

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly weak sentiments on Monday.

**In The News:** According to Ministry of Agriculture, around 45.20 lakh hectare of area has been sown for cotton this year as on July 11, around 51.10% lower than the previous year which was 92.44 lakh hectares during the same period.

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.

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	-0.5	912.5	923	908	915	5048	1498	6049	542

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 14 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	19070	19100	18840	19040	825	345	3974	-391
Oct-14	50	18830	18930	18730	18870	1256	761	2633	-86
Nov-14	50	17780	17790	17640	17780	442	119	1794	150
Dec-14	30	17540	17590	17440	17580	196	-39	1885	80

Spread	Jul-14	Oct-14	Nov-14	Dec-14
Spot	--			
Jul-14		170		
Oct-14			1090	
Nov-14				200

\*Updated on 14 July, 2014 at 5:00 pm

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

Centre	Variety	Prices		Change
		14-Jul-14	12-Jul-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5350	5400	<b>-50</b>
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	5530	5560	<b>-30</b>
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	5500	5600	<b>-100</b>
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	5150	5250	<b>-100</b>
Gondal	Shankar-6	5355	5305	<b>50</b>
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	5411	NA	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4600	4630	<b>-30</b>
Muktsar	J-34	4625	4675	<b>-50</b>
Fazilika	J-34	4620	4660	<b>-40</b>
Bhatinda	J-34	4620	4665	<b>-45</b>
Mansa	J-34	NA	NA	-
Sirsa	J-34	4520	4560	<b>-40</b>
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		14-Jul-14	12-Jul-14	
Amravati	Mech-1	3500	3500	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	2100	2400	-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	15300	17000	-1700
Gondal	Shankar-6	525	756	-231
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	375	NA	-
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	<b>-100</b>
Shankar-6(105)	29mm	3.5 – 4.9	28	42300	42400	<b>-100</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43700	43800	<b>-100</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	44700	<b>-100</b>
DCH-32(107)	34mm	3.0 - 3.8	33	58300	58300	<b>Unch</b>

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 14/7/2014

Index	RMB/Ton	Change
CCIndex(328)	17270	<b>-3</b>
CCIndex(527)	16135	<b>-2</b>
CCIndex(229)	17980	<b>-5</b>

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

#### Cotlook Index: As on 11/7/2014

Cotlook Indices	Cents/Pound	Change
A-Index	83.85	<b>-0.95</b>

#### 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	<b>900</b>
North Delta	72.74	72.74	<b>NIL</b>
South Delta	72.74	72.74	<b>NIL</b>
East TX-OK	68.00	68.00	<b>NIL</b>
West Texas	68.00	68.00	<b>NIL</b>
Desert SW	67.74	67.74	<b>NIL</b>
SJ Valley	67.99	67.99	<b>NIL</b>

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
<b>Jul-14</b>	68.67	69.41	68.26	68.74	-
<b>Oct-14</b>	68.58	69.1	67.1	68.12	-
<b>Dec14</b>	69.39	69.83	68	69.04	<b>-0.35</b>
<b>Mar-15</b>	70.65	70.87	69.36	70.26	<b>-0.43</b>
<b>May-15</b>	71.36	71.8	70.5	71.28	<b>-0.56</b>

#### Pakistan Cotton Spot rates: As on 12/7/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6000	155	6155
<b>Equivalent</b>	40 Kgs	6430	155	6585

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