

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly firm tone.

**In The News:** Due to unpredictable monsoon and fall in the international prices, cotton imports have witnessed the uptrend in the recent weeks. India is mostly importing from West Africa as they are offering the quality product at much competitive prices.

According to Ministry of Agriculture, around 112.24 lakh hectare of area has been sown for cotton this year as on August 08. Following is the State-Wise sown area under cotton crop (in Lakh Ha.):-

State	Sowing Area Till Aug 8, 2014.	% Change w.r.t Last Year
Andhra Pradesh	4.79	2.8
Gujarat	28.2	6.46
Haryana	6.39	14.93
Karnataka	6.24	38.67
Madhya Pradesh	5.69	-7.55
Maharashtra	36.3	-5.54
Punjab	4.5	-10.89
Rajasthan	4.16	41.91
Telangana	14.38	-2.59
<b>All India</b>	<b>112.24</b>	<b>1.92</b>

Government of Tamil Nadu announced the launching of cotton cultivation mission with an initial outlay of Rs 50 crore in order to amplify cotton acreage and hence the production in the state.

First quarter of current fiscal year witnessed timid sentiments in the textile industry. The reason for the same is decline in cotton yarn export to China and lackluster demand for fabrics and made-up from European countries. There is a situation of leading supplies and hence depending on the counts, prices of cotton yarn fell by Rs. 10 to Rs. 25 per Kg.

According to the State Agriculture Department, as on July 28, sowing of cotton in Gujarat has reached to 2.58 million hectares, 95.11% of the total area sown last year which was 2.61 million hectares.

Cotton farmers in India have requested the Union Government to impose import ban on cotton and issue measures to revive cotton export. Vidarbha Janandolan Samiti has said that prices of cotton have declined drastically since the new government has formed. Farmers urged the government to increase the Minimum Support Prices (MSP) from the existing Rs.4050 per quintal to Rs 6500 per quintal.

The Government of India has reduced insurance premium on cotton crop from 17.19% to 6%, giving relief to farmers in cotton-growing states like Gujarat and Maharashtra, after fears of weak monsoon gripped farmers.

The worries of cotton farmers are likely to be continued throughout the season though the rainfall has revived significantly. Situation for cotton is getting critical as delayed sowing has increased the sowing expenditure on one hand and expectation of less remunerative prices of cotton on other hand. The late sowing has pushed back the season by about 40 days hence new crop is likely to come in November or early December.

### International Fundamentals:

Due to ongoing drought conditions in Australia, the third biggest exporter of cotton in the world, cotton production is likely to fall by 50% in the country. It is believed that if the same condition continues cotton production in Australia could plummet down to 2 million bales in the coming season i.e. 2014-15 from 4 million bales this year. Amid deficit rains, farmers would plant lesser which would reduce the cotton acreage and hence the production.

According to The News International(Pakistan), Pakistan cotton trade turnover climbed to four month high of 15000 bales (each of 155 Kg), even after the announcement of Karachi Cotton Association to lower the cotton spot rate by Rs.100 per 37.324 Kg to Rs.525 per 37.324 Kg.

Cotton output in Bangladesh is likely to be around 115,000 and 120,000 bales in Marketing year 2013/14 and 2014/15 respectively due to good weather conditions and increased usage of hybrid seeds. Cotton imports are expected to increase by 8.3% to 3.9 million bales in MY 2013/14 and 7.6% to 4.2 million bales in MY 2014/15.

### Outlook

We expect domestic prices to remain firm to sideways in near term.

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	0.5	837	842.5	833.5	836	3001	-411	9295	-625

Spread	Apr-15		
Spot	224		

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

\*Updated at 5:00 pm on 11 August 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	110	18220	18370	18220	18320	603	61	1934	63
Nov-14	50	17310	17440	17310	17370	327	84	2550	69
Dec-14	20	17160	17270	17160	17180	397	170	2854	57

Spread	Oct-14	Nov-14	Dec-14	
Spot	--			
Oct-14		950		
Nov-14			150	
Dec-14				--

\*Updated at 5:00 pm on 11 August 2014

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

Centre	Variety	Prices		Change
		11-Aug-14	9-Aug-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	5400	5300	100
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	5300	5310	-10
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	NA	5150	-
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	NA	NA	-
Gondal	Shankar-6	4880	4955	-75
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5299	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4900	4875	25
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	4400	4385	15
Muktsar	J-34	4410	4370	40
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	4430	4425	5
Mansa	J-34	NA	NA	-
Sirsa	J-34	4400	4390	10
Sri-Ganganagar	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		11-Aug-14	9-Aug-14	
Amravati	Mech-1	35	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	1750	1800	-50
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	NA	NA	-
Gondal	Shankar-6	212	140	72
Bijapur	Bunny	464	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	112	-
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Mansa	J-34	NA	NA	-
Sirsa	J-34	NA	NA	-
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
				8-Aug-14	7-Aug-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	38800	38800	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	39300	39300	Unch
J-34(202)	26mm	3.5 - 4.9	23	40400	39900	500

H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39300	39100	200
Shankar-6(105)	29mm	3.5 – 4.9	28	40300	40100	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43300	43100	200
DCH-32(107)	34mm	3.0 - 3.8	33	58500	58500	Unch

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 9/8/2014

Index	RMB/Ton	Change
CCIndex(328)	17115	-4
CCIndex(527)	16034	-1
CCIndex(229)	17757	Unch

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

#### Cotlook Index: As on 8/8/2014

Cotlook Indices	Cents/Pound	Change
A-Index	73.40	-0.25

#### USDA Cotton Spot Rates: As on 8/8/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.81	70.56	Nil
North Delta	65.81	68.31	Nil
South Delta	65.81	68.31	Nil
East TX-OK	63	64	8
West Texas	63	63.5	Nil
Desert SW	62.81	69.56	Nil
SJ Valley	63.06	73.71	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 8/8/2014

Contract	Open	High	Low	Close	Change
Oct-14	63.75	64.15	63.53	63.81	0.24
Dec-14	64.13	64.74	63.75	64.21	0.19
Mar-15	64.93	65.54	64.5	65.03	0.2
May-15	66	66.31	65.64	66.14	0.24
Jul-15	67.25	67.47	67.07	67.3	0.13
Oct-15	67.6	67.6	67.6	67.6	0.13

#### Pakistan Cotton Spot rates: As on 9/8/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5250	155	5405
Equivalent	40 Kgs	5626	155	5781

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