		
Spot	161.5	--	--

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

*Updated on 5:00 pm on 01 July, 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-14	-60	20290	20290	20130	20140	1018	-800	5910	99
Oct-14	-120	20240	20350	20160	20160	456	-102	2242	-1
Nov-14	-90	19060	19150	18950	18950	207	86	893	156
Dec-14	-120	18870	18910	18740	18750	151	-6	1340	47

Spread	Jul-14	Oct-14	Nov-14	Dec-14	
Spot	--				
Jul-14		-20			
Oct-14			1210		
Nov-14				210	

*Updated on 5:00 pm on 01 July, 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		1-Jul-14	30-Jun-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5200	5050	150
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	5500	5500	Unch
Rajkot	B.T. Cotton	5765	5680	85
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	5825	5850	-25
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	5500	5500	Unch
Gondal	Shankar-6	5405	5305	100
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5699	5699	Unch
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5475	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	4780	4760	20
Muktsar	J-34	4755	4750	5
Fazilika	J-34	4790	4780	10
Bhatinda	J-34	4800	4780	20
Mansa	J-34	NA	NA	-
Sirsa	J-34	4740	4720	20
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4750	4730	20

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		1-Jul-14	30-Jun-14	
Amravati	Mech-1	9000	20000	-11000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	3000	2500	500
Rajkot	B.T. Cotton	2400	2500	-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	22100	3400
Gondal	Shankar-6	583	555	28
Bijapur	Bunny	619	1028	-409
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	410	NA	-
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	NA	85	-
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
				30-Jun-14	28-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	44000	43800	200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41200	41100	100
Shankar-6(105)	29mm	3.5 – 4.9	28	42900	42700	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44100	44000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	44900	100
DCH-32(107)	34mm	3.0 - 3.8	33	59000	59000	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 1/7/2014

Index	RMB/Ton	Change
CCIndex(328)	17329	-3
CCIndex(527)	16165	-5
CCIndex(229)	18045	-8

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

Cotlook Index: As on 30/6/2014

Cotlook Indices	Cents/Pound	Change
A-Index	89.55	0.25

USDA Cotton Spot Rates: As on 30/6/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	78.38	81.13	NIL
North Delta	77.38	79.88	NIL
South Delta	77.38	79.88	NIL
East TX-OK	72.50	74.75	NIL
West Texas	72.50	74.50	NIL
Desert SW	72.38	79.13	NIL
SJ Valley	72.63	83.28	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 30/6/2014

Contract	Open	High	Low	Close	Change
Jul-14	80.78	80.78	79.10	79.21	-1.68
Oct-14	73.53	74.65	73.00	73.38	-0.92
Dec-14	74.73	75.07	73.30	73.51	-1.34
Mar-15	75.89	76.35	74.76	74.95	-1.25
May-15	77.40	77.40	75.94	76.08	-1.20

Pakistan Cotton Spot rates: As on 30/6/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6600	155	6755
Equivalent	40 Kgs	7073	155	7228

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