

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly mixed tone on Saturday.

In The News: Cotton yarn export started to see decline during the current financial year. Cotton yarn export registration fell to 99.92 million kilograms compared to 115.96 million kilograms during the same period last year.

According to Indian Cotton Advisory board, total demand of cotton for this year would be around 40.1 million bales compared to 38.4 million bales previous year. Cotton Advisory Board (CAB) has estimated cotton production higher for the current season (Oct'13-Sep'14) to 390 lakh bales which was earlier estimated 375 lakh bales in November.

Better minimum support price (MSP) of paddy as compared to cotton is forcing farmers to shift to paddy from cotton in Punjab. MSP of cotton seen only 1.25% increase to Rs. 4050 this year from Rs. 4000, whereas MSP of paddy increased to Rs. 1400 from Rs. 1345 noticing an increase of 4%. MSP of paddy has increased by 63% to Rs.1400 in 2014 from Rs. 880 in 2008, while cotton has noticed a rise of 35% to Rs. 4050 this year from Rs. 3000 in 2008. Also paddy is getting government subsidies like free of cost power which is not applicable for cotton.

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.

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.

International Fundamentals:

China is likely to hold 60% of world cotton reserve, mostly held by government reserve. The secretariat estimated that Chinese government will hold around 11.5 million tons of cotton by the end of current season 2013-14.

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.

Outlook

We expect domestic prices to remain weak to steady 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)

* Market Closed

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-14	--	--	--	--	--	--	--	--	--
Oct-14	--	--	--	--	--	--	--	--	--
Nov-14	--	--	--	--	--	--	--	--	--
Dec-14	--	--	--	--	--	--	--	--	--

Spread	Jul-14	Oct-14	Nov-14	Dec-14	
Spot	--	--	--	--	
Jul-14	--	--	--	--	
Oct-14	--	--	--	--	
Nov-14	--	--	--	--	

*Market Closed

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		5-Jul-14	4-Jul-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5300	5200	100
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	NA	5400	-
Rajkot	B.T. Cotton	5595	5555	40
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	5850	5850	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	5250	5350	-100
Gondal	Shankar-6	5350	5380	-30
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5150	5100	50
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4720	4730	-10
Muktsar	J-34	4750	4750	Unch
Fazilika	J-34	4780	4780	Unch
Bhatinda	J-34	4745	4750	-5
Mansa	J-34	NA	NA	-
Sirsa	J-34	4675	4700	-25
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	4730	4710	20

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		5-Jul-14	4-Jul-14	
Amravati	Mech-1	10000	10000	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	2500	-
Rajkot	B.T. Cotton	4400	4600	-200
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	1364	1579	-215
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	345	402	-57
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	34	68	-34
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
				4-Jul-14	3-Jul-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	43700	43700	Unch

H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40900	40900	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	42600	42600	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	58300	58500	-200

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 4/7/2014

Index	RMB/Ton	Change
CCIndex(328)	17318	-5
CCIndex(527)	16166	Unch
CCIndex(229)	18029	-3

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

Cotlook Index: As on 4/7/2014

Cotlook Indices	Cents/Pound	Change
A-Index	86.90	-0.50

USDA Cotton Spot Rates: As on 3/7/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	76.79	79.54	NIL
North Delta	75.79	78.29	NIL
South Delta	75.79	78.29	NIL
East TX-OK	71.00	73.25	63
West Texas	71.00	73.00	NIL
Desert SW	70.79	77.54	NIL
SJ Valley	71.04	81.69	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 3/7/2014

Contract	Open	High	Low	Close	Change
14-Jul	76.22	76.22	76.22	76.22	-0.47
14-Oct	72.23	72.23	71.52	71.79	-0.47
14-Dec	72.5	72.62	71.52	72.06	-0.41
15-Mar	73.58	73.58	72.59	73.02	-0.48
15-May	74.51	74.52	73.81	74.1	-0.58

Pakistan Cotton Spot rates: As on 4/7/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6350	155	6505
Equivalent	40 Kgs	6805	155	6960

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