

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Thursday.

In The News: Cotton output in India is likely to be around 6.56 million tonnes, marginally lower this season compared to 6.63 million tonnes in 2013/14, said ICAC in its latest weekly report.

According to International Cotton Advisory Committee (ICAC) , prices of cotton are expected to notice two year low in the coming season 2014-15 as a result of 1.8 million ton surplus in cotton production and revised cotton policy of China.

The Cotton Corporation of India (CCI) would execute a new procedure in the current season for lifting cotton from farmers and fixing its price in Telangana. CCI will conduct its operation from Warangal instead of Guntur, on the emergence of new state, Telangana.

Cotton Corporation of India (CCI) invited bids to sell 12,022 F.P. bales of cotton on 30 September 2014. 5,000 bales at Ahmedabad branch, 5,008 bales at Rajkot branch and 2014 bales at Sri-Ganganagar branch were offered for the auction.

As per the latest estimates released by Ministry of Agriculture (MoA), around 126.55 lakh hectare of area has been sown under cotton this year as on September 29, around 10.64% higher than the previous year, when it was 114.37 lakh hectares during the same period.

On the continuous downtrend in the cotton prices over the last few weeks, Cotton Corporation of India (CCI) is preparing itself for procurement of cotton in Telangana, Karnataka, Maharashtra and Odisha. MSP for the long staple cotton is Rs. 35,000 a candy and Rs. 32,500 per candy for medium staple, as announced by government for the year 2013-14. Currently cotton prices are moving in the band of 37,000-38,000 per candy as compared to 40,000 per candy last week.

Annual monsoon in India has started withdrawing from the country's northwest region, said weather official on 23-Sep-2014. The monsoon withdrawal has been delayed due to late revival of rains this month, which has caused flood in some of the regions. According to IMD, country has received 763.1 mm of rainfall till 24 September this year; around 11% lower than the normal rainfall of 858.8 mm.

Demand of Indian textile is expected to increase in the coming days in domestic as well as international market, said the Confederation of Indian Textile Industry (CITI). Export to China though decreased earlier due to the lower demand of cotton yarn but the same is picking pace and the monthly registration of cotton yarn has already crossed 124 million kilograms, according to CITI.

According to the market participants, cotton production is likely to be around 40 million bales, around 8% higher than the previous year. Deficit rainfall during the Kharif sowing period has forced the farmers to plant cotton instead of the other crops which requires more water, which has stretched the cotton acreage in this season.

According to the first advance estimates for season 2014-15 released by Department of Agriculture and Co-operation, production of cotton is likely to be around 34.62 million bales (of 170 kgs. each), approximately 1.97 million bales lower than the production in season 2013-14, which stood around 36.59 million bales and around 2.02 million tonnes higher when compared to the normal production.

International Fundamentals:

World production is likely rise by 1% in season 2014/15, according to International Cotton Advisory Committee (ICAC). Output of cotton on the global front would be around 26.24 million tonnes compared to 25.98 million tonnes in 2013/14. Although the first two largest producer of cotton that is China and India are expected to notice fall in the production but the output of USA and Pakistan the other major producer of fibre are likely to produce more, which is making the overall output higher when compared to the previous year.

According to the latest report released by USDA, as on October 05, 2014, 47% of cotton crop in USA is in excellent to good condition compared to 49% percent a week. 73% bolls open has reported in cotton which was 64% last week and 79% as five year average. 15% of cotton harvesting reported which was 10% a week ago and 18% as a 5 year average.

Outlook

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

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-0.5	800	806.5	797	804	4919	-1749	9825	1206

Spread	Apr-15		
Spot	73	--	--

(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 09 October 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	-40	16600	16880	16570	16640	710	294	1328	-52
Nov-14	-130	16320	16500	16270	16280	994	620	2294	-159
Dec-14	-180	16310	16460	16230	16240	1464	1170	4391	430

Spread	Oct-14	Nov-14	Dec-14	
Spot	--			
Oct-14		-360		
Nov-14			-40	
Dec-14				--

* Updated at 5:00 pm on 09 October 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		9-Oct-14	8-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	--	--	--
Amravati*	Mech-1	4600	4600	Unch
Khandwa	Mech-1	NA	NA	-
Khargaoon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4250	4250	Unch
Rajkot	B.T. Cotton	4385	4325	60
Patan	B.T. Cotton	4195	4240	-45
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4225	4200	25
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	4425	4400	25
Adampur*	B.T. Cotton	4420	4475	-55
Fatehabad	B.T. Cotton	4325	4400	-75
Dabwali*	B.T. Cotton	4300	4295	5
Jind	B.T. Cotton	4420	NR	-
Uchana (Jind)*	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4250	4200	50
Hubli	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4125	4250	-125
Gondal	Shankar-6	4280	4430	-150
	Kapas			
Bijapur	Bunny	4089	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4250	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3600	3600	Unch
Abohar*	J-34	3535	3550	-15
Muktsar*	J-34	3540	3550	-10
Fazilika	J-34	NR	NR	-
Bhatinda	J-34	3540	3550	-10
Mansa*	J-34	3535	3545	-10
Sirsa*	J-34	3530	3540	-10
Sri-Ganganagar*	J-34	3323	3666	-343
Hanumangarh	B.T. Cotton	4200	4210	-10

*New crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		9-Oct-14	8-Oct-14	
Amravati	Mech-1	--	--	--
Amravati*	Mech-1	120	100	20
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	2500	2500	Unch
Rajkot	B.T. Cotton	2810	2625	185
Patan	B.T. Cotton	6219	4293	1926
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	298	255	43
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	2500	3000	-500
Adampur	B.T. Cotton	595	510	85
Fatehabad	B.T. Cotton	1200	1000	200
Dabwali	B.T. Cotton	500	850	-350
Jind	B.T. Cotton	119	NR	-
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	70	200	-130
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	8500	8500	Unch
Gondal	Shankar-6	1020	1379	-359
Bijapur	Bunny	86	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1402	NA	-
Abohar*	J-34	850	850	Unch
Muktsar*	J-34	2890	2040	850
Bhatinda*	J-34	22100	20400	1700
Mansa	J-34	850	1275	-425
Sirsa*	J-34	1700	1700	Unch
Sri-Ganganagar*	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	100	100	Unch

*New crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Oct-14	7-Oct-14	
Bengal Deshi (RG)/Assam Comilla(101)	<22mm	5.0 - 7.0	15	37000	37000	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	37500	37500	Unch
J-34(202)	26mm	3.5 - 4.9	23	32800	32800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32600	32600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36000	36000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37500	37500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 9/10/2014

Index	RMB/Ton	Change
CCIndex(328)	15197	-42
CCIndex(527)	13962	-95
CCIndex(229)	15607	-182

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

Cotlook Index: As on 8/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	71.45	0.25

USDA Cotton Spot Rates: As on 8/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.89	68.64	1344
North Delta	64.39	66.89	NIL
South Delta	64.39	66.89	NIL
East TX-OK	66.50	67.50	1398
West Texas	65.50	66.00	NIL
Desert SW	63.89	70.64	NIL
SJ Valley	64.14	74.04	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 8/10/2014

Contract	Open	High	Low	Close	Change
Oct-14	66.62	66.62	65.51	65.51	-0.32
Dec-14	65.29	65.29	64.30	64.89	-0.32
Mar-15	62.56	62.85	61.72	62.73	0.16
May-15	63.18	63.47	62.72	63.33	0.17
Jul-15	63.80	64.09	63.38	63.94	0.19
Oct-15	64.49	64.49	64.42	64.42	-0.07

Pakistan Cotton Spot rates: As on 4/10/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5050	150	5200
Equivalent	40 Kgs	5412	160	5572

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