

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly weak sentiments on Friday.

In The News: Following the weak International market and weak overseas demand, prices of cotton are moving southwards in domestic market. Although global production is likely to decline in coming season, on lower import to China supply would lead consumption, which is expected to increase marginally.

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 Kutch in Gujarat, Bareilly and Lucknow in Uttar Pradesh, Bhagalpur in Bihar, Mysore in Karnataka and one in Tamil Nadu. A sum of Rs. 200 crores 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:

Cotton futures fell to a two-year low yesterday. The December cotton contract on ICE futures settled at 68.55 cents a pound on Thursday, 1.12 cents or 1.6% lower from the previous day after touching the two year low of 68.50 cents per pound. It is expected that supply would be on higher side in USA, the largest exporter of cotton, due to prospect production in the country and falling import demand from China, the largest importer of cotton.

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.

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	-10.5	931	938.5	917.5	920	3550	493	5507	871

Spread	Apr-15		
Spot	195	--	--

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

*Updated on 11 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	10	19200	19350	19180	19250	480	-959	4365	-300
Oct-14	-50	19100	19100	18930	18980	495	-709	2719	-157
Nov-14	-60	17930	17930	17820	17840	323	71	1644	140
Dec-14	-30	17710	17780	17670	17680	235	-38	1805	104

Spread	Jul-14	Oct-14	Nov-14	Dec-14
Spot	--			
Jul-14		270		
Oct-14			1110	
Nov-14				150

*Updated on 11 July, 2014 at 5:00 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		11-Jul-14	10-Jul-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5400	5350	50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5575	5760	-185
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	5550	50
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	5355	5580	-225
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	5699	5701	-2
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4950	5350	-400
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4655	4650	5
Muktsar	J-34	4700	4710	-10
Fazilika	J-34	4670	4680	-10
Bhatinda	J-34	4690	4710	-20
Mansa	J-34	NA	NA	-
Sirsa	J-34	4590	4620	-30
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Jul-14	10-Jul-14	
Amravati	Mech-1	4000	3500	500
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	3500	3000	500
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	17000	Unch
Gondal	Shankar-6	1156	1197	-41
Bijapur	Bunny	393	1067	-674
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	25	50	-25
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	85	68	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
				10-Jul-14	9-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	43000	43200	-200

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 11/7/2014

Index	RMB/Ton	Change
CCIndex(328)	17273	-9
CCIndex(527)	16137	-13
CCIndex(229)	17985	-12

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

Cotlook Index: As on 10/7/2014

Cotlook Indices	Cents/Pound	Change
A-Index	84.80	-0.45

USDA Cotton Spot Rates: As on 10/7/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.90	76.65	NIL
North Delta	72.90	75.40	NIL
South Delta	72.90	75.40	NIL
East TX-OK	68.25	70.50	NIL
West Texas	68.25	70.25	NIL
Desert SW	67.90	74.65	NIL
SJ Valley	68.15	78.80	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 10/7/2014

Contract	Open	High	Low	Close	Change
Jul-14	70.4	70.4	68.9	68.9	-1.65
Oct-14	69.67	69.79	68.5	68.55	-1.12
Dec-14	70.5	70.65	69.34	69.39	-1.24
Mar-15	71.74	71.88	70.62	70.69	-1.2
May-15	72.85	72.99	71.84	71.84	-1

Pakistan Cotton Spot rates: As on 10/7/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6050	155	6205
Equivalent	40 Kgs	6484	155	6639

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