

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly weak sentiments.

In The News:

According to Ministry of Agriculture (MoA), area sown for cotton stood around 45.20 lakh hectares as on 11 July, 2014.

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.

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.

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	--	--	--	--	--	--	--	--	--

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
		12-Jul-14	11-Jul-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	5400	5400	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	5560	5575	-15
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	5600	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	5200	50
Gondal	Shankar-6	5305	5355	-50
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	NA	5699	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5011	4950	61
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	4630	4655	-25
Muktsar	J-34	4675	4700	-25
Fazilika	J-34	4660	4670	-10
Bhatinda	J-34	4665	4690	-25
Mansa	J-34	NA	NA	-
Sirsa	J-34	4560	4590	-30
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		12-Jul-14	11-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	2400	3500	-1100
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	756	1156	-400
Bijapur	Bunny	NA	393	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	40	26	14
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
				11-Jul-14	10-Jul-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39400	40400	-1000
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	39900	40900	-1000
J-34(202)	26mm	3.5 - 4.9	23	42600	43000	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40600	40700	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	42300	42400	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43700	43800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	44700	-100
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 11/7/2014

Cotlook Indices	Cents/Pound	Change
A-Index	83.85	-0.95

USDA Cotton Spot Rates: As on 11/7/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.74	76.49	900
North Delta	72.74	72.74	NIL
South Delta	72.74	72.74	NIL
East TX-OK	68.00	68.00	NIL
West Texas	68.00	68.00	NIL
Desert SW	67.74	67.74	NIL
SJ Valley	67.99	67.99	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 11/7/2014

Contract	Open	High	Low	Close	Change
14-Jul	68.67	69.41	68.26	68.74	-
14-Oct	68.58	69.1	67.1	68.12	-
14-Dec	69.39	69.83	68	69.04	-0.35
15-Mar	70.65	70.87	69.36	70.26	-0.43
15-May	71.36	71.8	70.5	71.28	-0.56

Pakistan Cotton Spot rates: As on 11/7/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6000	155	6155
Equivalent	40 Kgs	6430	155	6858

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