

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed to steady sentiments on Thursday.

**In The News: Union Budget: Loading/unloading and transportation of cotton exempted from service tax.** Union finance minister, Arun Jaitley, in his maiden budget, has proposed setting up of new textile mega clusters in five states. The mega clusters will be set up at Surat and Kuttch in Gujarat, Bareilly and Lucknow in Uttar Pradesh, Bhagalpur in Bihar, Mysore in Karnataka and one in Tamil Nadu. A sum of Rs. 200 crore has been allocated for setting up these textile mega clusters.

Widespread rains have been reported in Telangana which would help kharif sowing to pick up the pace in state. Khammam, Warnagal, Medak and karimnagar received rainfall.

According to Ministry of Agriculture (MoA), area sown for cotton stood around 35.42 lakh hectares as on 7 July, 2014 compared to 81.73 lakh hectares last year during the same period.

Monsanto is likely to start selling of cotton hybrid seeds in India under "Deltapine", its global brand, from the current kharif season.

The powerloom weavers in surat have stopped purchasing yarn material as front line spinners have raised the prices of yarn due to Iraq crisis and concerns of delayed monsoon.

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.

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:

Lower imports to China and higher ending stocks outside China will lead to the southwards movement in the international prices in 2014/15. Also, world production is expected to lead consumption in 2014/15. World production is expected to rise by six percent to 21.4 million tonnes hence there would be ample stocks to cover consumption for around 11 months.

Cotton price for December delivery on ICE fell to 72.06 cents per pound on July 3, 2014 the lowest closing price since November 23, 2014. Prices are around 24% lower than highest price recorded in May which was 94.75 cents a pound. Higher prices of cotton in spring motivated US farmer to opt cotton and the area surged to 11.4 million acres for cotton this spring around 9.3% higher than the year season 2013.

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.

### 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	-5	941	946	930.5	940.5	4424	1367	4828	192

Spread	Apr-15		
Spot	211.5	--	--

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

\*Updated on 10 July, 2014 at 5:00 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-14	60	19400	19440	19230	19430	1439	871	4665	-351
Oct-14	40	19360	19430	19240	19410	1204	788	2876	82
Nov-14	-50	18240	18250	18100	18230	252	145	1504	96
Dec-14	-40	18050	18050	17920	18020	273	222	1701	136

Spread	Jul-14	Oct-14	Nov-14	Dec-14	
Spot	--				
Jul-14		20			
Oct-14			1140		
Nov-14				180	

\*Updated on 10 July, 2014 at 5:00 pm

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		10-Jul-14	9-Jul-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5350	5350	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5760	5760	Unch
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	5550	5550	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	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	5300	5325	-25
Gondal	Shankar-6	5580	5530	50
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5701	5713	-12
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5350	4500	850
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4650	4690	-40
Muktsar	J-34	4710	4725	-15
Fazilika	J-34	4680	4690	-10
Bhatinda	J-34	4710	4720	-10
Mansa	J-34	NA	NA	-
Sirsa	J-34	4620	4620	Unch
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		10-Jul-14	9-Jul-14	
Amravati	Mech-1	3500	4000	-500
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	3000	2700	300
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	17000	20400	-3400
Gondal	Shankar-6	1197	1234	-37
Bijapur	Bunny	1067	978	89
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	50	25	25
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	68	85	-17
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
				9-Jul-14	8-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	43200	43200	Unch

H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40700	40700	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	42400	42400	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	58300	Unch

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 10/7/2014

Index	RMB/Ton	Change
CCIndex(328)	17282	-6
CCIndex(527)	16150	-2
CCIndex(229)	17997	-8

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

#### Cotlook Index: As on 9/7/2014

Cotlook Indices	Cents/Pound	Change
A-Index	85.25	0

#### USDA Cotton Spot Rates: As on 9/7/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.55	78.30	NIL
North Delta	74.55	77.05	NIL
South Delta	74.55	77.05	NIL
East TX-OK	70.00	72.25	NIL
West Texas	70.00	72.00	NIL
Desert SW	69.55	76.30	NIL
SJ Valley	69.80	80.45	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 9/7/2014

Contract	Open	High	Low	Close	Change
14-Jul	74.59	75	74.59	74.97	-0.03
14-Oct	70.39	70.98	70.39	70.55	0.46
14-Dec	70.26	70.68	69.5	69.67	-0.43
15-Mar	71.24	71.64	70.55	70.63	-1
15-May	72.3	72.6	71.82	71.89	-

#### Pakistan Cotton Spot rates: As on 9/7/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6100	155	6255
Equivalent	40 Kgs	6537	155	6692

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